

\$39,470,000
370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD
TRANSPORTATION DEVELOPMENT DISTRICT
(HAZELWOOD, ST. LOUIS COUNTY, MISSOURI)
TRANSPORTATION REVENUE BONDS
SERIES 2002

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Attn: Keenan Rice
MuniCap
8340 Governor Ridgley Lane
Ellicott City, MD 21043

In accordance with the "Developer's Continuing Disclosure Agreement" (the "Agreement") by and between the undersigned, St. Louis Mills Limited Partnership (the "Developer") and MuniCap (the "Administrator") dated as of October 1, 2002, the Developer hereby provides the following information as of March 31, 2006. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Official Statement dated as of October 24, 2002. To the best of the knowledge of the undersigned:

1) Status of Construction and Completion of the Mills Transportation Project:

a) As of March 31, 2006, the budget for public improvements funded with bond proceeds is as follows:

Public Improvement	Original Budget	Budget Revisions	Spent to Date	Percent Complete
Off-Site Earthwork/Highway Paving	\$9,506,468	\$92,580	\$9,599,048	100%
On-Site Earthwork/Storm Sewer/Paving	\$9,353,608	\$434,024	\$9,787,632	100%
Shell/Common Area	\$457,248	(\$24,362)	\$432,886	100%
Land	\$4,363,635	\$111,568	\$4,475,203	100%
Design A & E	\$1,561,034	\$249,724	\$1,810,758	100%
Construction Administration	\$157,795	(\$1,409)	\$156,386	100%
Legal	\$668,891	\$262,024	\$930,915	100%
Contingency	\$806,249	(\$806,249)	\$0	0%
Total	\$26,874,928	\$317,900	\$27,192,828	100%

- b) In accordance with the TDD Act, the District and the Missouri Highways and Transportation Commission have entered into a Missouri Highways and Transportation Commission Transportation Development District Cooperative Agreement dated as of February 5, 2003, pursuant to which the Commission has approved that portion of the Mills Transportation Project known as the Interchange Improvements. The plans for that portion of the Mills Transportation Project known as St. Louis Mills Circle were submitted to the City of Hazelwood, Missouri, as the applicable local transportation authority, and were approved on October 1, 2002, and subsequently approved as revised on March 21, 2003. The plans for that portion of the Mills Transportation Project known as St. Louis Mills Boulevard were submitted to the City of Hazelwood, Missouri, as the applicable transportation authority, and were approved on April 3, 2003. The plans for portion of the Mills Transportation Project known as the Missouri Bottom Road Relocation were submitted to St. Louis County, Missouri, as the applicable transportation authority, and were approved on June 17, 2003.
- c) Construction of the Mills Transportation Project began in July 2002. Construction of the Mills Transportation Project is substantially complete.
- d) On July 8, 2004, the District, St. Louis Mills Limited Partnership, St. Louis Mills Residual Limited Partnership and various other owners of record of real property located within and adjacent to the boundaries of the District filed a PETITION FOR THE SECOND ADJUSTMENT OF THE BOUNDARIES OF THE 370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD TRANSPORTATION DEVELOPMENT DISTRICT, Cause No. 04CC – 002879, IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, STATE OF MISSOURI. This Petition sought to amend the District's boundaries to include approximately 33.662 acres of real property on the west side of the existing right-of-way of Missouri Bottom Road (excluding approximately 7.171 acres of real property to be dedicated as right-of-way for the Mills Transportation Project). The adjustment of the boundaries was completed pursuant to a judgment and order entered by the court on September 24, 2004.
- e) On September 19, 2003, the City of Bridgeton delivered a stop work order for that portion of the Mills Transportation Project being constructed within the City of Bridgeton. On September 19, 2003, in STATE OF MISSOURI EX REL. 370/MISSOURI BOTTOM ROAD/TAUSSIG ROAD vs. CITY OF BRIDGETON, MISSOURI, Cause No. 03CC-3834, IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, STATE OF MISSOURI, the District sought and obtained a temporary restraining order enjoining the City of Bridgeton from interfering with or taking any action to prevent the completion of the Mills Transportation Project. This matter was subsequently dismissed without prejudice.

