NEW ISSUE – BOOK-ENTRY ONLY **NOT RATED**

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, under existing law, the interest on the 2014 Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes, and (b) is not an enumerated item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States. It is also the opinion of Bond Counsel that, under existing law of the State of Maryland, the principal amount of the 2014 Bonds, the interest payable on the 2014 Bonds, their transfer, and any income from the 2014 Bonds, including any profit made in the sale or transfer thereof, are exempt from state and local taxes in the State of Maryland; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the 2014 Bonds or the interest thereon. See "TAX EXEMPTIONS" herein.

$17,000,000*
HOWARD COUNTY, MARYLAND
SPECIAL OBLIGATION BONDS
(ANNAPOLIS JUNCTION TOWN CENTER PROJECT)
2014 SERIES

Dated: Date of Issue

Amount*	Due Date*	Interest Rate	Price	CUSIP
$595,000	February 15, 2024	___%	___%	
$4,280,000	February 15, 2034	___%	___%	
$12,125,000	February 15, 2044	___%	___%	

The above-captioned bonds, consisting of $17,000,000* aggregate principal amount of Howard County, Maryland Special Obligation Bonds (Annapolis Junction Town Center Project), 2014 Series (the "2014 Bonds"), are special obligations of Howard County, Maryland (the "County") payable solely from and secured by a pledge of Tax Increment Revenues (as defined herein), Special Tax Revenues (as defined herein) and Pledged BRAC Revenues (as defined herein), if any, established under an Indenture of Trust, dated as of March 1, 2014 (the "Indenture"), by and between the County and Manufacturers and Traders Trust Company, a New York banking corporation, as trustee (the "Trustee"), and certain other amounts held by the Trustee pursuant to the provisions of the Indenture. The 2014 Bonds are being issued to (i) finance certain public infrastructure improvements related to the Annapolis Junction Town Center Development District (the "Development District") and the Annapolis Junction Town Center Special Taxing District (the "Special Taxing District" and, collectively with the Development District, the "District") as described herein, (ii) initially fund a reserve fund, (iii) fund capitalized interest on the 2014 Bonds, (iv) pay a portion of the administrative costs related to the 2014 Bonds and the District and (v) pay certain costs relating to the issuance of the 2014 Bonds. **The 2014 Bonds are subject to optional, mandatory sinking fund and extraordinary optional redemption as described herein.**

Interest on the 2014 Bonds is payable on February 15 and August 15 of each year, commencing August 15, 2014. The 2014 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of the 2014 Bonds will not receive physical certificates representing their interests in the 2014 Bonds purchased, but will receive a credit balance on the books of the nominees of such beneficial owners. The 2014 Bonds will be issued in authorized denominations of $100,000 or any integral multiple of $5,000 in excess thereof, provided that if the 2014 Bonds are rated in a rating category not lower than "Baa3" by Moody's Investors Service, Inc., "BBB-" by Standard & Poor's Rating Services or "BBB-" by Fitch Ratings, the authorized denominations will be $5,000 and integral multiples thereof (referred to herein as the "Authorized Denominations"). THE INDENTURE PROHIBITS THE SALE OR PURCHASE OF 2014 BONDS OTHER THAN IN THE AUTHORIZED DENOMINATIONS. Payments of principal of and interest on the 2014 Bonds will be paid by the Trustee to DTC or its nominee for subsequent disbursement to DTC Participants who will remit such payment to the beneficial owners of the 2014 Bonds. See "THE 2014 BONDS – Book-Entry System" herein.

NO APPLICATION HAS BEEN MADE FOR A RATING WITH RESPECT TO THE 2014 BONDS, NOR IS THERE ANY REASON TO BELIEVE THAT THE COUNTY WOULD HAVE BEEN SUCCESSFUL IN OBTAINING AN INVESTMENT GRADE RATING FOR THE 2014 BONDS HAD SUCH APPLICATION BEEN MADE. THE UNDERWRITER INTENDS TO LIMIT THIS OFFERING TO ACCREDITED INVESTORS WITHIN THE MEANING OF REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED.

THE PURCHASE OF THE 2014 BONDS IS AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST. SEE "RISK FACTORS" HEREIN FOR A DISCUSSION OF SUCH FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE 2014 BONDS.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2014 BONDS, EXCEPT FOR THE TAX INCREMENT REVENUES, THE PLEDGED BRAC REVENUES, IF ANY, AND THE SPECIAL TAX REVENUES. LIKEWISE, EXCEPT FOR THE TAX INCREMENT REVENUES, THE PLEDGED BRAC REVENUES AND THE SPECIAL TAX REVENUES, NO OTHER TAXES OR ASSESSMENTS ARE PLEDGED TO THE PAYMENT OF THE 2014 BONDS. THE 2014 BONDS ARE NOT GENERAL OBLIGATIONS OF THE COUNTY, BUT ARE SPECIAL OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE TAX INCREMENT FUND (INCLUDING THE PLEDGED BRAC REVENUES), THE SPECIAL TAXES FUND, THE IMPROVEMENT FUND, THE DEBT SERVICE FUND AND THE RESERVE FUND, AS MORE FULLY DESCRIBED HEREIN.

The 2014 Bonds are offered for delivery when, as and if issued by the County and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of an opinion of McGuireWoods LLP, Baltimore, Maryland, Bond Counsel, as to the validity of the 2014 Bonds and the excludability from gross income of interest thereon for federal income tax purposes. Certain legal matters will be passed upon for the Underwriter by Ballard Spahr LLP, Washington, D.C., for the County by the County Solicitor and McGuireWoods LLP as Disclosure Counsel, and for Annapolis Junction Town Center, LLC, the developer of property within the District, by Thomas & Libowitz, P.A., Baltimore, Maryland. It is expected that the 2014 Bonds will be available for delivery on or about March __, 2014.

This cover page contains information for quick reference only. It is not a summary of the Limited Offering Memorandum. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed decision.

STIFEL

____________, 2014

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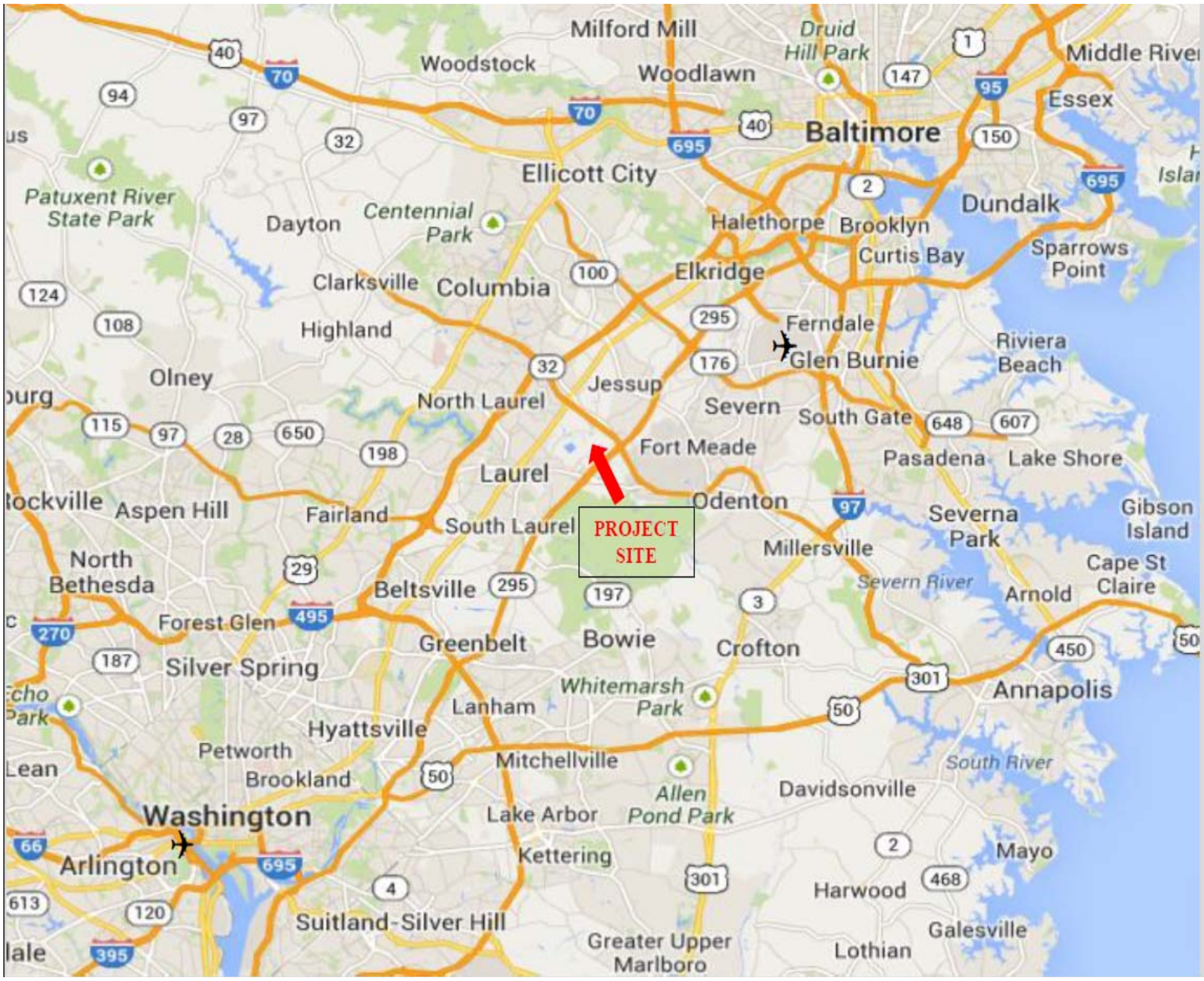
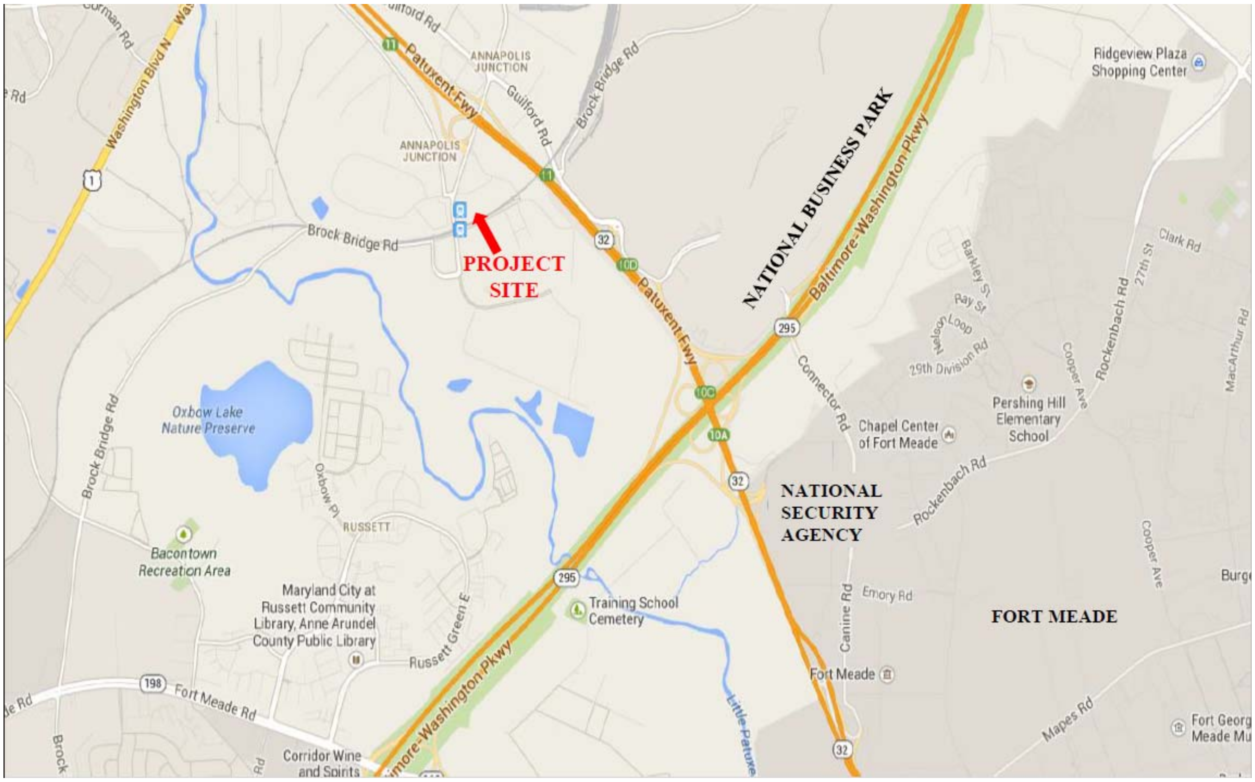
* Preliminary, subject to change.

