

\$25,000,000
CITY OF ANNAPOLIS, MARYLAND
SPECIAL OBLIGATION BONDS
(PARK PLACE PROJECT)
SERIES 2005A & B

DEVELOPER'S AND OWNER'S CONTINUING DISCLOSURE STATEMENT

Attn: Keenan Rice
MuniCap, Inc.
8340 Governor Ridgely Lane
Ellicott City, MD 21043

In accordance with the “Developer’s Continuing Disclosure Agreement” (the “Agreement”) by and between the undersigned, JBJ/Carlyle Park Place, LP (the “Developer”) and MuniCap, Inc. (the “Administrator”) dated as of February 8, 2005, the Development Owner hereby provides the following information as of December 31, 2005. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated as of February 8, 2005. To the best of the knowledge of the undersigned:

1. Status of the Improvements Financed with the Bonds:

| Public Improvement | Original Budget | Budget Changes | Revised Budget | Work Completed | Percent Completed |
|---------------------------------------|------------------------|-----------------------|-----------------------|-----------------------|--------------------------|
| Direct Garage Construction Costs | \$11,922,908 | \$0 | \$11,922,908 | \$3,758,010 | 31.5% |
| Outside Sitework | \$1,036,053 | \$0 | \$1,036,053 | \$452,028 | 43.6% |
| Architects Fees | \$476,301 | \$0 | \$476,301 | \$495,438 | 104.0% |
| Engineers Fees | \$112,856 | \$0 | \$112,856 | \$63,074 | 55.9% |
| Development Costs | \$211,958 | \$135,441 | \$347,400 | \$347,398 | 100% |
| General Conditions | \$824,406 | \$0 | \$824,406 | \$298,243 | 36.2% |
| General Contractor Fee | \$1,010,926 | \$0 | \$1,010,926 | \$300,739 | 29.7% |
| Contingency | \$492,500 | (\$135,441) | \$357,060 | \$28,741 | 8.0% |
| Allowance for Sales Taxes | \$93,157 | \$0 | \$93,157 | \$4,161 | 4.5% |
| Land | \$1,770,652 | \$0 | \$1,770,652 | \$1,770,652 | 100% |
| Developer Fee | \$520,351 | \$0 | \$520,351 | \$ | % |
| Contract Price Adj. for Soil Disposal | \$131,361 | \$0 | \$131,361 | \$ | % |
| Total: | \$18,603,428 | \$0 | \$18,603,428 | \$7,518,845 | 40.4% |

2. Status of Completion of the Development:

a. Status of Construction (as of Jan 23, 2006)

The garage portion under the residences is cast and the plaza level deck is now being constructed.

The garage area under the hotel is now completed up to one level below the street- P1 level. Slab on grade is 60 % complete in the area under the office and the elevator cores and pits have also been started. Footings are now starting in the area under future building 2 and 3.

b. Changes to the Development Plan

| Development | Estimated Square Feet or Number of Units/Spaces/Rooms/Seats | Estimated Completion Date |
|------------------------|--|--------------------------------------|
| <u>Phase I</u> | | |
| Office Building 1 | 160,591 sf | Late 2006 |
| Mixed Use Garage | 1,114 spaces | Late 2006 |
| Condominium | 208 units | 2006 |
| Condo Garage | 405 spaces | 2006 |
| Hotel | 225 rooms | 12/31/06 |
| Retail | 8,100 sf | 12/31/06 |
| <u>Phase II</u> | | |
| Office Building 2 | 97,000 sf | Undetermined |
| Auditorium | 1,200 seats | Undetermined |

3. Leasing and Sales Information:

a. Leasing Status: The estimated total leasable space of Phase I within the development is 160,000 square feet. Leasing activity is strong and is encompassing a broad tenant mix.

| Status of Negotiations | Tenant | Square Footage | Percent of Total |
|---------------------------------|----------------------|----------------|------------------|
| Phase I | | | |
| Leased Parcels | | | |
| Leases Out for Signature: | | | |
| <i>Office Building 1</i> | | | |
| 1. | Office Tenant A | 12,000 | 9.2% |
| 2. | Office Tenant B | 10,000 | 7.7% |
| | Subtotal: | 22,000 | 16.9% |
| Negotiating Letter of Intent: | | | |
| <i>Office Building 1</i> | | | |
| 1. | Office Tenant C | 5,500 | 4.2% |
| 2. | Office Tenant D | 10,000 | 7.7% |
| 3. | Office Tenant E | 6,000 | 4.6% |
| | Subtotal: | 21,500 | 16.5% |
| Remaining Leasable Space | | | |
| <i>Office Building 1</i> | | | |
| | | 86,561 | 66.6% |
| | Total Office: | 130,061 | |
| Leases Out for Signature: | | | |
| <i>Retail</i> | | | |
| 1. | Retail Tenant A | 5,570 | 20.2% |
| 2. | Retail Tenant B | 1,013 | 3.7% |
| 3. | Retail Tenant C | 778 | 2.8% |
| 4. | Retail Tenant D | 1,506 | 5.5% |
| 5. | Retail Tenant E | 900 | 3.3% |
| | Subtotal: | 9,770 | 35.4% |
| Negotiating Letter of Intent: | | | |
| <i>Retail</i> | | | |
| 1. | Retail Tenant G | 1,808 | 6.6% |
| 2. | Retail Tenant H | 1,918 | 7.0% |
| | Subtotal: | 3,726 | 13.5% |
| Remaining Leasable Space | | | |
| <i>Retail</i> | | | |
| | | 14,077 | 51.1% |
| | Total Retail: | 27,573 | |
| Total Phase I | | 157,634 | |

b. Condominium Sales:

| Phase | Number of Planned Condominiums | Condominiums Sold | Condominiums Closed |
|---------------|--------------------------------|-------------------|---------------------|
| Phase I | 208 | 115 | 0 |
| Total: | 208 | 115 | 0 |

4. Changes in Zoning Classification: There have been no zoning classification changes to any of the parcels within the district.
5. Legislative, Administrative or Judicial Challenges: To the best knowledge of the developer, there have been no legislative, administrative, or judicial challenges to the construction of the public improvements or the development.
6. Parcel Sales: There have been no parcel sales within the district.

| Parcel | Transferee | Affiliate of Developer |
|--------|------------|------------------------|
| n/a | n/a | n/a |

7. Notice of Default in Construction Loan: The developer has not received formal written notice of any default under its construction loan.
8. Material Change in Form, Organization or Ownership of the Developer: There have been no material changes to the form, organization or ownership of the developer (as described within the Limited Offering Memorandum under the sub-caption "INTRODUCTION — the Developer, the Development" or "THE PROPOSED DEVELOPMENT OF PARK PLACE – the Developer").
9. Modification of the Development Agreement: There have been no modifications of the Development Agreement.
10. Developer's Audited Financial Statements: JBJ/Carlyle Park Place, LP was formed September 2005. No audited financial statements are available to date.
11. The developer has not obtained actual knowledge of the occurrence of any Significant Events, as described in the Continuing Disclosure Agreement.

JBJ/CARLYLE PARK PLACE, LP

By: JBJ/Carlyle Park Place, LP

By: Signature on file

Title: _____

Date: 02/08/06