2) Status of Mall Completion:

- a) Construction of the Mall began in July 2002. Construction of the Mall was completed in November 2003. Grand Opening occurred November 13, 2003.
- b) The initial equity contribution requirement of \$65,128,680 has been revised to \$57,967,000. The revised initial equity contribution requirement of \$57,967,000 was reached in December 2002.
- c) On December 30, 2003, all of the TIF Notes owned by MillsServices Corp. totaling \$9,279,000.00 plus accrued interest of \$2,448,557.55 and all of the TIF Notes owned by Park 370 Development, L.L.C. (as assignee of TriStar Business Communities, L.L.C.), totaling \$9,421,000.00 plus accrued interest of \$1,582,569.08 were refunded by the issuance of \$26,385,000 The Industrial Development Authority of the City of Hazelwood, Missouri, Tax Increment Refunding Revenue Bonds, Series 2003 (370/Missouri Bottom Road Redevelopment Project).
- d) The amended complaint filed by the Missouri Coalition for the Environment on September 20, 2002 was settled on March 26, 2003.
- e) In SOUTHWESTERN BELL TELEPHONE, L.P. vs. THE MILLS CORPORATION, and ST. LOUIS MILLS LIMITED PARTNERSHIP, Case No. 03CC-004290, IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, STATE OF MISSOURI, a condemnation action was brought seeking an easement into property owned by the Developer for the placement of telephone lines and related equipment. This action was subsequently dismissed without prejudice during the second quarter of 2004. In SOUTHWESTERN BELL TELEPHONE, L.P., d/b/a SBC MISSOURI vs. THE MILLS CORPORATION, ST. LOUIS MILLS LIMITED PARTNERSHIP, and DAVIDSON TELECOM, LLC, Case No: 4:03CV1271 HEA, UNITED STATES DISTRICT COURT EASTERN DISTRICT OF MISSOURI, there was an action for damages for the alleged exclusion of access to the Developer's property to allow SBC to install telephone lines and related equipment. This action was subsequently dismissed without prejudice during the second quarter of 2004.

3) Mall Leasing Status:

The leasable space for anchors is 579,658 square feet (excluding the 15,828 square feet of NASCAR Mezzanine) and 505,214 square feet for specialty stores, resulting in aggregate leasable space of 1,084,872 square feet (excluding the 15,828 square feet of NASCAR Mezzanine).

a) Anchors:

The aggregate leased space for the anchor stores is 518,197 square feet.

The table below provides the anchor tenants, the square footage of leasable space under lease for the anchor stores, the terms of the lease for each anchor tenant (if terms vary), and whether such lease would not be a Qualifying Lease.

Anchor Tenant	Square Feet	Term of Lease	Qualifying Lease
Bed Bath & Beyond	30,373	15 years	Yes
Off Fifth Saks Fifth Avenue	28,915	10 years	Yes
Circuit City	35,183	15 years	Yes
Ice Zone / St. Louis Blues	52,134	20 years/10 years	Yes
NASCAR Speedpark (excluding 15,828 sf mezz.)	59,049	20 years	Yes
Regal Cinemas	84,506	15 years	Yes
Off Broadway Shoes	24,786	10 years	Yes
Burlington Coat Factory	80,931	10 years	Yes
Marshalls Megastore	50,186	10 years	Yes
Books A Million	20,004	10 years	Yes
Sears Appliance Outlet	25,354	5 years	Yes
Lucky Strike	26,776	10 years	Yes
Total	518,197		

The square footage of the anchor store space that is subject to a letter of intent to lease is zero. The square footage of the anchor store space for which lease negotiations are in progress is 61,461 square feet. The square footage of the anchor store space of any remaining leasable space that is not subject to a lease, letter of intent or negotiation is zero.

b) Specialty Stores:

The aggregate leased space for the specialty stores is 410,369 square feet.

The table below provides the names of the specialty store tenants, the square footage of leasable space under lease for specialty stores, the terms of the lease for each specialty store tenant (if terms vary), and whether such lease is a Qualifying Lease.