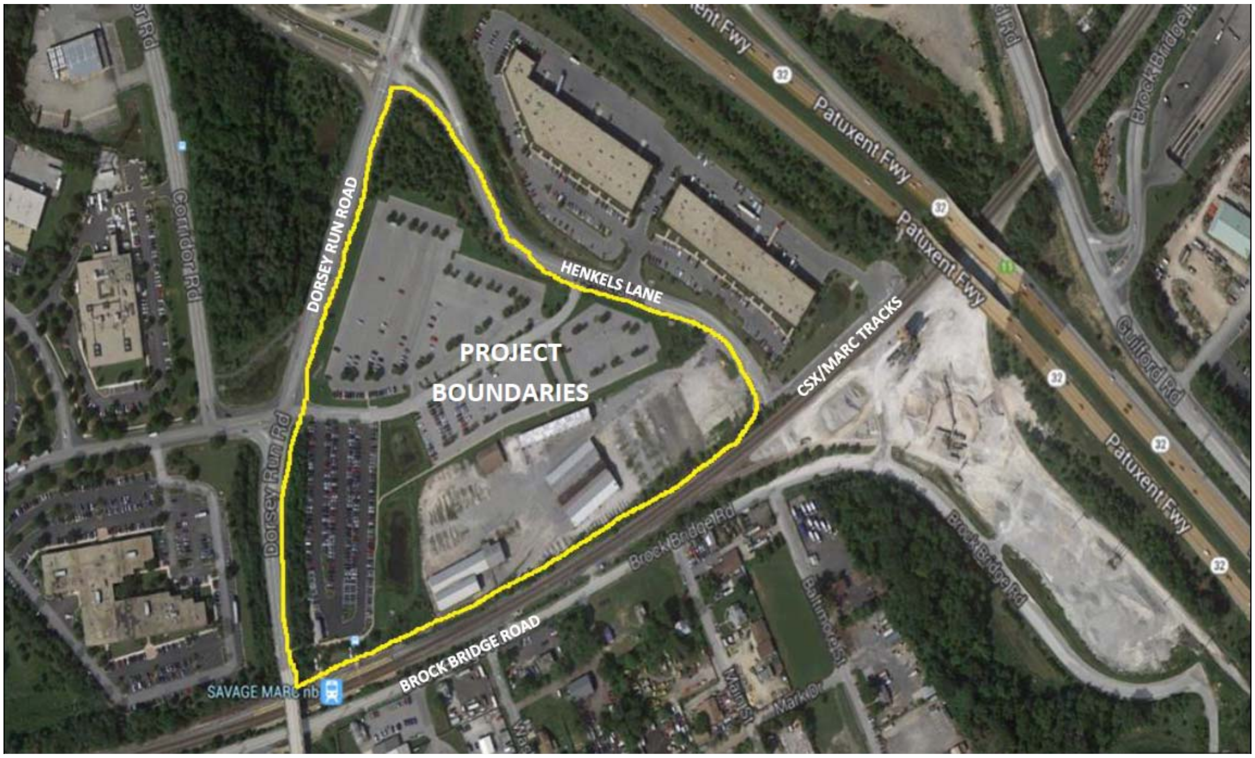
REGIONAL MAP



LOCAL MAP – STREET VIEW



LOCAL MAP – AERIAL VIEW



No dealer, broker, salesman or other person has been authorized by the County or by the Underwriter to give any information or to make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2014 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by sources that are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinion herein speak only as of the date hereof and are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information contained herein since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum: The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of its responsibilities to investors under, the United States Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Developer since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

THE 2014 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2014 BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTIONS IN WHICH THEY MAY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THE STATE, THE COUNTY, NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2014 BONDS.

THE COUNTY HAS PROVIDED INFORMATION FOR OR REVIEWED THE FOLLOWING SECTIONS OF THIS LIMITED OFFERING MEMORANDUM: "INTRODUCTION – The District," "INTRODUCTION – Use of Proceeds," "INTRODUCTION – Authority for Creation of the District, Issuance of Bonds and Levy of Special Taxes," "INTRODUCTION – Enforcement of Taxes; Direct and Overlapping Taxes," "THE COUNTY," "THE 2014 BONDS – Sources and Uses of Funds," "SECURITY FOR THE 2014 BONDS - Property Tax Collection Procedures," "THE DEVELOPMENT DISTRICT, THE SPECIAL TAXING DISTRICT, DISTRICT TAX REVENUES AND PLEDGED BRAC REVENUES – The Development District and Special Taxing District," "LITIGATION" AS IT RELATES TO THE COUNTY AND "CONTINUING DISCLOSURE" AS IT RELATES TO THE COUNTY. THE COUNTY HAS NOT PASSED UPON THE ACCURACY OR COMPLETENESS OF THE REMAINING SECTIONS OF THIS LIMITED OFFERING MEMORANDUM. NEITHER THE STATE NOR ANY OF ITS AGENCIES HAVE PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM. THE TRUSTEE HAS NEITHER PARTICIPATED IN THE PREPARATION OF, NOR REVIEWED, THIS LIMITED OFFERING MEMORANDUM.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS.

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LIMITED OFFERING MEMORANDUM

$17,000,000*
HOWARD COUNTY, MARYLAND
SPECIAL OBLIGATION BONDS
(Annapolis Junction Town Center Project)
2014 Series

INTRODUCTION

This Limited Offering Memorandum, including the cover page and the Appendices hereto, is provided to furnish information in connection with the issuance and sale of $17,000,000* aggregate principal amount of Howard County, Maryland Special Obligation Bonds (Annapolis Junction Town Center Project), 2014 Series (the "2014 Bonds"). The 2014 Bonds will be issued pursuant to the provisions of (i) Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Tax Increment Financing Act"); (ii) Sections 21-501 through 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland (formerly codified as Section 9-1301 of Article 24 of the Annotated Code of Maryland), as amended (the "Special Taxing District Act" and together with the Tax Increment Financing Act, the "Acts"); (iii) Resolution No. 14-2009 adopted by the County Council of Howard County, Maryland (the "County Council") on May 4, 2009, as amended by Resolution No. 40-2011 adopted on May 2, 2011 and as further amended by Resolution No. 10-2013 adopted on February 4, 2013 (the "Resolution"); (iv) Council Bill No. 21-2009 enacted by the County Council on May 4, 2009, as amended by Council Bill No. 14-2011 enacted on May 2, 2011, and as further amended by Council Bill No. 5-2013 enacted on February 4, 2013 (the "Ordinance," and together with the Resolution, the "Authorizing Legislation"); and (v) an Indenture of Trust dated as of March 1, 2014 (the "Indenture") by and between the County and Manufacturers and Traders Trust Company, a New York banking corporation, as trustee (the "Trustee").

The 2014 Bonds will be issued as fully registered bonds in book-entry form in denominations of $100,000 or any integral multiple of $5,000 in excess thereof, provided that if the 2014 Bonds are rated in a rating category not lower than "Baa3" by Moody's Investors Service, Inc., "BBB-" by Standard & Poor's Rating Services or "BBB-" by Fitch Ratings, the authorized denominations of the 2014 Bonds will be $5,000 and integral multiples thereof (referred to herein as the "Authorized Denominations"). See "THE 2014 BONDS – Authorized Denominations" and "NO RATING" herein.

The 2014 Bonds will be secured: (i) by the proceeds of tax collections by the County, arising from the taxation of the increase, if any, in the assessed value of real property located in the Annapolis Junction Town Center Development District (the "Development District") over an original taxable value, exclusive of amounts payable to the State of Maryland (the "Tax Increment Revenues"); (ii) by any amounts received by the County from the State of Maryland pursuant to the Maryland BRAC Act (as defined herein) relating to the properties in the District and appropriated by the County for deposit to the Pledged BRAC Revenues Account of the Tax Increment Fund (the "Pledged BRAC Revenues") and (iii) to the extent the Tax Increment Revenues and Pledged BRAC Revenues are insufficient, proceeds of certain special taxes (the "Special Tax") to be levied on and collected from the taxable parcels within the Annapolis Junction Town Center Special Taxing District (the "Special Tax Revenues"). The Tax Increment Revenues and the Special Tax Revenues are collectively referred to as the "District Tax Revenues." The Special Tax will be collected in any given year only if the Tax Increment Revenues, the Pledged BRAC Revenues, if any, and earnings on amounts on deposit in the Reserve Fund are insufficient to (i) cover debt service on the 2014 Bonds, (ii) pay the administrative costs related to the 2014 Bonds and the District (as defined herein) and (iii) maintain any applicable funds under the Indenture. The 2014 Bonds are also secured by certain funds held by the Trustee under the Indenture as hereinafter described. See "SECURITY FOR THE 2014 BONDS" herein.

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* Preliminary, subject to change.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2014 BONDS, EXCEPT FOR THE TAX INCREMENT REVENUES, THE PLEDGED BRAC REVENUES, IF ANY, AND THE SPECIAL TAX REVENUES. LIKEWISE, EXCEPT FOR THE TAX INCREMENT REVENUES, THE PLEDGED BRAC REVENUES AND THE SPECIAL TAX REVENUES, NO OTHER TAXES OR ASSESSMENTS ARE PLEDGED TO THE PAYMENT OF THE 2014 BONDS. THE 2014 BONDS ARE NOT GENERAL OBLIGATIONS OF THE COUNTY, BUT ARE SPECIAL OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE TAX INCREMENT FUND (INCLUDING THE PLEDGED BRAC REVENUES), THE SPECIAL TAXES FUND, THE IMPROVEMENT FUND, THE DEBT SERVICE FUND AND THE RESERVE FUND, AS MORE FULLY DESCRIBED HEREIN. SEE "SECURITY FOR THE 2014 BONDS" HEREIN.

Capitalized terms not otherwise defined herein shall have the meanings as set forth in "APPENDIX F – Proposed Form of Indenture" hereto and otherwise as set forth in the Indenture (except that terms not otherwise defined under the heading "THE DEVELOPMENT DISTRICT, THE SPECIAL TAXING DISTRICT, DISTRICT TAX REVENUES AND PLEDGED BRAC REVENUES – Rate and Method of Apportionment of Special Taxes" herein are as defined in the Rate and Method, as defined below).

The District

The Authorizing Legislation established (i) the Development District as a "development district" pursuant to the Tax Increment Financing Act and (ii) the Annapolis Junction Town Center Special Taxing District (the "Special Taxing District") as a "special taxing district" pursuant to the Special Taxing District Act. The Development District and the Special Taxing District are coterminous and are collectively referred to herein as the "District."

The District encompasses approximately 18.83 acres of land located in Howard County, Maryland (the "Property"), adjacent to the Savage MARC commuter train station (the "Savage MARC Station"). The District is approximately 12 miles southwest of the Baltimore/Washington International Thurgood Marshall Airport, 20 miles southwest of downtown Baltimore City and 25 miles northeast of Washington, D.C. The District is generally bound by Henkels Lane to the north, Dorsey Run Road to the west and Brock Bridge Road and the CSX rail line to the south. Maps of the District are included on pages i, ii and iii of this Limited Offering Memorandum. See "PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER – Site Location" herein.

BRAC Zone

Pursuant to Sections 5-1301 through 5-1307 of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Maryland BRAC Act"), the State of Maryland (the "State") designated an area within the County, including approximately 12.8 acres of land within the District, as a Base Realignment and Closure ("BRAC") Revitalization and Incentive Zone ("BRAC Zone"), effective June 15, 2009. Effective December 15, 2013, the State approved an amendment to the BRAC designation to add 5.96 acres of land within the District to the BRAC Zone. Upon such amendment, all of the properties in the District are included in the BRAC Zone.

Under the Maryland BRAC Act, the County may receive a payment equal to up to (i) 100% of the State real property tax increment and (ii) 50% of the County's real property tax increment for qualified properties located in the BRAC Zone (the "State BRAC Payments") for up to 10 years from the date the first property in the BRAC Zone becomes a qualified property. The Tax Increment Financing Act and Section 2-222 of the Tax-Property Article of the Annotated Code of Maryland, as amended (the "BRAC Revenue Act"), authorize the County to pledge to the payment of the 2014 Bonds any State BRAC Payments received from the State. Pursuant to the Ordinance, the County may authorize the appropriation of any State BRAC Payments received by the County for the payment of debt service on the 2014 Bonds. Any State BRAC Payments appropriated by the County will be deposited into the Pledged BRAC Revenues Account of the Tax Increment Fund and upon such deposit are Pledged BRAC Revenues available to pay debt service on the 2014 Bonds. The County is not legally obligated to appropriate the State BRAC Payments. See "– Tax Increment and Special Tax Report – ***Projected Pledged BRAC Revenues***" below for projected Pledged BRAC Revenues relating to the Development. See "SECURITY FOR THE 2014 BONDS – Pledged BRAC Revenues" and "RISK FACTORS – Uncertainty of Pledged BRAC Revenues and Appropriation Risk" herein.

The Developer; The Development

Annapolis Junction Town Center, LLC (the "Developer") is the developer of Annapolis Junction Town Center. The Developer is controlled by the principals of the Somerset Construction Company, Neil A. Greenberg and Michael Caruthers. For a detailed description of the organizational structure of the Developer and its affiliates, see "PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER – The Developer" herein.

As currently planned, Annapolis Junction Town Center will be developed as a mixed-use, transit-oriented development (the "Development") consisting of: (i) approximately 416 residential rental apartment units and approximately 624 structured parking spaces (the "Residential Structure"), (ii) approximately 100,000 square feet of Class A office space, (iii) approximately 17,450 square feet of retail space, (iv) a hotel with approximately 150 rooms and (v) a structured parking garage with approximately 400 spaces and other paved surface parking spaces. See "PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER – The Private Development" herein for a more detailed description of the Development.

The Developer will agree, pursuant to the terms of the Funding Agreement dated as of February __, 2014 (the "Funding Agreement"), between the Developer and the County, to construct the Public Improvements (as defined herein) with due diligence to completion. See "PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER – The Funding Agreement" herein.