	Specialty Store Tenant	Square Feet	Term of Lease	Qualifying Lease
114	Perfume Unlimited	991	5 years	Yes
123	Nextel	1,442	5 years	Yes
127	Candle Creations	1,447	1 year	Yes
128	Ultra Diamond & Gold	1,464	10 years	Yes
132	Dairy Queen/Orange Julius	666	10 years	Yes
135	Home Decorators Collection	7,053	8 years	Yes
138	All Tied Up	1,056	1 year	Yes
139	Shoe Magic	4,011	1 year	Yes
140	Haggar	3,090	5 year	Yes
144	Lacefield Music	4,040	1 year	Yes
147	Old Navy	16,725	12 years	Yes
149	By Alice Boutique	2,274	3 years	Yes
155	Samonsite	2,447	5 years	Yes
158	Reebok/Rockport	8,263	10 years	Yes
168	Past and Present	7,444	1 year	Yes
218	Missouri Mercantile	3,686	1 year	Yes
219	Archiver's	6,603	5 year	Yes
222	Special Occasions	3,651	1 year	Yes
224	Nine West	2,471	10 years	Yes
225	Mikasa	8,195	10 years	Yes
229	Motherhood Maternity	1,847	8 years	Yes
232	Gap Outlet	9,482	4 years	Yes
233	Gifts and Things	2,339	8 years	Yes
237	Zales The Diamond Store Outlet	2,331	10 years	Yes
240	Banana Republic Factory	8,412	10 Years	Yes
242	Kram	772	1 Year	Yes
244	NauticaKids	2,427	10 year	Yes
245	Sunglass Hut	1,114	10 years	Yes
248	Tommy Hilfiger	5,074	5 years	Yes
249	GNC	1,117	5 years	Yes
250	American Eagle	5,798	10 years	Yes
253	Aeropostale	3,692	10 years	Yes
256	Papaya Clothing Company	5,707	10 years	Yes
257	Suit Warehouse	2,615	1 year	Yes
262	Levi's /Dockers	6,344	10 years	Yes
265	J'Adore Vous	1,337	1 year	Yes
269	Big Dog	2,278	5 years	Yes
272	Granny's	2,490	1 year	Yes
273	Tools & More	2,670	5 years	Yes
277	Finish Line	4,713	10 years	Yes
282	Supermarket of Shoes	6,885	10 years	Yes
286	Perfumania	1,358	7 years	Yes
290	T-Mobile	1,832	5 years	Yes
294	The Leather Collection	3,729	2 years	Yes

298	Hibbett Sporting Goods	5,009	10 years	Yes
301	Designer Rugs & Billiards	7,438	5 years	Yes
310	Style Setters	3,092	1 year	Yes
313	Rags	2,486	1 year	Yes
318	Nike Factory Store	15,091	5 years	Yes
338	Flag World	1,208	5 years	Yes
342	St. Louis Dugout	1,138	1 year	Yes
352	Wetzels Pretzels	923	10 years	Yes
353	An Imagination	1,789	1 year	Yes
356	Maui Wowi	996	5 years	Yes
360	Games Workshop	1,120	10 years	Yes
363	Pioneer Steins & Collectables	2,732	2 years	Yes
364	Glamour Nails	1,137	5 years	Yes
365	MC Speedway	2,259	1 year	Yes
366	Soda Jerk	1,142	1 year	Yes
372	Tropik Sun Fruit & Nut	841	10 years	Yes
376	Mastercuts	949	10 years	Yes
380	Primarily Purple	914	5 years	Yes
410	Cingular Wireless	1,065	3 years	Yes
414	Marble Slab	875	10 years	Yes
434	Budshop	4,977	7 years	Yes
443	Chevy's	7,315	20 years	Yes
444	Sunshine Day Dream	1,859	1 year	Yes
452	EB Games	1,224	10 years	Yes
458	Spencer Gifts	1,750	10 years	Yes
459	Putting Edge	9,565	15 years	Yes
468	Bath and Body Works	4,005	10 years	Yes
511	Fuzio	3,087	15 years	Yes
512	Journey's	2,359	10 years	Yes
513	Deb Shops	8,045	15 years	Yes
514	Pacific Sunwear	3,620	10 years	Yes
517	Lids for Less	1,012	10 years	Yes
518	Wilson's Leather	3,745	10 years	Yes
522	Forever 21	7,872	10 years	Yes
530	Hot Topic	2,166	10 years	Yes
532	Skechers	3,159	6 years	Yes
534	Guess	5,358	10 years	Yes
538	US Cellular	1,209	3 years	Yes
542	Charlotte Russe	7,418	12 years	Yes
557	Vitamin World	1,232	10 years	Yes
558	Ja Kobi's Fashions	1,744	1 year	Yes
561	Justice, just for girls	3,551	5 years	Yes
562	The Candy Station	1,059	5 years	Yes
564	A Little Bit of Vegas	1,590	1 year	Yes
566	Lagunamagoo Toys	3,836	1 year	Yes
570	The Children's Place	6,647	10 years	Yes
577	Shaely Bugs	1,961	1 year	Yes