Use of Proceeds

A portion of the proceeds of the 2014 Bonds will be used to finance or refinance: (i) the construction of a multi-level commuter parking garage containing approximately 704 spaces (the "Commuter Parking Garage"), (ii) the construction of roads, curbs and gutters, water, sewer, storm drains and stormwater management facilities, (iii) the construction of improvements to the Savage MARC Station, and (iv) related grading, engineering and stakeout, lighting, landscaping, signage, traffic signals and sidewalks (collectively, the "Public Improvements"). See "PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER – The Public Improvements" herein. The remainder of the proceeds of the 2014 Bonds will be used to (i) fund the Reserve Fund in an amount equal to the initial Reserve Requirement, (ii) make a deposit to the Capitalized Interest Account in an amount that is estimated to be sufficient to fund the interest on the 2014 Bonds to December 1, 2016, (iii) pay a portion of the administrative costs related to the 2014 Bonds and the District and (iv) pay costs of issuing the 2014 Bonds. See "THE 2014 BONDS – Sources and Uses of Funds" herein.

Appraisal Report

An appraisal of the Property dated January 22, 2014 (the "Appraisal Report"), has been prepared by Westholm & Associates LLC (the "Appraiser"). The purpose of the Appraisal Report was to estimate the value of the property within the District on an "as-is" basis as of December 21, 2013, as well as to provide prospective values which are described below. The valuation approaches used by the Appraiser and the values assigned to them are set forth below:

FINAL VALUE ESTIMATES:	VALUE	VALUE TO BOND*
Estimated "As-Is" Market Value, as of December 21, 2013	$24,900,000	1.46x
Prospective Market Value, Assuming Completion of the Public Improvements and Private Site Improvements, as of January 1, 2015	$31,700,000	1.86x
Prospective Market Value, Assuming Completion of the Public Improvements and Private Site Improvements, the Residential Structure and the Retail Structure, as of January 1, 2016	$115,200,000	6.77x

* Preliminary, subject to change.

See "SECURITY FOR THE 2014 BONDS – Appraised Property Values" and "APPENDIX A – Appraisal Report" hereto.

The Appraiser is a full service real estate appraisal and consulting firm founded in 2001. With offices in Annapolis, the Appraiser has appraised commercial, industrial and large mixed use projects throughout the States of Maryland, Delaware and Virginia. Their expertise includes commercial, industrial and large mixed use projects.

Neither the Underwriter nor the County makes any representations as to the accuracy, completeness, assumptions, or information contained in the Appraisal Report. The assumptions or qualifications with respect to the Appraisal Report are contained therein. There can be no assurance that any such assumptions will be realized, and the County and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective purchasers of the 2014 Bonds should review the Appraisal Report in its entirety in order to make an informed decision regarding the suitability of the 2014 Bonds as an investment opportunity. See "SECURITY FOR THE 2014 BONDS – Appraised Property Values" and "APPENDIX A – Appraisal Report" hereto.

Market Study

A market analysis relating to the Development dated April 15, 2013, as updated on January 17, 2014 (the "Market Study"), has been prepared by Valbridge Property Advisors, Inc. (the "Market Consultant"), to determine the market prospects for the Development. Subject to the various assumptions and limiting conditions stated in the Market Study, the Market Consultant determined, among other things, that the Developer's projected absorption schedule for the Development is reasonable based on available demand.

Valbridge Property Advisors, Inc., based in Naples, Florida, is one of the largest commercial property valuation and advisory services firms in the U.S., with 59 office locations and 600 staff across the nation.

Neither the Underwriter nor the County makes any representations as to the accuracy, completeness, assumptions or information contained in the Market Study. The assumptions or qualifications with respect to the Market Study are contained therein. There can be no assurance that any such assumptions will be realized, and the County and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective purchasers of the 2014 Bonds should review the Market Study in its entirety in order to make an informed decision regarding the suitability of the 2014 Bonds as an investment opportunity. See "APPENDIX B – Market Study" hereto.

Tax Increment and Special Tax Report

MuniCap, Inc. prepared the Annapolis Junction Town Center Development District and Special Taxing District Tax Increment and Special Tax Report dated February 14, 2014 (the "Tax Increment and Special Tax Report"), regarding the projected receipts of Tax Increment Revenues, Special Tax Revenues and Pledged BRAC Revenues for the District. The Tax Increment and Special Tax Report estimates Tax Increment Revenues, Special Tax Revenues and Pledged BRAC Revenues under five scenarios:

i. Scenario A (Base Case) is the base case scenario and assumes that (a) development is completed as proposed by the Developer, as described herein, (b) property values increase at a 3% annual rate of inflation and (c) the real property tax rate remains static at the 2014 level in future years.

ii. Scenarios B, C, D and E are provided for illustrative purposes. Scenario B (No Appreciation) assumes that (a) development is completed as proposed by the Developer, as described herein, (b) property values remain static at the 2014 level in future years and (c) the real property tax rate remains static at the 2014 level in future years.

iii. Scenario C (Full Development, Increased Apartments Value) assumes that (a) development is completed as proposed by the Developer, as described herein, (b) property values of the Residential Structure are based on the current assessed value of a specific comparable property, as explained therein, (c) all property values increase at a 3% annual rate of inflation and (d) the real property tax rate remains static at the 2014 level in future years.

iv. Scenario D (Phase II/II-A Only) assumes that (a) only Phases I, II and II-A (as defined herein) of the Development are completed, as described herein, (b) property values increase at a 3% annual rate of inflation and (c) the real property tax rate remains static at the 2014 level in future years.

v. Scenario E (Phase II/II-A Only, Increased Apartments Value) assumes that (a) only Phases I, II and II-A (as defined herein) of the Development are completed, as described herein, (b) property values of the Residential Structure are based on the current assessed value of a specific comparable property, as explained therein, (c) all property values increase at a 3% annual rate of inflation, and (d) the real property tax rate remains static at the 2014 level in future years. See "APPENDIX C – Tax Increment and Special Tax Report" hereto.

Scenarios A, B and C in the Tax Increment and Special Tax Report assume full build-out of the Development occurs in calendar year 2017 and Scenarios D and E assume full build-out of Phases I, II and II-A of the Development occurs in calendar year 2016. Assessed values from development completed during calendar years 2016 and 2017 would be stabilized in Fiscal Year 2021. Taxes paid on the stabilized values are anticipated to be available for debt service on the 2014 Bonds in bond year 2021.

The Tax Increment and Special Tax Report concludes that the Development's completion will result in incremental assessed values and incremental tax revenues shown in the table below.

Scenario	***Projected Assessed Value***	***Base Assessed Value***	***Incremental Assessed Value***	***Tax Rate Per $100 of Assessed Value***	***Annual Incremental Taxes***	***Annual Incremental Tax Collections at 99.5%***
A - Base Case	$118,058,157	($1,608,000)	$116,450,157	$1.014	$1,180,805	$1,174,901
B - No Appreciation	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	$981,324
C – Increased Apartments Value	$146,580,096	($1,608,000)	$144,972,096	$1.014	$1,470,017	$1,462,667
D – Phase II/II-A Only	$78,177,024	($1,608,000)	$76,569,024	$1.014	$776,410	$772,528
E – Phase II/II-A Only, Increased Apartments Value	$106,698,963	($1,608,000)	$105,090,963	$1.014	$1,065,622	$1,060,294

Determination of Tax Increment Revenues

Under the Tax Increment and Special Tax Report, Tax Increment Revenues are calculated by multiplying the incremental assessed value of the property within the District by the tax rate for the County. These calculations result in an estimated base annual collection of Tax Increment Revenues under Scenario A (Base Case) of $1,180,805. See "APPENDIX C –Tax Increment and Special Tax Report" hereto for more information on the scenarios presented.

Projected Debt Service Coverage

The chart below shows the projected debt service coverage for Scenarios A, B, C, D and E, assuming no Pledged BRAC Revenues are available.

Scenario	***Annual Debt Service at Build-Out***[1]	***Annual Incremental Taxes at Build-Out***	***Debt Service Coverage***[2]
A - Base Case	$1,207,304	$1,174,901	97%
B - No Appreciation	$1,207,304	$981,324	81%
C – Increased Apartments Value	$1,207,304	$1,462,667	121%
D – Phase II/II-A Only	$1,207,304	$772,528	64%
E – Phase II/II-A Only, Increased Apartments Value	$1,207,304	$1,060,294	88%

[1]Assumes full stabilization occurs in bond year ending February 15, 2021.
[2]As more fully described in Section VIII of the Tax Increment and Special Tax Report, Special Taxes provide additional debt service coverage for years in which tax increment is insufficient.

Projected Special Tax Liability

The chart below shows the projected Special Tax liability assuming no Pledged BRAC Revenues are available for the full term of the 2014 Bonds for Scenarios A, B, C, D and E. For each scenario, the expected Special Tax liability in each year would be substantially less than the Maximum Special Tax in that year. See "THE DEVELOPMENT DISTRICT, THE SPECIAL TAXING DISTRICT, DISTRICT TAX REVENUES AND PLEDGED BRAC REVENUES."

Scenario	***Debt Service through Bond Year 2044***	***Incremental Tax Revenues through Bond Year 2044***	***Special Taxes Collected through Bond Year 2044***
A - Base Case	$40,446,181	$43,554,125	$836,529
B - No Appreciation	$40,446,181	$26,145,495	$14,300,686
C – Increased Apartments Value	$40,446,181	$54,005,609	$485,393
D – Phase II/II-A Only	$40,446,181	$28,895,382	$11,550,799
E – Phase II/II-A Only, Increased Apartments Value	$40,446,181	$39,348,213	$2,132,648

Projected Pledged BRAC Revenues

The Tax Increment and Special Tax Report estimates Pledged BRAC Revenues under Scenarios A, B, C, D and E. MuniCap, Inc. has estimated the total potential Pledged BRAC Revenues assuming no reduction under each scenario. See "SECURITY FOR THE 2014 BONDS – Pledged BRAC Revenues" for a description of the Maryland BRAC Revitalization and Incentive Zone Program and factors that could reduce the amount of available Pledged BRAC Revenues. MuniCap, Inc. then estimated the amount of potential Pledged BRAC Revenues required to cure projected shortfalls in debt service prior to the application of Special Taxes during years in which the Pledged BRAC Revenues are assumed to be collected. For Scenarios A, C, and E, a relatively small portion of the potential Pledged BRAC Revenues are required to offset shortfalls in years the revenues are assumed to be collected. Surplus Pledged BRAC Revenues could potentially be applied to deficits in later years to cure future deficits, subject to certain rights of the County to withdraw surplus Pledged BRAC Revenues. See "SECURITY FOR THE 2014 BONDS – Tax Increment Fund and Special Taxes Fund." For Scenarios B and D, deficits are not fully cured except through Special Taxes, even if it is assumed that all potential Pledged BRAC Revenue is available. Appendix J to the Tax Increment and Special Tax Report shows the application of Pledged BRAC Revenues under Scenarios A, B, C, D and E.

Scenario	***Debt Service Through Bond Year 2044***	***Increment Tax & BRAC Zone Revenues through Bond Year 2044***	***Special Taxes Collected Through Bond Year 2044***
A - Base Case	$40,446,181	$50,886,115	$229,777
B - No Appreciation	$40,446,181	$31,951,236	$11,403,826
C – Increased Apartments Value	$40,446,181	$63,024,599	$227,139
D – Phase II/II-A Only	$40,446,181	$33,860,823	$7,190,011
E – Phase II/II-A Only, Increased Apartments Value	$40,446,181	$46,001,481	$516,121

The chart below shows the projected debt service coverage for Scenarios A, B, C D and E.

Scenario	***Annual Debt Service at Build-Out***	***Annual Revenues at Build-Out (TIF & BRAC)***	***Debt Service Coverage***
A - Base Case	$1,207,304	$1,895,727	157%
B - No Appreciation	$1,207,304	$1,583,387	131%
C – Increased Apartments Value	$1,207,304	$2,360,044	195%
D – Phase II/II-A Only	$1,207,304	$1,246,490	103%
E – Phase II/II-A Only, Increased Apartments Value	$1,207,304	$1,710,807	142%

Neither the Underwriter nor the County makes any representation as to the accuracy of the Tax Increment and Special Tax Report. The assumptions or qualifications with respect to the Tax Increment and Special Tax Report are contained therein. There can be no assurance that any such assumptions will be realized, and the

County and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective purchasers of the 2014 Bonds should review the Tax Increment and Special Tax Report in its entirety in order to make an informed decision regarding the suitability of the 2014 Bonds as an investment opportunity. See “APPENDIX C –Tax Increment and Special Tax Report” hereto.

Engineer’s Report

An Engineer’s Report dated October 3, 2013, as updated on February 12, 2014 (the “Engineer’s Report”) has been prepared by Gutschick, Little & Weber, P.A. and is contained in APPENDIX D to this Limited Offering Memorandum. The Engineer’s Report provides a detailed description of the current state of development, zoning, and public approvals for the Public Improvements and all lands within the Development, and the estimated costs of the Public Improvements and of the other infrastructure for the Development. The Engineer’s Report concludes that the Development has received all necessary approvals from the State and all land use approvals from the County. The only remaining approvals required from the County are building permits which are “by right”, subject to the approval of the building plans by the County’s Department of Inspections, Licenses and Permits (“DILP”) and conformance to the site development plan, but not subject to any public process or hearing. DILP will issue the building permit for the commuter parking garage in accordance with standard administrative processing once the site development plan has been signed by the County. The Engineer’s Report also concludes that the Public Improvements are sufficient to serve a development of the size and nature of the Development and the costs of the Public Improvements are sufficient and reasonable. See “PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER – Status of Development” and “– Plan of Finance” herein.

Formed in 1986, Gutschick, Little & Weber, P.A. provides civil engineering, surveying, planning and landscape architecture services.

Neither the Underwriter nor the County makes any representation as to the accuracy of the Engineer’s Report. See “APPENDIX D – Engineer’s Report” hereto.

THE APPRAISAL REPORT, THE MARKET STUDY, THE TAX INCREMENT AND SPECIAL TAX REPORT AND THE ENGINEER’S REPORT ARE CONSIDERED INTEGRAL PARTS OF THIS LIMITED OFFERING MEMORANDUM, AND PROSPECTIVE INVESTORS SHOULD READ THEM IN THEIR ENTIRETY. SEE APPENDICES A, B, C AND D HERETO. THE COUNTY AND THE UNDERWRITER MAKE NO REPRESENTATION AS TO THE ACCURACY OF THE APPRAISAL REPORT, THE MARKET STUDY, THE TAX INCREMENT AND SPECIAL TAX REPORT OR THE ENGINEER’S REPORT.

Authority for Creation of the District, Issuance of Bonds and Levy of Special Taxes

The Tax Increment Financing Act provides for the creation of development districts by the County for the purpose of financing certain improvements as generally described in the Tax Increment Financing Act. Upon approval of the development district, establishment of a special fund by the County and the passing of an authorizing ordinance, the County may issue special obligation bonds to finance or refinance the costs of infrastructure improvements related to the development district, to fund reserves, and to pay other related costs. The County is required to deposit in the special fund all real property taxes that would normally be paid to the County and that are derived from increases in the taxable assessed value of real property located in the development district from the first day of the year preceding the year in which the development district is created. The payment of principal of, premium (if any) and interest on such bonds will be secured by a pledge of the money in the special fund. The property tax revenues derived from such increase in the taxable assessed value of real property located in a development district is a portion of the general ad valorem tax levied on that property by the County.

The Special Taxing District Act provides a method of financing certain improvements through the creation of special taxing districts. The Special Taxing District Act provides for the creation of such special taxing districts by the County and certain others upon petition by two-thirds of the owners of the real property located within the special taxing district. Upon approval of the creation of the special taxing district, the County may issue special obligation bonds to finance or refinance the costs of infrastructure improvements located within the special taxing district or outside the special taxing district if such infrastructure improvements are reasonably related to the other infrastructure improvements within the special taxing district, to fund reserves and to pay other related costs, and may levy and collect special taxes within such district to pay the debt service on, and administrative expenses in connection with, such bonds. The special taxes levied will be collected and secured in the same manner as general ad valorem taxes of the County and will be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for general ad valorem taxes of the County.

Pursuant to the Authorizing Legislation, the County created the Development District and the Annapolis Junction Town Center Tax Increment Fund (the "Tax Increment Fund"), and the Special Taxing District and the Annapolis Junction Town Center Special Taxes Fund (the "Special Taxes Fund"). The Authorizing Legislation also (i) authorized the issuance of the 2014 Bonds in an aggregate principal amount not to exceed $17,000,000, (ii) approved the Howard County, Maryland Annapolis Junction Town Center Special Taxing District Rate and Method of Apportionment of Special Taxes (the "Rate and Method") and (iii) authorized the County to appropriate any State BRAC Payments received by the County pursuant to the Maryland BRAC Act, and upon the deposit of such revenues into the Tax Increment Fund, to pledge such revenues for the repayment of the 2014 Bonds. Under the Authorizing Legislation, the 2014 Bonds may not mature longer than 30 years from the date of issuance, inclusive of the capitalized interest period, and the interest rate on the 2014 Bonds may not exceed 7% per annum.

Security for the 2014 Bonds

The 2014 Bonds will be secured by a pledge of the Tax Increment Revenues, the Pledged BRAC Revenues, if any, and the Special Tax Revenues, and all money deposited in the Tax Increment Fund and the Special Taxes Fund established by the Authorizing Legislation and the Improvement Fund, the Debt Service Fund and the Reserve Fund established under the Indenture. The 2014 Bonds are payable in the first instance from the Tax Increment Revenues and the Pledged BRAC Revenues, if any, collected in each Fiscal Year. To the extent the Tax Increment Revenues, the Pledged BRAC Revenues and earnings on amounts on deposit in the Reserve Fund are insufficient to pay debt service on the 2014 Bonds, related administrative costs and to maintain certain funds created under the Indenture, the Special Tax will be collected by the County and the proceeds of the Special Tax will be applied to such payments. The Special Tax will be collected in any given year only if a deficiency exists with respect to the Tax Increment Revenues, the Pledged BRAC Revenues, if any, and earnings on amounts on deposit in the Reserve Fund.

The County has also covenanted in the Indenture, for the benefit of the Bondholders, that for each year in which the 2014 Bonds are Outstanding and State BRAC Payments are available under the Maryland BRAC Act, the Director of Finance of the County will cause the State BRAC Payments to be included in the County's operating budget submitted by the County Executive to the County Council for the purpose of paying the 2014 Bonds. There can be no assurance the County Council will appropriate such amounts to repay the 2014 Bonds.

As additional security for the 2014 Bonds, a Reserve Fund will be established in an amount equal to the Reserve Requirement. The Reserve Fund will be initially funded from proceeds of the 2014 Bonds. The Indenture defines the Reserve Requirement, with respect to the 2014 Bonds, as an amount equal to the least of (i) 10% of the original principal amount of the 2014 Bonds, (ii) 125% of average Annual Debt Service on the 2014 Bonds outstanding as of the date of issuance of the 2014 Bonds, or (iii) the Maximum Annual Debt Service on the 2014 Bonds outstanding as of the date of determination, and, with respect to any Additional Bonds, as of the date of any calculation, an amount determined by a Supplemental Indenture. As of the date of delivery of the 2014 Bonds, the Reserve Requirement is equal to $1,700,000,[*] which is an amount equal to 10% of the par amount of the 2014 Bonds. See "SECURITY FOR THE 2014 BONDS – Reserve Fund" herein. See also "APPENDIX F – Proposed Form of Indenture" hereto.

Enforcement of Taxes; Direct and Overlapping Taxes

The County has covenanted in the Indenture, for the benefit of the owners of the 2014 Bonds (the "Bondholders" or "Holders"), that the County will comply in all material respects with all requirements of applicable State and local laws, including the Acts, and the Rate and Method so as to assure the timely collection of the District Tax Revenues for the payment of the 2014 Bonds, including enforcing the collection of any property taxes or Special Taxes levied on any property in the District and not paid when due. See "SECURITY FOR THE 2014 BONDS – Property Tax Collection Procedures" herein. The County is not required, nor does the

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[*] Preliminary, subject to change.

County intend, to advance any of its own funds or any other money of the County in the event of a delinquency in the payment of District Tax Revenues.

Total direct and overlapping taxes on the property within the District will be comprised of: (i) State real property taxes, (ii) County real property taxes, including ad valorem taxes, and (iii) the Special Tax. The State and County real property taxes are each derived from the assessed valuation of the real property within the District as determined by the Maryland State Department of Assessments and Taxation.

The tax rates for the County and the State for the Fiscal Year ending June 30, 2014 and for the prior five Fiscal Years are as follows:

Fiscal Year Ending	**Maryland State Tax Rate Per $100 Assessed Value[1]**	**Howard County Tax Rate Per $100 Assessed Value[2]**
2009	$0.112	$1.014
2010	$0.112	$1.014
2011	$0.112	$1.014
2012	$0.112	$1.014
2013	$0.112	$1.014
2014	$0.112	$1.014

[1] Source: Maryland State Department of Assessments and Taxation.

[2] Source: Howard County, Maryland Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013 for all years from 2009 through 2013. Information for years subsequent to 2013 provided by Maryland State Department of Assessments and Taxation.

Amounts equal to the State real property tax increment on qualified properties within the BRAC Zone are included in the calculation of a portion of the State BRAC Payments. However, State taxes will not be deposited in the Tax Increment Fund and are not pledged as security for the 2014 Bonds. See “SECURITY FOR THE 2014 BONDS – General” herein.

Risk Factors

The purchase of the 2014 Bonds involves significant investor risks. At the time of delivery of the 2014 Bonds, the Developer and Annapolis Junction Apartment Homes LLC will be the only taxpayers in the District. The timely payment of principal and interest on the 2014 Bonds from the District Tax Revenues is contingent, among other things, upon (i) the successful completion and operation of the Public Improvements and the Development and (ii) the willingness and ability of the Developer and Annapolis Junction Apartment Homes LLC (and subsequent property owners) to pay taxes in the District when due. These risks and certain others are described in more detail in “RISK FACTORS” herein.

Limitations Concerning Information Contained Herein

This Limited Offering Memorandum contains brief descriptions of, among other things, the 2014 Bonds, the security for the 2014 Bonds, risk factors, the Development District, the Special Taxing District, the County, the Public Improvements, the Development, the Maryland BRAC Revitalization and Incentive Zone Program and other information, together with summaries of certain provisions of the 2014 Bonds. Such descriptions and information do not purport to be complete, comprehensive or definitive. All such descriptions are qualified in their entirety by reference to such documents.

THE COUNTY

Howard County, Maryland is 251 square miles in area and is home to approximately 299,430 residents. The County is located in the State between Baltimore, Maryland and Washington, D.C., and at its closest points is less than four miles from the former and 13 miles from the latter. The County was formed in 1851 and bears the name of Colonel John Eager Howard, the fifth governor of the State. The County’s population has grown an average of 1.73% annually since 2000 and the County has the third highest median household income for any county in the nation as of 2012.

Over the past four decades, the County has changed from a farming community into a community of urban, suburban and rural components. This is due, in part, to the County's close proximity to the cities of Washington, D.C. and Baltimore, as well as to the County's active promotion of economic development. The County is a major commercial center for the Washington-Baltimore region, with over 1,750 properties offering 72.5 million square feet of space to over 9,050 businesses. Several of the largest office and business parks in the Washington-Baltimore region are located in the County, including Columbia Gateway with 600 acres, Maryland Wholesale Food Center with 400 acres and Rivers Corporate Park with 350 acres. The County is also home to Emerson Corporate Commons with 570 acres and Maple Lawn with 506 acres, both mixed-use developments with over 3 million square feet of office space.

The County's public school system consistently ranks among the State's top school districts based on student performance on the Maryland School Assessments. In 2012, all 12 of the County's public high schools made the list of "America's Most Challenging High Schools" published annually by the *Washington Post*. A total of 123 of the State's high schools were on the national list, which had a total of 1,933 high schools ranked. The County students' average score is above the national averages on standardized tests, and nearly 92% of graduates continue their education beyond high school.

Under a home rule charter since 1968, the County is governed by an elected county executive (the "County Executive") and a council consisting of five members elected by district which serves as the County's legislative body (the "County Council"). The County Executive is limited to two consecutive four-year terms and County Council members are limited to three consecutive four-year terms.

Brief biographical profiles of certain County officials are set forth below:

Ken Ulman was elected Howard County Executive on November 7, 2006 and re-elected on November 2, 2010. Prior to being County Executive, he served on the County Council representing District 4. Mr. Ulman is also an attorney who managed his own law firm in Columbia and focused his practice in the areas of estate planning and elder law. Mr. Ulman was born and raised in the County, and is a product of the Howard County public school system. Mr. Ulman is Past President of the Maryland Association of Counties, and has served as Chair of the Baltimore Regional Transportation Board and the Baltimore Metropolitan Council. Mr. Ulman received the Top 25 Doers, Dreamers and Drivers award from Government Technology magazine in 2013 for his work constructing a high-speed broadband network in Maryland. He also received the Regional Visionary Award from the Greater Baltimore Committee in 2011, and the Innovator of the Year Award from the Maryland Daily Record in 2008 and 2011. Mr. Ulman has served on the Boards of Grassroots Crisis Intervention Center and the Ulman Cancer Fund for Young Adults. The Ulman Cancer Fund was founded by his family after his brother was diagnosed with cancer. A graduate of Centennial High School, Mr. Ulman received a B.A. degree in Government and Politics from the University of Maryland at College Park, and a J.D. degree from Georgetown University Law Center.

Jessica Feldmark was appointed Chief of Staff to Howard County Executive Ken Ulman on February 16, 2009. Before being appointed Chief of Staff, Ms. Feldmark served as the County Executive's Senior Advisor and served as Mr. Ulman's Special Assistant during his term on the Howard County Council. Prior to working for Howard County Government, she served as Training and Special Projects Manager for Volunteer Maryland and worked as a consultant for the Maryland Association of Nonprofit Organizations, the National Crime Prevention Council, and various AmeriCorps programs. She has served on the Boards of NeighborRide, The Volunteer Center Serving Howard County, and the Howard County Association of Volunteer Administrators. Ms. Feldmark received her B.A. degree from Goucher College.

Stanley J. Milesky was appointed Director of Finance effective September 12, 2011. Prior to that date Mr. Milesky was Howard County's Deputy Director of Finance for three years. Mr. Milesky previously served as the City of Baltimore's Chief of the Bureau of Treasury Management from November 2002 to May 2008. In that capacity, he oversaw all treasury and revenue collection activities on behalf of the City, including all issuance of municipal debt. Mr. Milesky was also employed by the Maryland Department of Transportation for over 33 years, where he served as the Acting Director of Finance and Administration for the Maryland Aviation Administration, and was responsible for financing of the capital expansion at Baltimore/Washington Thurgood Marshall International Airport. During his tenure in the Office of the Secretary of the Maryland Department of Transportation, Mr. Milesky served as the Department's Manager of Cash and Debt Administration, and prior to that, as project director for the implementation of the Department's first comprehensive financial management information system. Mr. Milesky also served as the Director of Administration and Finance for the Maryland State Railroad Administration from 1987 to 1991. Mr. Milesky, a 1969 graduate of Baltimore Polytechnic Institute, earned a B.S. degree from Towson University in 1978 and in 1981 was awarded a Master of Public Administration degree from the University of Southern California.