578	Sanrio	1,297	10 years	Yes
579	Kiddie Kandids	2,209	7 years	Yes
581	Carter's	4,553	10 years	Yes
582	Claire's Boutique	1,295	10 years	Yes
586	KB Toys	5,151	10 years	Yes
587	Kim's Trading	2,283	5 year	Yes
590	Fanamania	3,275	1 years	Yes
592	Maidenform	1,973	5 years	Yes
598	Earthbound Trading	3,145	5 years	Yes
608	Sentiments	2,147	1 year	Yes
609	The Mobile Solution	1,117	5 years	Yes
610	Bon Worth	1,944	1 year	Yes
612	Last Chance	4,340	1 year	Yes
613	Dress Barn	7,820	15 years	Yes
616	Carlene Research	1,081	10 years	Yes
618	Fuller Brush	1,351	3 years	Yes
624	Hot Belts	903	1 year	Yes
635	Payless Shoes	3,083	10 years	Yes
637	Kitchen Collections	3,244	5 years	Yes
638	Barry Better Menswear	3,591	3 years	Yes
642	Music Outlet	3,288	5 years	Yes
650	Community Blood Bank	976	1 year	Yes
658	Beauty Express	1,065	10 years	Yes
661	Select Comfort	2,079	7 years	Yes
662	Nail City	1,065	5 years	Yes
665	Deck the Walls	1,284	10 years	Yes
K1	Haagen Dazs	292	15 years	Yes
K2	Cinnabon	292	15 years	Yes
K3	Starbucks	241	15 years	Yes
FC1	Subway (FC1 - FoodBrand)	1,362	15 years	Yes
FC2	Burger King (FC2 - FoodBrand)	1,590	15 years	Yes
FC3	Panda Express (FC3 - FoodBrand)	1,217	15 years	Yes
FC4	Hibachi San (FC4 - FoodBrand)	1,164	15 years	Yes
FC5	Popeye's (FC5 - FoodBrand)	1,417	15 years	Yes
FC6	Sbarro's (FC6 - FoodBrand)	1,581	15 years	Yes
EU1	Johnny Rockets	4,085	15 years	Yes
EU2	Tony Roma's	4,618	15 years	Yes
	Total	410,369		

The square footage of the specialty store space is current executed and open at 410,369. The square footage of specialty store space leased but not open is 6,888. The square footage of the specialty store space that is subject to proposal letters is 37,224 square feet. The square footage of the specialty store space for which lease negotiations are in progress 4,805 square feet. The square footage of the specialty store space of any remaining leasable space that is not subject to a lease, proposal letter or negotiation is 45,928.

- 4) Status of Pad Sites:
- a) Pads Sold: Nine pad sites totaling 39.4 net developable acres have been sold. Remaining Pads: 15 pads are in inventory to be sold (37.4 net acres).
 - b) Development of Pads: Six sites (American TV and Appliance, Babies R Us, Steak 'n Shake, Jared Jewelers, Longhorn Steakhouse and Bob Evans) totaling 21.98 acres are open.
- 5) Zoning Classification: The Developer reports that the parcels located within the City of Hazelwood, Missouri, were rezoned to "Planned District, Mixed" on October 2, 2002. The parcels located within the City of Bridgeton were rezoned to B-2, Commercial.
- 6) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the Mills Transportation Project or the Mall other than as described in Sections 1 and 2 above.
- 7) Material Changes to Development: Except as noted in this Developer's Continuing Disclosure Statement with regard to Status of Mall Completion (Section 2 above), Mall Leasing Status (Section 3 above) and Construction Loan (Section 8 below), there have been no material changes in the Plan to develop the Mall, the construction of the Mall and the development of the Retail Project as described in the Official Statement under the headings "PROPOSED DEVELOPMENT OF THE RETAIL PROJECT - Leasing of St. Louis Mills and Sale/Lease of Pad Sites," "- Management of St. Louis Mills," "- Plan of Financing for Development of the Retail Project," "- Estimated Sources of Funds for the Development of St. Louis Mills" or any material changes in the section "THE DEVELOPER AND RELATED ENTITIES." It should be noted that the Mills Development Company of Missouri, L.L.C., has completed a change of name and is now known as St. Louis Mills, L.L.C.