THE 2014 BONDS

The 2014 Bonds will be issued in the aggregate principal amount of $17,000,000*, will be dated as of the date of issue, bear interest from such date at the rates, and mature on the dates set forth on the cover page of this Limited Offering Memorandum. The 2014 Bonds initially will be issued in fully registered book-entry form, in authorized denominations of $100,000 or any integral multiple of $5,000 in excess thereof. See "THE 2014 BONDS – Authorized Denominations" herein.

The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the 2014 Bonds. So long as the 2014 Bonds are held in book-entry form, principal of, premium (if any) and interest on the 2014 Bonds will be paid directly to DTC for subsequent disbursement to DTC participants who will remit such payments to the Beneficial Owners (as defined herein) of the 2014 Bonds in accordance with the procedures adopted by DTC. See "THE 2014 BONDS – Book-Entry System" herein.

Interest on the 2014 Bonds will be paid in lawful money of the United States of America semiannually on February 15 and August 15 of each year (each, an "Interest Payment Date"), commencing August 15, 2014. Interest on the 2014 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Redemption

Optional Redemption

The 2014 Bonds are subject to redemption prior to maturity on and after February 15, 2024*, as a whole or in part at any time, at the option of the County, at a redemption price equal to 100% of the principal amount of 2014 Bonds to be redeemed plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption

The 2014 Bonds are subject to mandatory sinking fund redemption on February 15 in the respective years set forth in the following tables, at a redemption price of 100% of the principal amount thereof plus accrued interest to the redemption date:

$595,000* Term Bond Due February 15, 2024*

Year	Sinking Fund Installment*	Year	Sinking Fund Installment*
2018	$ 5,000	2022	$110,000
2019	30,000	2023	140,000
2020	55,000	2024**	175,000
2021	80,000		

**final maturity

* Preliminary, subject to change.

$4,280,000* Term Bond Due February 15, 2034*

Year	Sinking Fund Installment*	Year	Sinking Fund Installment*
2025	$210,000	2030	$440,000
2026	250,000	2031	495,000
2027	290,000	2032	555,000
2028	340,000	2033	620,000
2029	385,000	2034**	695,000

**final maturity

$12,125,000* Term Bond Due February 15, 2044*

Year	Sinking Fund Installment*	Year	Sinking Fund Installment*
2035	$ 770,000	2040	$1,235,000
2036	850,000	2041	1,350,000
2037	935,000	2042	1,475,000
2038	1,030,000	2043	1,605,000
2039	1,130,000	2044**	1,745,000

**final maturity

The 2014 Bonds redeemed as described under "THE 2014 BONDS – Redemption – Optional Redemption" and 2014 Bonds purchased by the Trustee from available money on deposit with the Trustee in accordance with the Indenture will be credited to the remaining sinking fund installments in the manner described herein. See "THE 2014 BONDS – Redemption – Credits to Sinking Fund Installments from Redemptions and Purchases of 2014 Bonds."

Extraordinary Optional Redemption

At the option of the County, the 2014 Bonds are subject to redemption prior to maturity as a whole or in part at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption, (i) if the County determines that the amount remaining in the Improvement Fund will not be used to fund the Public Improvements and directs the Trustee to transfer such amount from the Improvement Fund to the Debt Service Fund for the redemption of the 2014 Bonds or (ii) upon the occurrence of any of the following conditions or events: (x) if title to, or the permanent use of, or use for a limited period of time of, any portion of the improvements located within the Districts are condemned or the subject of an agreement with, or action by, a public authority in the nature of or in lieu of condemnation proceedings; or (y) if title to any portion of the improvements located within the Districts is found to be deficient; or (z) if any portion of the improvements located within the Districts is damaged or destroyed by fire or other casualty, and, with respect to clauses (x), (y) and (z), in such case to the extent that the ability of the properties in the Districts to generate sufficient Tax Increment Revenues and Special Tax Revenues to pay debt service on the 2014 Bonds is substantially impaired.

Selection of 2014 Bonds for Redemption

If fewer than all of the Bonds are to be redeemed at the option of the County, the Series of the Bonds to be redeemed shall be selected by the County, subject to DTC procedures. If fewer than all of the Bonds of a Series shall be called for redemption, the Securities Depository shall select the particular Bonds or portions of Bonds of such Series to be redeemed in accordance with its procedures, or if the book-entry system has been discontinued,

* Preliminary, subject to change.

the Trustee shall select or cause to be selected the particular Bonds or portions of Bonds of such Series to be redeemed on a *pro rata* basis among all outstanding maturities of the Bonds, as nearly as practicable, and within a maturity, by random drawing or in such other manner as the Trustee in its discretion may deem proper; provided that the portion of any Bond to be redeemed shall be in a principal amount equal to $5,000 or any integral multiple thereof, provided that no redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time and, in selecting Bonds for redemption, each Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination then authorized for such Bond.

Credits to Sinking Fund Installments from Redemptions and Purchases of 2014 Bonds

If (i) the Trustee purchases Term Bonds during any Fiscal Year, (ii) the County delivers to the Trustee for cancellation on or before the 45th day next preceding any February 15 on which a sinking fund installment is due Term Bonds subject to redemption from such sinking fund installment, or (iii) Term Bonds subject to redemption from a sinking fund installment are optionally redeemed during such Fiscal Year, then an amount equal to 100% of the aggregate principal amount of such 2014 Bonds so purchased, delivered or redeemed shall be credited against such sinking fund installment.

Notice of Redemption

So long as the 2014 Bonds are held in book-entry form, notice of redemption will be given by the Trustee only to DTC and not to the Beneficial Owners of 2014 Bonds under the DTC book-entry-only system. Neither the County nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See “Book-Entry System” below. If the book-entry system has been discontinued, notice of redemption, containing the information required by the Indenture, will be mailed by first class mail, postage prepaid, by the Trustee at least thirty (30) days prior to the date set for redemption.

Each notice of redemption of 2014 Bonds will be given in accordance with the terms of the 2014 Bonds and will set forth (i) the maturities of the 2014 Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the redemption price to be paid, (iv) the designated office of the Trustee at which such Bonds shall be redeemed, (v) the CUSIP numbers of the Bonds to be redeemed, (vi) if fewer than all of the 2014 Bonds then Outstanding are called for redemption, the distinctive numbers and letters, if any, of the 2014 Bonds to be redeemed, (vii) in the case of 2014 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (viii) any conditions to such redemption and (ix) that on redemption date, if all conditions, if any, to such redemption have been satisfied, there will become due and payable upon all 2014 Bonds to be redeemed the redemption price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon will cease to accrue. If any 2014 Bond is to be redeemed in part only, the notice of redemption that relates to such 2014 Bond will state also that on or after the redemption date, upon surrender of such 2014 Bond to the Trustee at its designated office, a new 2014 Bond or 2014 Bonds of the same maturity, bearing interest at the same rate and of any Authorized Denomination, will be issued in the aggregate principal amount equal to the unredeemed portion of such 2014 Bond.

Each notice of redemption with respect to any 2014 Bond must comply with any published and mandatory regulation or release of the Securities Exchange Commission, the Municipal Securities Rulemaking Board or other governmental board or body from time to time applicable to such 2014 Bond.

If notice of redemption has been given as described above and any and all conditions, if any, to such redemption have been satisfied, then on or prior to the redemption date the County will pay to the Trustee from the Tax Increment Revenues and the Pledged BRAC Revenues, if any, or, if such revenues are insufficient for such purpose, from the Special Tax Revenues, an amount in cash that, in addition to other money, if any, available therefor held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus accrued interest to the redemption date, all of the 2014 Bonds to be redeemed on such date.

Authorized Denominations

The 2014 Bonds initially will be issued in Authorized Denominations of $100,000 or any integral multiple of $5,000 in excess thereof, provided that if the 2014 Bonds are rated in a rating category not lower than "Baa3" by Moody's Investors Service, Inc., "BBB-" by Standard & Poor's Rating Services or "BBB-" by Fitch Ratings, the 2014 Bonds will be issuable in denominations of $5,000 and integral multiples thereof. See "NO RATING" herein.

Additional Bonds

The Indenture provides that the County may issue from time to time Additional Bonds under and within the limitations and provisions of the Indenture to refund or advance refund any Outstanding Bonds. See "APPENDIX F – Proposed Form of Indenture."

Book-Entry System

DTC will act as securities depository for the 2014 Bonds. The 2014 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2014 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2014 Bonds, except in the event that use of the book-entry system for the 2014 Bonds is discontinued.

To facilitate subsequent transfers, all 2014 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2014 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts the 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of 2014 Bonds may wish to ascertain that the nominee holding the 2014 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the 2014 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal and interest on the 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2014 Bonds at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the 2014 Bond certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2014 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County and the Underwriter believe to be reliable, but neither the County nor the Underwriter takes responsibility for the accuracy thereof.

In the event that the book-entry-only system is discontinued, payments of principal of and interest on the 2014 Bonds will be payable to the registered owners of the 2014 Bonds in accordance with the procedures set forth in the Indenture.

The Trustee and the Administrator

Manufacturers and Traders Trust Company, a New York banking corporation, has been appointed as the Trustee for the 2014 Bonds under the Indenture.

MuniCap, Inc. (the "Administrator") has been retained by the County to assume certain duties and responsibilities with respect to the operations of the District. The initial term of the County's contract with the administrator expires on January 31, 2015 and may be renewed by the County for six additional one-year periods. The administrative services provided to the County by the Administrator include calculation of the ad valorem tax collections, the Special Tax collections and Pledged BRAC Revenues, delinquency management, rebate calculations, continuing disclosure, and property owner liaison.

The Administrator is a public finance consulting firm with a specialized practice providing services related to the formation and administration of special tax and assessment districts. These services include the preparation of tax increment projections and special tax and assessment methodologies, calculation of annual special tax and assessment levies, continuing disclosure and financial services related to the administration of tax increment and special tax and assessment districts. The Administrator has its principal office in Columbia, Maryland, and provides district administration services to approximately 121 special tax and assessments districts in Maryland and 17 other states.

See "APPENDIX F – Proposed Form of Indenture" hereto for a further description of the rights and obligations of the Trustee and the Administrator pursuant to the Indenture.

Sources and Uses of Funds

The table below sets forth the estimated sources and uses of funds with respect to the 2014 Bonds.

SOURCES AND USES OF 2014 BOND PROCEEDS*

Sources of Funds	
Principal Amount of 2014 Bonds	$17,000,000
Total Sources	$17,000,000
Uses of Funds	
Improvement Fund	$11,417,600
Capitalized Interest Account[1]	3,024,900
Reserve Fund	1,700,000
Costs of Issuance Fund[2]	857,500
Total Uses	$17,000,000

[1] The amount deposited to the Capitalized Interest Account of the Debt Service Fund at closing, together with investment earnings thereon and investment earnings on the Reserve Fund transferred during construction to the Capitalized Interest Account, are expected, based on certain assumptions as to investment earnings, to be equal to interest due on the 2014 Bonds to December 1, 2016.

[2] Includes Underwriter's discount and other costs of issuing the 2014 Bonds.

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* Preliminary, subject to change.

Debt Service Schedule*

The following table presents the debt service schedule for the 2014 Bonds based on the maturity dates and interest rates set forth on the cover of this Limited Offering Memorandum, assuming no redemptions other than mandatory sinking fund redemptions are made.

DEBT SERVICE SCHEDULE

Bond Year	Principal	Interest[1,2]	Annual Debt Service
2/15/2015	-	$1,040,541.67	$1,040,541.67
2/15/2016	-	1,105,000.00	1,105,000.00
2/15/2017	-	1,105,000.00	1,105,000.00
2/15/2018	$ 5,000	1,105,000.00	1,110,000.00
2/15/2019	30,000	1,104,675.00	1,134,675.00
2/15/2020	55,000	1,102,725.00	1,157,725.00
2/15/2021	80,000	1,099,150.00	1,179,150.00
2/15/2022	110,000	1,093,950.00	1,203,950.00
2/15/2023	140,000	1,086,800.00	1,226,800.00
2/15/2024	175,000	1,077,700.00	1,252,700.00
2/15/2025	210,000	1,066,325.00	1,276,325.00
2/15/2026	250,000	1,052,675.00	1,302,675.00
2/15/2027	290,000	1,036,425.00	1,326,425.00
2/15/2028	340,000	1,017,575.00	1,357,575.00
2/15/2029	385,000	995,475.00	1,380,475.00
2/15/2030	440,000	970,450.00	1,410,450.00
2/15/2031	495,000	941,850.00	1,436,850.00
2/15/2032	555,000	909,675.00	1,464,675.00
2/15/2033	620,000	873,600.00	1,493,600.00
2/15/2034	695,000	833,300.00	1,528,300.00
2/15/2035	770,000	788,125.00	1,558,125.00
2/15/2036	850,000	738,075.00	1,588,075.00
2/15/2037	935,000	682,825.00	1,617,825.00
2/15/2038	1,030,000	622,050.00	1,652,050.00
2/15/2039	1,130,000	555,100.00	1,685,100.00
2/15/2040	1,235,000	481,650.00	1,716,650.00
2/15/2041	1,350,000	401,375.00	1,751,375.00
2/15/2042	1,475,000	313,625.00	1,788,625.00
2/15/2043	1,605,000	217,750.00	1,822,750.00
2/15/2044	1,745,000	113,425.00	1,858,425.00
	$17,000,000	$25,531,891.67	$42,531,891.67

[1] Interest is calculated based on an assumed interest rate of 6.5% per annum. Interest on the 2014 Bonds is scheduled to be paid on February 15 and August 15, commencing August 15, 2014.
[2] Interest on the 2014 Bonds to December 1, 2016 is expected to be paid from proceeds of the 2014 Bonds deposited in the Capitalized Interest Account at closing and the earnings thereon and earnings on the Reserve Fund during construction.

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* Preliminary, subject to change.

SECURITY FOR THE 2014 BONDS

General

The 2014 Bonds and the interest thereon are secured and payable solely from: (i) Tax Increment Revenues and Pledged BRAC Revenues, if any; (ii) to the extent that the Tax Increment Revenues and the Pledged BRAC Revenues and earnings on amounts on deposit in the Reserve Fund are insufficient, the Special Tax levied on the property within the Special Taxing District, including the proceeds of the sale or redemption of any property in the District subject to sale for nonpayment of property taxes; and (iii) amounts held in certain funds pursuant to the Indenture. See "INTRODUCTION – Authority for the Creation of the District, Issuance of Bonds and Levy of Special Taxes" herein.

The 2014 Bonds do not contain a provision allowing for the acceleration of the 2014 Bonds in the event of a payment default or other default under the terms of the 2014 Bonds or the Indenture. For a description of the limitations of remedies available to Bondholders and the Trustee, see "RISK FACTORS" herein and "APPENDIX F – Proposed Form of Indenture" hereto. The ultimate source of recovery in the event of a default on payment of District Tax Revenues is the tax sale provisions described below. See "SECURITY FOR THE 2014 BONDS – Property Tax Collection Procedures" and "RISK FACTORS – No Acceleration Provision" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2014 BONDS, EXCEPT FOR THE TAX INCREMENT REVENUES, THE PLEDGED BRAC REVENUES, IF ANY, AND THE SPECIAL TAX REVENUES. LIKEWISE, EXCEPT FOR THE TAX INCREMENT REVENUES, THE PLEDGED BRAC REVENUES AND THE SPECIAL TAX REVENUES, NO OTHER TAXES OR ASSESSMENTS ARE PLEDGED TO THE PAYMENT OF THE 2014 BONDS. THE 2014 BONDS ARE NOT GENERAL OBLIGATIONS OF THE COUNTY, BUT ARE SPECIAL OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE TAX INCREMENT FUND (INCLUDING THE PLEDGED BRAC REVENUES), THE SPECIAL TAXES FUND, THE IMPROVEMENT FUND, THE DEBT SERVICE FUND AND THE RESERVE FUND, AS MORE FULLY DESCRIBED HEREIN.

THE PURCHASE OF THE 2014 BONDS IS AN INVESTMENT SUBJECT TO A HIGH DEGREE OF RISK, INCLUDING THE RISK OF NONPAYMENT OF PRINCIPAL AND INTEREST. SEE "RISK FACTORS" HEREIN FOR A DISCUSSION OF THE FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE 2014 BONDS.

In the event that the Special Tax is required to be collected in any given year, the amount of Special Tax that the County may collect from properties in the Special Taxing District in any year is strictly limited by the maximum amounts approved by the County pursuant to the Ordinance. The County is legally authorized under the Special Taxing District Act, and has covenanted in the Indenture, to cause the collection of the Special Tax in an amount determined according to the Rate and Method. The County will direct the Administrator to carry out such responsibilities. See "SECURITY FOR THE 2014 BONDS – Special Tax Revenues" herein. The Rate and Method apportions the total amount of the Special Tax to be collected among the taxable parcels in the Special Taxing District as more particularly described herein. See "THE DEVELOPMENT DISTRICT, THE SPECIAL TAXING DISTRICT, DISTRICT TAX REVENUES AND PLEDGED BRAC REVENUES – Rate and Method of Apportionment of Special Taxes" and "APPENDIX E – Rate and Method of Apportionment of Special Taxes" hereto.

The 2014 Bonds are secured in the first instance by the Tax Increment Revenues and the Pledged BRAC Revenues, if any. The Special Tax will be collected only as needed to pay debt service on and administrative costs of the 2014 Bonds and to maintain certain funds under the Indenture in the event the Tax Increment Revenues and the Pledged BRAC Revenues, if any, and earnings on amounts on deposit in the Reserve Fund are insufficient for such purposes.

Developer Not Liable for 2014 Bonds

None of the Developer, any affiliate thereof, and any partner, officer, director, agent, or representative thereof has pledged its credit or assets or has provided any guarantee, surety or undertaking of any kind, moral or otherwise, to pay the principal of, premium (if any) and interest on, the 2014 Bonds, although the foregoing does not limit or release any obligation of the Developer or any other person to pay any County ad valorem real property taxes or any Special Tax applicable to any portion of the Property owned by such person.

Tax Increment Revenues

Pursuant to the Tax Increment Financing Act, the Tax Increment Revenues in any Fiscal Year are the portion of the County taxes that would normally be paid to the County and that represent the levy on the amount by which the assessable base of real property in the Development District subject to taxation as of January 1 preceding that Fiscal Year exceeds the "Original Taxable Value" divided by the "Assessment Ratio" (each as defined in the Tax Increment Financing Act) used to define the Original Taxable Value (the "Tax Increment"). The County has received from the Supervisor of Assessments a certification that the Original Assessable Base (as defined in the Tax Increment Financing Act) for the tax parcels in the Development District is $1,608,000. The Original Assessable Base is the assessable base as of January 1, 2012.

The County has pledged, pursuant to the Authorizing Legislation, that until the 2014 Bonds have been fully paid or defeased, the property taxes on real property in the Development District will be divided such that (i) the portion of the taxes that is produced by the County's annual tax rate levied upon the Original Taxable Value will be allocated to, and when collected, paid into the funds of the County, in the same manner as taxes by or for the County on all other property are paid and (ii) the portion of the taxes on the Tax Increment that would normally be paid to the County will be paid into the Tax Increment Revenues Account of the Tax Increment Fund to be applied in accordance with the Tax Increment Financing Act and the Indenture. No State real property taxes will be paid into the Tax Increment Fund.

Pursuant to the Tax Increment Financing Act, the Authorizing Legislation and the Indenture, all Tax Increment Revenues collected are pledged to secure the 2014 Bonds and will be deposited into the Tax Increment Fund. See "SECURITY FOR THE 2014 BONDS – Property Tax Collection Procedures" herein.

Pledged BRAC Revenues

Pursuant to the Maryland BRAC Act, the County may receive an amount equal to up to (i) 100% of the State real property tax increment and (ii) 50% of the County's real property tax increment for qualified properties located in the BRAC Zone for up to 10 years from the date the first property in the BRAC Zone becomes a qualified property. Pursuant to the BRAC Revenue Act, on or before February 1 of each year, the County will certify to the State the properties in the BRAC Zone that are qualified properties for the next fiscal year. The County currently expects to certify a property as a qualified property when a certificate of occupancy has been issued for such property. Pursuant to the BRAC Revenue Act, on or before March 1 of each year, the State will calculate the amount of State BRAC Payments payable to the County for the next fiscal year.

Each year, the amount to be paid to all Maryland political subdivisions that have designated BRAC zones is the amount appropriated in the State budget up to $5,000,000, which may be used by the political subdivisions to pay debt service on tax increment financing bonds issued for infrastructure improvements in the BRAC zone. If the total eligible disbursements to political subdivisions exceed the amount appropriated by the State, each political subdivision receives a pro rata share of the amount appropriated. Therefore, the amount eligible for disbursement that may be available to the County and the amount of Pledged BRAC Revenues in any year is contingent, in part, on factors beyond the County's control.

Currently, the State has designated seven BRAC zones, including the County's BRAC Zone. Within these seven zones, twelve parcels are currently receiving funds. According to the *BRAC Revitalization and Incentive Zone Program Annual Status Report for Calendar Year 2013* (Maryland Department of Business and Economic Development, December 2013) (the "2013 Annual Report"), total disbursements for fiscal year 2013 totaled $506,911. Within these existing BRAC zones, the 2013 Annual Report identifies (i) five projects completed or anticipated to be completed and submitted as qualified properties prior to February 1, 2014, (ii) five projects currently under construction and/or approved with an anticipated completion date after February 1, 2014, and (iii) sixteen projects expected to begin construction within the next twelve months (including the Development). The 2013 Annual Report states that the total disbursements anticipated for fiscal year 2014 will be $778,824.

Pursuant to the Ordinance, the County may appropriate from time to time, and without any obligation to make continued appropriations, any funds received by the County pursuant to the Maryland BRAC Act. If so appropriated by the County, the State BRAC Payments will be deposited into the Pledged BRAC Revenues Account of the Tax Increment Fund and pledged to the payment of the 2014 Bonds. The County has covenanted in the Indenture that the Director of Finance will seek appropriation of any State BRAC Payments in each Fiscal Year in which (i) the 2014 Bonds are outstanding and (ii) State BRAC Payments are available under the BRAC Revenue Act. The Director of Finance will cause any State BRAC Payments to be included in the County's operating budget submitted by the County Executive to the County Council on or before April 22 of each year and will use his or her best efforts to obtain the authorization and appropriation of such State BRAC Payments by the County Council. However, the County Council is not legally obligated to appropriate the State BRAC Payments. See "RISK FACTORS – Uncertainty of Pledged BRAC Revenues and Appropriation Risk" herein.

Special Tax Revenues

The Special Tax was levied and imposed on taxable real property within the Special Taxing District pursuant to the Ordinance in an amount equal to the Maximum Special Tax. The Maximum Special Tax in each year will be an amount that by itself will provide at least 110% coverage of net debt service on the 2014 Bonds in that year. The Special Tax will be collected to the extent that Tax Increment Revenues, Pledged BRAC Revenues, if any, and earnings on amounts on deposit in the Reserve Fund are insufficient to pay debt service and administrative costs or to replenish certain funds held by the Trustee. See "THE DEVELOPMENT DISTRICT, THE SPECIAL TAXING DISTRICT, DISTRICT TAX REVENUES AND PLEDGED BRAC REVENUES." Upon delivery of the 2014 Bonds, the County will record among the land records of the County a Notice of Special Tax. The 2014 Bonds are also secured by a pledge of the Special Tax Revenues.

Collection of Special Taxes

The County has agreed to comply with all requirements of the Special Taxing District Act so as to assure the timely collection of the Special Tax, including without limitation, the enforcement of any delinquent Special Taxes.

Pursuant to the Rate and Method, the County Executive or the County Executive's designee will fix the amount of the Special Tax within the District required for the payment of principal of and interest on any Outstanding 2014 Bonds becoming due and payable during the ensuing Fiscal Year, including any necessary replenishment or expenditure of the Reserve Fund for the 2014 Bonds and an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any obligation under Section 148 of the Code) during such Fiscal Year, taking into account the balances in the Tax Increment Fund, the Reserve Fund, the Administrative Expense Fund and the Special Taxes Fund. The Special Tax so collected must not exceed the authorized amounts as provided in the Rate and Method. The Administrator will send written notification to the County of any Special Tax to be levied for the ensuing Fiscal Year.

The Special Tax will be payable and be collected in the same manner and at the same time as general ad valorem taxes on real property are payable, and have the same priority, become delinquent at the same time and bear penalties and interest after delinquency as do the general ad valorem taxes on real property. Penalties and interest will apply to any Special Tax paid after September 30 of each year.

Tax Increment Fund and Special Taxes Fund

The Tax Increment Fund and the Special Taxes Fund are held in trust under the Indenture by the County for the benefit of the holders of the 2014 Bonds and, pending disbursement, will be subject to a lien in favor of the holders of the 2014 Bonds. The County will deposit Tax Increment Revenues into the Tax Increment Revenues Account of the Tax Increment Fund, the Pledged BRAC Revenues into the Pledged BRAC Revenues Account of the Tax Increment Fund and Special Tax Revenues into the Special Taxes Fund. Tax Increment Revenues include the proceeds of the tax levy on the Tax Increment that would normally be paid to the County, interest thereon and proceeds of the redemption or the sale of property sold as a result of foreclosure of the liens of the County property taxes equal to the amount of said liens and interest thereon, including any penalties collected, in connection with delinquent property taxes, in each case to the extent attributable to such levy. Pledged BRAC Revenues include payments from the State to the County equal to up to 100% of the State real property tax increment plus an amount equal to 50% of the County's Tax Increment for qualified properties located in the BRAC Zone (the "State BRAC Payments") that are appropriated by the County and deposited into the Pledged BRAC Revenues Account of the

Tax Increment Fund. The Special Tax Revenues include the proceeds of the Special Tax received by the County, interest thereon and proceeds of the redemption or the sale of property sold as a result of foreclosure of the lien of the Special Tax equal to the amount of said lien and interest thereon, including any penalties collected in connection with any delinquent Special Tax. Currently, no money is on deposit in the Tax Increment Fund or the Special Taxes Fund.