- 8) Construction Loan: The lead lender for the construction loan with the developer is Bank of America, N.A., successor by merger to Fleet National Bank. The construction loan closed on May 13, 2003. The key terms of the construction loan for the Mall include a \$162 million loan amount for a three year term with two one year extension options. The interest rate on the construction loan is floating at 30 day LIBOR plus 195 basis points and is reset monthly. Monthly payments on the construction loan are calculated on an interest only basis. The construction loan is fully guaranteed by The Mills Corporation and The Mills Limited Partnership subject to reductions based on completion of the improvements and the achievement of leasing and debt service coverage hurdles stipulated in the loan agreement. The Mills Corporation and The Mills Limited Partnership also guaranty the completion of the improvements as stipulated in the loan agreement. Any reductions in the guaranty will be of no force and effect in the event of the occurrence of a default under the TDD Documents after the expiration of any applicable grace or notice and cure period or upon a failure of the borrower to pay TDD Special Assessment.
- 9) Contracts and Key Terms Relating to the Construction of the Mall or the Mills Transportation Project.

- a. The key terms of any contracts entered into relating to construction of the Mall or the Mills Transportation Project with a contract amount of not less than \$5,000,000 are:

Mall

HC Beck LTD	\$58,404,344
Hammerts Iron Works Inc.	\$ 5,957,274
Guarantee Electric	\$ 9,024,855
Grau Contracting	\$ 6,392,070

TDD

HC Beck LTD	\$18,942,263
Millstone	\$ 8,419,137

- b. Material Amendments to Construction Contracts and Agreements: There have been no material amendments to such contracts and agreements as described in 9(a) above.
- c. Notice of Default: Neither the Developer nor any related Mills Entities have received formal written notice of any default under such contracts or agreements as described in 9 (a) and (b) above.

10) The general partner of the Developer has not obtained actual knowledge of the occurrence of any Significant Events, as described in Section 3 (page D-4) in the Agreement, except as listed in **Exhibit A** and follows: (a) the transfer by the Mills Development Company of Missouri, LLC to St. Louis Mills, LP of approximately 178 acres of property within the District on November 6, 2002; (b) the transfer by St. Louis Mills Residual, LP to the District of approximately 2 acres of property within the District on September 26, 2003; (c) the transfer by St. Louis Mills, LP to St. Louis Mills Residual, LP of approximately 48 acres of property within the District on November 19, 2003. (d) the transfer by St. Louis Mills, LP to ST. Louis Mills Residual, LP of approximately 0.5 acres of property within the District on June 21, 2005; and (e) the transfer by the District to St. Louis Mills Residual, LP of access rights to approximately 19 acres of property within the District on December 14, 2005. It should be noted that, in LEE DEERING ELECTRIC COMPANY, INC. V. PERNIKOFF CONSTRUCTION CO., ET AL., Cause No. 04CC – 000484, IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, STATE OF MISSOURI, there is pending litigation in which the claim for damages was originally in excess of \$1,000,000, although the amount in controversy as of December 31, 2005, is less than \$1,000,000. This litigation is a consolidated equitable action involving mechanic's liens filed by various claimants incurred that performed work in connection with the construction of the Mall. Although this litigation names the Developer as a defendant in its capacity as the fee simple owner of the Mall property, the action is primarily directed toward Mall tenants for costs incurred in finishing their tenant space within the Mall and is not the result of a direct contract between the Developer and any of the various claimants. Furthermore, other parties to the litigation are currently indemnifying and defending the Developer in this litigation. In the opinion of counsel to the Developer, this litigation will not materially adversely affect the financial condition of the Developer.

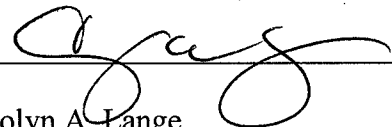
ST. LOUIS MILLS LIMITED PARTNERSHIP

a Delaware limited partnership

By: ST. LOUIS MILLS, L.L.C., its General Partner

By: THE MILLS LIMITED PARTNERSHIP, its Manager

By: THE MILLS CORPORATION, its General Partner

By:  _____



By: Carolyn A. Lange
Title: Vice President- Development Asset Management

APPENDIX A

Notice of Default

This notice is being delivered pursuant to the Developer's Continuing Disclosure Agreement dated as of December 1, 2003 between the undersigned St. Louis Mills Limited Partnership, as Developer, and, you, MuniCap, Inc., as Administrator.

We hereby inform you that we received a written notice of default from the St. Louis Agent (as hereinafter defined) dated March 15, 2006 (the "March Notice") regarding the occurrence of an event of default under that certain Construction Loan Agreement dated as of May 13, 2003 (the "Construction Loan Agreement") among St. Louis Mills Limited Partnership and St. Louis Mills Residual Limited Partnership (collectively, the "St. Louis Borrower"), Bank of America, N.A., as Administrative Agent (the "St. Louis Agent") and the other lenders named therein (the "Lenders"), as amended. The event of default related to a monetary default under indebtedness guaranteed by The Mills Limited Partnership ("TMLP") and The Mills Corporation ("TMC") under a construction loan related to the Pittsburgh Mills Project which, in turn, constitutes an event of default under the Construction Loan Agreement.

We hereby inform you that we received a written notice from the St. Louis Agent dated April 7, 2006 that the St. Louis Borrower is required to pay interest on amounts outstanding under the Construction Loan Agreement at the default rate specified therein as a result of the occurrence of the event of default described in the March Notice. The Default Rate Notice stated that the prior invoice for interest dated March 28, 2006 received by the St. Louis Borrower included regular interest only, enclosed a corrected invoice which calculated interest at the default rate, and stated that the St. Louis Borrower owed an additional \$328,492.38 on or before April 13, 2006.

We hereby inform you that we received a written notice from the St. Louis Agent dated April 11, 2006 (the "Commitment Reduction Notice") stating that the outstanding principal amount of the underlying loan plus the remaining Lenders' commitment to further advances under the Construction Loan Agreement in the amount of \$153,215,950 exceeds the aggregate principal amount permitted thereunder and demanding that on or before May 11, 2006 (a) there be a mandatory reduction in the outstanding principal of the underlying loan by the sum of \$39,395,950 or (b) there be a grant of additional collateral acceptable to the Lenders valued at no less than \$39,395,950. The Commitment Reduction Notice stated that the obligation to reduce the commitment or post additional collateral was required based on a recent appraisal of the St. Louis mall property and related out-parcels (collectively, the "Property") securing repayment under the Construction Loan Agreement. The appraisal dated as of March 22, 2006 assigned the Property a stabilized value of \$162,600,000 as of January 1, 2008.

We hereby inform you that we received a written notice dated April 11, 2006 from the St. Louis Agent (i) demanding that the St. Louis Borrower cease and desist from making distributions, (ii) demanding the return on or before April 17, 2006 of distributions made to its affiliates on or after March 15, 2006 other than specified pre-event of default cash distributions to Kan Am USA XX Limited Partnership and any distributions made after March 22, 2006 and (iii) requiring the St. Louis Borrower to provide the St. Louis Agent with detailed information concerning its cash management system. These demands were made pursuant to the terms of the Construction Loan Agreement as a result of the events of default described herein and the assessment by the St. Louis Agent that the St. Louis Borrower is insolvent. The notice also stated that the loan made pursuant to the Construction Loan Agreement matures on May 13, 2006 and payment in full was expected on such date.

We hereby inform you that we received a written notice from the St. Louis Agent dated May 1, 2006 (the "May Notice") acknowledging receipt from the St. Louis Borrower of an

interest payment in the amount of \$791,848.98 representing interest accrued on the construction loan up to May 1, 2006 calculated at the LIBOR Rate and the LIBOR Margin option specified in the Construction Loan Agreement. The May Notice stated that as a result of the event of default described in the March Notice, the LIBOR Loan option could not be elected by the Borrower and interest on the construction loan commenced accrual at the default rate specified in the Construction Loan Agreement as of the date of such event of default. The May Notice further stated that the correct amount of interest due on May 1, 2006 was \$1,704,857.09 (consisting of (i) \$1,376,364.71 of interest calculated at the default rate and (ii) \$328,492.38 of past due interest) and that \$913,008.11 of the interest payment remained due and owing after applying the \$791,848.98 interest payment made by the St. Louis Borrower.