On each January 15 and July 15 (with respect to payments of principal of and interest on the 2014 Bonds on the immediately succeeding Interest Payment Date) and on any date required for the payment of any other obligations relating to the District, the County will withdraw, first from the Tax Increment Revenues Account of the Tax Increment Fund, second from the Pledged BRAC Revenues Account of the Tax Increment Fund and, third, to the extent amounts in the Tax Increment Revenues Account and the Pledged BRAC Revenues Account of the Tax Increment Fund are insufficient therefor, from the Special Taxes Fund, and transfer the following amounts for the following purposes in the following order of priority: (i) to the Trustee for deposit to the Debt Service Fund, the amount necessary, taking into account any amounts then on deposit in the Debt Service Fund and the Capitalized Interest Account and any excess in the Reserve Fund available for transfer to the Debt Service Fund, to make the amount in the Debt Service Fund equal the principal, premium, if any, and interest due on the Bonds on the immediately succeeding Interest Payment Date or such other payment date, as applicable; (ii) to the Trustee for deposit to the Reserve Fund, the amount necessary, taking into account amounts then on deposit in the Reserve Fund after giving effect to any amount required to be transferred from the Reserve Fund to the Debt Service Fund, to make the amount in the Reserve Fund equal the Reserve Requirement; and (iii) to the Administrative Expense Fund, such amount as shall be determined by the County to be necessary to pay County Expenses.

On July 15 of each year, after the County has made the transfers required by clauses (i) through (iii) above, any balance on deposit in, or deposited to (A) the Special Taxes Fund may be transferred by the County to the Trustee for deposit to the Debt Service Fund and (B) the Tax Increment Revenues Account of the Tax Increment Fund may be withdrawn by the County free and clear of the lien of the Indenture.

In addition, on July 15 of each year, after the County has made the transfers required by clauses (i) through (iii) above, all or a portion of the balance on deposit in, or deposited to, the Pledged BRAC Revenues Account of the Tax Increment Fund may be withdrawn by the County free and clear of the lien of the Indenture as follows:

> (i) If the amount of Tax Increment Revenues receivable in the current Fiscal Year is at least equal to the amount of Net Debt Service on the Bonds due on February 15 of such Fiscal Year and August 15 of the succeeding Fiscal Year, the County may withdraw the total amount on deposit in the Pledged BRAC Revenues Account of the Tax Increment Fund; or
>
> (ii) If the balance on deposit in, or deposited to, the Pledged BRAC Revenues Account of the Tax Increment Fund exceeds the product of (A) the number of years remaining until the final maturity date of the Outstanding Bonds and (B) the difference between (I) the amount of Tax Increment Revenues receivable in the current Fiscal Year and (II) the amount of Net Debt Service on the Bonds due on February 15 of such Fiscal Year and August 15 of the succeeding Fiscal Year (the "Excess Amount"), the County may withdraw an amount equal to the Excess Amount from the Pledged BRAC Revenues Account of the Tax Increment Fund.

Assessment Procedures

The Property is assessed by the Maryland State Department of Assessments and Taxation. This department is an independent State agency responsible for real and personal property assessment as well as the mapping of all real estate.

Maryland's assessment system is based on a three-year cycle in which one-third of all taxable real estate is physically inspected and reassessed each year. Assessments are based upon an estimate of ad valorem value known as full cash value. The State assessors utilize the three traditional approaches to value depending on property type: cost, sales comparison and income capitalization. To lessen the impact of any increase in full cash value, a three-year phase-in period is implemented. This provides for one-third of the increase in full cash value added to the first year of the assessment cycle with the balance being added in equal installments over the next two years.

For new construction, the assessor uses a cost approach to determine the initial full cash value using the land acquisition price (if applicable) and the land value and actual construction costs provided by the developer of such property (if available). No assurances can be given that such assessment procedure will continue to remain in effect during the term of the 2014 Bonds.

The property within the District was last assessed as of January 1, 2014. Reassessment of the property for the next three-year cycle will occur as of January 1, 2017, and every three years thereafter under current law. See Section II of the Tax Increment and Special Tax Report contained in APPENDIX C hereto.

Reserve Fund

The Indenture provides that the Reserve Fund must be maintained in an amount equal to the Reserve Requirement. The Indenture defines the Reserve Requirement, with respect to the 2014 Bonds, as an amount equal to the least of (i) 10% of the original principal amount of the 2014 Bonds, (ii) 125% of average Annual Debt Service on the 2014 Bonds outstanding as of the date of issuance of the 2014 Bonds, or (iii) the Maximum Annual Debt Service on the 2014 Bonds outstanding as of the date of determination, and, with respect to any Additional Bonds, as of the date of any calculation, an amount determined by a Supplemental Indenture. "Annual Debt Service" means, for each Fiscal Year, the sum of (i) the interest due on the Outstanding 2014 Bonds in such Fiscal Year and (ii) the principal amount of the Outstanding 2014 Bonds due in such Fiscal Year (including any Sinking Fund Installment due in such Fiscal Year). "Fiscal Year" means the 12-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive. See "APPENDIX F – Proposed Form of Indenture" hereto. Initially, the Reserve Requirement is equal to $1,700,000,[*] which amount is equal to 10% of the par amount of the 2014 Bonds.

The Reserve Fund will be initially funded from proceeds of the 2014 Bonds.

If on any Interest Payment Date or any date on which the principal amount of or any Sinking Fund Installment for any Bond secured by the Reserve Fund becomes due, the amount credited to the Debt Service Fund shall be less than the amount of the principal of, the Sinking Fund Installment for and the interest on such Bonds due on such date, the Trustee shall transfer moneys from the Reserve Fund to the Debt Service Fund, to the extent necessary to make good any deficiency.

The Trustee will determine the value of the assets of the Reserve Fund on each Interest Payment Date and such other dates as the County directs. If the amount in the Reserve Fund exceeds the Reserve Requirement, the Trustee will provide written notice to the County of the amount of the excess and will transfer, in the following order of priority, the excess, if transferable, from the Reserve Fund: (i) to the Capitalized Interest Account during the Capitalized Interest Period and (ii) thereafter, (A) to the County an amount equal to the County Expenses due for the next Fiscal Year, plus any County Expenses then due and payable, and (B) to the Debt Service Fund or the Improvement Fund, as shall be directed by the County.

Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay all Outstanding Bonds secured thereby, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, upon the direction of the County, the Trustee will transfer the amount in the Reserve Fund to the Improvement Fund or the Debt Service Fund as specified by the County. In the event that the amount so transferred to the Debt Service Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the amount of the excess will be transferred to the County free and clear of the lien of the Indenture. Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this paragraph until after the calculation of any rebate payments or payments in lieu thereof due to the United States of America following payment of the Bonds secured thereby and withdrawal of any such amount from the Reserve Fund for purposes of making such payment. If the amount in the Reserve Fund is less than the Reserve Requirement, the Trustee shall provide written notice to the County of the amount of the deficiency and the County shall transfer moneys from the Tax Increment Fund and the Special Taxes Fund to the Reserve Fund in accordance with the Indenture.

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[*] Preliminary, subject to change.

Permitted Investments

All funds and accounts established under the Indenture are held by the Trustee except for the Tax Increment Fund, the Special Taxes Fund, the Costs of Issuance Fund and the Administrative Expense Fund, which are held by the County. Money in all funds and accounts established by the Indenture and held by the Trustee will be invested in Permitted Investments as directed by the County. In the absence of such direction, the Trustee will invest any such moneys in a money market mutual fund registered with the Securities and Exchange Commission and rated in the highest rating category of at least one rating agency or in Government Obligations. See "APPENDIX F – Proposed Form of Indenture" hereto for descriptions of the Permitted Investments and the Government Obligations. Money in the Special Taxes Fund will be invested by the County in Permitted Investments and money in the Tax Increment Fund, the Costs of Issuance Fund and the Administrative Expense Fund will be invested in any lawful investment for funds of the County and in accordance with the County's investment policy. Any interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts created by the Indenture will be credited or charged, as the case may be, to the fund or account from which such investment was made.

Property Tax Collection Procedures

The Tax Increment Revenues are a portion of the ad valorem tax levied by the County on real property within the Development District and will be levied and collected from owners of parcels at the same time as real property taxes. The Special Tax will be collected from owners of parcels within the Special Taxing District at the same time and on the same tax bill as general ad valorem real property taxes levied within the Special Taxing District. Under the County Code, taxes on real property are due on July 1 and payable without interest as of September 30 in each taxable year. The taxes are overdue and in arrears on the first day of the succeeding October. Interest accrues from October 1 at the rate of 1.5% per month (and any fraction of a month) with respect to County levied taxes until paid. See "– Timeline for Collection of Taxes and Appropriation of State BRAC Payments" below.

The County is responsible for collecting all real property taxes within the County, including the District. The County anticipates that the County will invoice for, direct the payments of, and collect the ad valorem taxes and any Special Tax levied by the County on property owners in the District. Additionally, invoices of any Special Tax will be included on the invoice of the County ad valorem property taxes.

The County is required under the Special Taxing District Act to cause the levy of the Special Tax in an amount equal to the debt service on the 2014 Bonds as reflected in the Rate and Method. The County has entered into a contract with the Administrator to assist the County in carrying out such responsibilities. The Rate and Method apportions the total amount of Special Tax to be collected among the taxable parcels in the Special Taxing District as more particularly described therein.

The 2014 Bonds are secured in the first instance by the Tax Increment Revenues and the Pledged BRAC Revenues, if any. The Special Tax will be levied but only collected as needed to pay debt service on the 2014 Bonds and administrative costs and to maintain certain funds under the Indenture in the event the Tax Increment Revenues and Pledged BRAC Revenues, if any, are insufficient for such purposes. Based on the projected Tax Increment Revenues and Pledged BRAC Revenues, the Special Tax is anticipated to be levied and collected in certain years under each of the Scenarios set forth in the Tax Increment and Special Tax Report. See "APPENDIX C – Tax Increment and Special Tax Report" hereto.

Under State law, all unpaid taxes on real property (including the ad valorem taxes and any Special Tax) constitute a lien on real property. A list of all real property on which taxes levied by the County have not been paid and are in arrears will be turned over to the official of the County responsible for the sale of tax delinquent property as provided by State law. Under the County Code, if any real property taxes remain unpaid as of March 1 of the year following the year in which the taxes were levied, the County is required to sell the property at a tax sale prior to the last Wednesday in August. Prior to selling any property at the County tax sale to satisfy the tax obligations then due on such property, the County first will certify the amount of taxes in arrears on the property, including the ad valorem taxes and any Special Tax or other taxes. Thereafter, the County will notify by mail the person last appearing as the owner of the property on the County's tax roll that the property on which the property tax is in arrears will be sold at public auction in order to satisfy the entire amount of taxes then due, including the ad valorem taxes and any Special Tax, and any interest and penalties then due. Beginning April 1st, additional charges are added to the property tax bill for the cost of tax sale preparation. The delinquent properties are advertised for sale for at least four weeks prior to the sale. The County has covenanted in the Indenture to comply with all requirements of the Tax Increment Financing Act and Special Taxing District Act so as to assure timely collection of the District Tax Revenues and to enforce the payment of delinquent taxes. The County has further covenanted in the Indenture that, in the event that any property in the District that has been offered for sale for nonpayment of taxes has not been purchased by a private purchaser, the County will use reasonable efforts to continue to offer or to cause to be continued to be offered the property at tax sale until sold to a private purchaser.

No assurances can be given that the real property subject to sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent real property tax including ad valorem tax installments and any Special Tax installment. Neither the Acts nor the provisions of the Tax-Property Article of the Annotated Code of Maryland pertaining to tax sales require the County to pay the delinquent real property tax including the ad valorem tax and any Special Tax relating to any lot or parcel of property offered for tax sale if there is no purchaser at such tax sale. The Special Taxing District Act does specify that in the case of delinquency, the Special Tax will have the same lien priority as ad valorem property taxes.

If the Reserve Fund is depleted and delinquencies in the payment of the District Tax Revenues exist, there could be a default or delay in payments to the Bondholders pending a tax sale of the property or foreclosure proceedings and receipt by the County of delinquent District Tax Revenues, if any. However, in the event that the Tax Increment Revenues are insufficient, the County may, within the limits of the Rate and Method and the Acts, adjust the Special Tax levied on all District property in future Fiscal Years to provide an amount, taking into account such delinquencies, required to pay debt service on the 2014 Bonds and to replenish the Reserve Fund.

The table below presents information with respect to the County's tax levies and tax collections as collected by the County for the last five Fiscal Years, including taxes collected and delinquent as a percentage of that Fiscal Year's total tax levy.

Fiscal Year Ended June 30	***Taxes Levied for Fiscal Year***	***Taxes Collected within Fiscal Year***	***Percentage of Levy Collected within FY***	***Percentage of Levy Collected to Date***
2009	$569,987,425	$568,246,317	99.7%	99.9%
2010	$601,068,331	$599,327,223	99.7%	99.9%
2011	$577,633,399	$574,829,923	99.5%	99.9%
2012	$541,972,687	$540,659,569	99.8%	99.8%
2013	$551,716,941	$547,732,006	99.3%	99.3%

Source: Howard County, MD Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013. Taxes levied represent the total adjusted levy. Percentage of levy collected to date includes penalties and interest levied and collected.