We hereby inform you that (a) on May 19, 2006, Goldman Sachs Mortgage Company ("GSMC") acquired the loan made to the St. Louis Borrower pursuant to the Construction Loan Agreement and (b) in connection therewith, GSMC entered into a Forbearance Agreement with TMLP and TMC pursuant to which GSMC agreed to forbear from exercising its remedies with respect to, among other things, the events of default identified in this notice.

We will keep you informed of any material developments regarding the matters disclosed in this notice.

Notice of Litigation

Presently, there are several lawsuits being pursued against The Mills Corporation, a beneficial owner of the Developer. The ongoing litigation includes class action lawsuits alleging violations of securities laws, shareholder derivative lawsuits alleging claims on behalf of The Mills Corporation, and a claim alleging violations of The Mills Limited Partnership limited partnership agreement, all as more particularly described in the summary below. At this time, The Mills Corporation cannot predict what the outcome of these lawsuits will be. The foregoing disclosure is made subject to the qualifications contained in the notes A- C.

SHAREHOLDER LITIGATION AS OF JUNE 5, 2006

1. Paul C. Berkey v. The Mills Corporation, et al, U. S. District Court, Eastern District of Virginia, Alexandria Division, Case No. 1:06-CV-00247-GBL-LO. Note: this case was consolidated with the case listed in Paragraphs Nos. 2, 3 and 7 below, in Case No. 1:06CV77 (GBLTJR).
2. Irwin Berlin v. The Mills Corporation, et al, US. District Court, Eastern District of Virginia, Case No. 1:06-CV-00077-GBL-TRJ.
3. Fredrick Elliott and C. Bickley Foster v. The Mills Corporation, et al., US District Court, Eastern District of Virginia, Alexandria Division, Case No. 1:06CV304GBL/BRP.
4. Joan Kloc on behalf of The Mills Corporation vs. Laurence C. Siegel et al., U.S. District Court, Eastern District of Virginia. Note: this case was consolidated with the cases listed in Paragraphs Nos. 6, 8, 10 and 11 below, in Case No. 1:06CV0259 (GBL/TJR).

5. Herbert Miller, et. al. v. The Mills Corporation, The Mills Limited Partnership., Delaware Court of Chancery, New Castle County.
6. Marvin Mine on behalf of The Mills Corporation vs. Laurence C. Siegel, et al., U.S. District Court, EDVA Alexandria Division Case No. 1:06CV00259-GLB-LO.
7. Vernon E. Rudolph v. The Mills Corporation, et al., U.S. District Court, EDVA Case No. 1:06CV00265.
8. Nicholas Sofos on behalf of The Mills Corporation, vs. Laurence C. Siegel, et al., U.S. District Court, EDVA Case No. 1:06CV00482 CMH/TCB.
9. Georgann Ruth Srock, on behalf of The Mills Corporation v. Laurence C. Siegel, et al., Circuit Court, for Arlington County, VA Case No. 06294.
10. Arnold R. Stanley on behalf of The Mills Corporation vs. Laurence C. Siegel, et al., U.S. District Court, EDVA Alexandria Division Case No. 1:06CV00280 TSE/TCB.
11. Brian Borden Young on behalf of The Mills Corporation vs. Laurence C. Siegel, et al., U.S. District Court, EDVA Civil Action Case No. 1:06CV00432 GBL/TRJ.
12. In re: Richard G. Tutweiler (Shareholder demand for documents pursuant to Delaware General Corporate Law, Section 220).
13. In the Matter of The Mills Corporation, before the United States Securities and Exchange Division, Enforcement Division.

Notes:

- A. Nothing contained herein shall constitute an admission of liability for any claims asserted in the proceedings described herein.
- B. The listing of a proceeding in this Schedule shall not constitute a determination or acknowledgment that such matter constitutes a "Reportable Contingency" within the meaning of Statements of Financial Accounting Standard No. 5 or that such matter constitutes a "material pending legal proceeding" for purposes of Item 103 of Regulation S-K.
- C. The listing of a proceeding in this Schedule shall not constitute an admission that such proceeding constitutes material litigation for the purposes of the disclosure of which this Exhibit is a part or any other transaction to which the Developer, The Mills Limited Partnership, The Mills Corporation or their respective affiliates are a party.