Appraised Property Values

The Appraisal Report was prepared by the Appraiser to estimate the value of the Property based on certain development assumptions as well as to provide a market study related to the Development. The County and the Underwriter make no representation as to the accuracy of the Appraisal Report. The Appraisal Report was prepared to estimate the value of the subject property on an "as is" basis as of December 21, 2013, as well as to provide prospective values which are described below. The valuation approaches used by the Appraiser and the values assigned to them are set forth below:

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FINAL VALUE ESTIMATES:	VALUE	VALUE TO BOND*
Estimated "As-Is" Market Value, as of December 21, 2013	$24,900,000	1.46x
Prospective Market Value, Assuming Completion of the Public Improvements and Private Site Improvements, as of January 1, 2015	$31,700,000	1.86x
Prospective Market Value, Assuming Completion of the Public Improvements and Private Site Improvements, the Residential Structure and the Retail Structure, as of January 1, 2016	$115,200,000	6.77x

In addition, the Appraiser has identified certain underlying assumptions and contingent conditions in order to appraise the Property. The underlying assumptions and contingent conditions are set forth on pages 16 and 17 of the Appraisal Report. There can be no assurance that any such assumptions will be realized, and the County and the Underwriter make no representation as to the reasonableness of such assumptions. An appraisal is only an estimate of value, as of the specific date stated in the appraisal, and is subject to the assumptions and limiting conditions stated in the report. As an opinion, it is not a measure of realizable value and may not reflect the amount that would be realized if the property was sold. Prospective purchasers should review the Appraisal Report in its entirety in order to make an informed decision whether to purchase the 2014 Bonds. See "APPENDIX A – Appraisal Report" hereto.

Market Study

A market analysis relating to the Development dated April 15, 2013, as updated on January 17, 2014 (the "Market Study"), has been prepared by Valbridge Property Advisors, Inc. (the "Market Consultant"), to determine the market prospects for the Development. Subject to the various assumptions and limiting conditions stated in the Market Study, and based on their review of available plans and demographic and economic data, the Market Consultant analyzed the market environment and proposed development of the Development and drew the following conclusions:

Location - The Development will capitalize on its strategic location near Fort Meade in the heart of the Baltimore Washington Corridor, well-served by the regional highway network— by MD Routes 32 and 295 in particular. The Development is well-located to major employers concentrated at/near Fort Meade and BWI Marshall Airport and throughout the Baltimore-Washington area. Though its immediate development environment is currently predominately industrial, the Development's mixed use plan will integrate well into the high growth environment around Fort Meade.

TOD Plan - The Development is located at the Savage MARC Station and anchored by a MARC commuter parking garage, with commuter traffic adding long-term value to the Development, especially if the MTA plans for expansion and enhancement of service to the MARC Camden Line come to fruition.

Population & Household Growth - The Primary Market Area ("PMA") has outpaced both Howard and Anne Arundel counties in its population and household growth for the past two decades. Growth in the PMA is forecast to account for almost two fifths (38.5%) of the total growth of Howard and Anne Arundel counties over the 2010-2020 period. In all periods the PMA is expected to grow faster than the two counties and at more than double the pace of the Baltimore Region as a whole. That level of household growth, by definition, requires the delivery of the same number of housing units in an appropriate ownership and rental product mix.

Employment - The Baltimore Region economy is well diversified. Nonetheless, federal government spending due to the proximity of the national capital in Washington DC remains an important foundation of the regional economy. The escalation in federal military and homeland defense spending over the past several years has benefited the area. In that context, the PMA has been heavily influenced by the presence of Fort Meade and

* Preliminary, subject to change.

the National Security Agency—an influence which has been intensified by the BRAC, NSA and Cyber Command expansions.

The Baltimore Region, Howard and Anne Arundel counties continue to post strong long- term job growth while maintaining low unemployment rates. These trends are not expected to be altered in the foreseeable future, though the impact of sequestration and other federal budget changes are uncertain. Numerous new high quality mixed use and employment centers are planned for the PMA, absorbing the influx of jobs into the area.

Multifamily Product - There is no other apartment property located at the doorstep of National Business Park, NSA and Fort Meade. We find that the pricing proposed for the apartments is competitive and within the range already prevailing in the Fort Meade PMA among the highest quality apartment communities. Occupancies in the Fort Meade PMA remain good at about the 95% mark despite a number of properties being in lease-up. The Development's location and high quality apartments should result in a long-term very defensible position in the PMA multifamily market, which will be seeing significant new supply coming on along the MD Route 175 Corridor just to the north.

Office Product - We find that the Development's proposed office space should be targeted to fill a specific niche within one of the most dynamic office submarkets in the Baltimore Region, rather than competing head-on with the larger scale corporate office developments active in the Fort Meade PMA. The Route 1/BWI and Fort Meade PMA office market has demonstrated strong market performance as indicated by occupancy rates and rents above the Baltimore Region average, especially for Class A office product. The potential competitive supply of high quality office space in campus environments nearby (National Business Park and Annapolis Junction Business Park) and elsewhere in the immediate Fort Meade area is in the millions of square feet. The proposed 100,000 sq.ft. office building needs to capture only a small proportion of the total 5.5 million sq.ft. of office product which may be required through 2020 in order to accommodate employment growth in the Fort Meade PMA according to BMC forecasts.

Accessory Retail - The Development's Route 1/BWI retail submarket is strong compared to regional retail trends, significantly attributable to continued economic and residential growth. In particular, Arundel Mills Mall and related development have been extremely successful. The Development's retail space will, however, be less dependent on larger retail trends than on the convenience needs of apartment residents, office workers and MARC commuters.

Hospitality - The Development's BWI Airport hospitality submarket is healthy—with higher occupancy (71.5%) and higher ADR ($96.34 average) than national indicators. A recovering national economy and continued business and residential growth in the Fort Meade PMA offer support to new entrants to the area's hospitality market. The proposed 150-room hotel will principally serve business travelers needing easy access to locations in the Fort Meade area.

The Market Consultant analyzed the Developer's projected absorption schedule for the Development in light of their understanding of market demand available within the Fort Meade PMA and within a general pricing range determined to be competitive. The Market Consultant found that the scale and absorption schedule proposed for the Development are reasonable based on available demand. The Developer's proposed apartments will drive Phase I development including the accessory retail product. The bank/restaurant, office and hotel uses in Phase II will be built by others on land purchased from the Developer. Appropriately targeted, each of those uses should find demand within the growing Fort Meade PMA.

Valbridge Property Advisors, Inc., based in Naples, Florida, is one of the largest commercial property valuation and advisory services firms in the U.S., with 59 office locations and 600 staff across the nation.

Neither the Underwriter nor the County makes any representations as to the accuracy, completeness, assumptions or information contained in the Market Study. The assumptions or qualifications with respect to the Market Study are contained therein. There can be no assurance that any such assumptions will be realized, and the County and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective purchasers of the 2014 Bonds should review the Market Study in its entirety in order to make an informed decision regarding the suitability of the 2014 Bonds as an investment opportunity. See "APPENDIX B – Market Study" hereto.

Timeline for Collection of Taxes and Appropriation of State BRAC Payments

The following is a summary of the timeline for the collection of taxes on the Property and the appropriation of State BRAC Payments, if any, as applied to the 2014 Bonds:

Process	***Date***
Assessment notification mailed to property owners	Late December
Valuation date (Date of Finality) for real property	January 1
Deadline for out-of-cycle appeals	1st Business Day following January 1
County certification to State of qualified properties in BRAC Zone	February 1
Deadline for appealing reassessment notices mailed the prior December	Mid-February
State notifies County of amount of expected State BRAC Payments	March 1
County Council votes on appropriation of State BRAC Payments[1]	June 1
Tax bills mailed (including Special Taxes)	Early July
2014 Bonds Interest Payment Date	August 15
State BRAC Payments made to County[2]	On or before September 30
Deadline to pay County taxes (including Special Taxes)[3]	September 30
2014 Bonds Principal and Interest Payment Date	February 15
Delinquent properties subject to tax sale (notices mailed to property owners)	March 1
Tax sale[4]	By June 30

[1] The County is not legally obligated to appropriate State BRAC Payments for the payment of the 2014 Bonds. See "SECURITY FOR THE 2014 BONDS – Pledged BRAC Revenues" herein.
[2] Owners of principal residences and small business properties may pay real property taxes (including Special Taxes) on a semi-annual basis with half due on September 30 and half due on December 31.
[3]State law provides that State BRAC Payments are made on a quarterly basis. The State's current practice is to pay such amounts in one annual payment.
[4]County law provides that the tax sale shall be held no earlier than the third Wednesday in April and no later than the last Wednesday in August. The County currently holds the tax sale in June.

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PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER

The information appearing below under this heading has been furnished by the Developer for inclusion in this Limited Offering Memorandum and is believed to be reliable. No person other than the Developer makes any representation or warranty as to the accuracy or completeness of such information supplied by it.

The Developer

Annapolis Junction Town Center, LLC (the "Developer") is a Maryland limited liability company and has been approved by the State as the developer of the Annapolis Junction Town Center (the "Development") under a Transportation Public-Private Partnership Agreement effective as of June 27, 2008, and as amended by the First Amendment to the Transportation Public-Private Partnership Agreement made effective as of September 12, 2013 (the "Public-Private Partnership Agreement" or "PPP Agreement").

Prior to or at closing on the 2014 Bonds, Annapolis Junction Town Center, LLC will be owned 100% by Savage Towne Centre Ventures, LLC ("STCV"). Prior to or at closing on the 2014 Bonds, STCV will be owned 100% by Somerset Savage, LLC ("Somerset Savage"), which in turn is controlled by the principals of the Somerset Construction Company, Neil A. Greenberg and Michael Caruthers, whose 100% ownership interest is held by their respective family trusts. Prior to closing on the 2014 Bonds, OA Savage, LLC, which in turn is owned by Peter Zadoretzky, owned a 50% interest in STCV. See "OA Savage" below for further information.

At closing on the 2014 Bonds, the Developer will convey all of its interests in the residential portion of the Development to Annapolis Junction Apartment Homes, LLC ("Apartment Homes, LLC"). The sole owner of Apartment Homes, LLC at closing on the 2014 Bonds will be Kirk Property Limited Partnership, an entity controlled by Neil A. Greenberg and Michael Caruthers. The initial ownership structure of Apartment Homes, LLC will allow for the acquisition of the residential portion of the Development under the provisions of Internal Revenue Service Section 1031 Tax Deferred Exchange. Within two business days of closing on the 2014 Bonds, Apartment Homes, LLC will be controlled and owned as follows: (1) 42.5% by Somerset Savage; (2) 45% by Suzanne, LLC, an affiliate of Southern Management Corporation; and (3) 12.5% by Kirk Property Limited Partnership.

Subsequent to closing on the 2014 Bonds, the Developer plans to convey all of its interest in the in-line retail portion of the Development to Annapolis Junction Retail, LLC ("Retail, LLC"), an entity controlled and 100% owned by Apartment Homes, LLC.

The Developer's Experience

The Developer is a single-purpose entity created for the purpose of owning the property within the Development, and developing, operating, managing and financing the Development.

Somerset Construction Company

At closing on the 2014 Bonds, the managing member of STCV will be Somerset Savage, LLC, which is owned and controlled by the principals of Somerset Construction Company ("Somerset"), Neil A. Greenberg and Michael Caruthers. Founded in 1993, Somerset is a regional development company that has received several honors. One of its developments, The Arbors at Baltimore Crossroads, was honored by Delta Associates Award of Excellence as the Best 2012 Baltimore Area Apartment Complex, as well as the Best Lease-Up Space for a Baltimore Area Apartment Community. Another one of its developments, The Arbors of Arundel Preserve ("Arundel Preserve"), received the 2008 Baltimore Business Award for Best Residential Development and also received the Monument Award in 2008 for Best Garden-Style Apartment Community.

Somerset focuses on the development of large scale, mixed-use projects. Somerset is currently the master developer of the 1,100 acre Arundel Mills Development in Anne Arundel County, Maryland. Arundel Preserve is a 268 acre mixed-use community which is part of the Arundel Mills Development. Arundel Preserve is planned for over 2,000,000 square feet of office space, 250,000 square feet of retail space, three hotels, 1,068 apartment homes, 390 town homes, and 47 single family homes. The development team is comprised of Somerset, Bozzuto Development, Southern Management Corporation, Toll Brothers, K. Hovnanian Homes, M/I Homes, Corporate Office Properties Trust, and Chesapeake Real Estate Group. Over 50% of the planned development is complete.

Within Arundel Preserve, Somerset, through affiliates, is co-developer and co-owner of:

- Palisades at Arundel Preserve, a 330-unit apartment community in Hanover, MD (2010 to present).

- Arbors at Arundel Preserve, a 496-unit apartment community in Hanover, MD (2005 to present).

- Corporate Park at Arundel Preserve, 2,000,000 square feet of Class A office buildings with 153,000 square feet built (2005 to present).

- Arundel Preserve Town Center, comprised of:

    - The Residences at Arundel Preserve – 242 apartments (2008 to present).

    - The Hotel at Arundel Preserve, with 150 rooms and 10,000 square feet of meeting space (2008 to present).

    - Ground Level Retail Space totaling 45,000 square feet (2008 to present).

    - Class A Office Space totaling 171,180 square feet (not yet under construction).

Within the Arundel Mills Development, Somerset, through an affiliate, is also a co-developer and co-owner of office/flex at Arundel Overlook, planned with 313,800 square feet of office/flex buildings with 210,000 square feet built (2000 to present).

Somerset, through an affiliate, is also the master developer of the 1,000 acre Baltimore Crossroads @95 mixed-use community in the White Marsh section of Baltimore County. It is located along I-95 and supports over 6,500,000 square feet of different uses including office, flex, research and development, warehouse, industrial, hotels, retail villages, luxury apartment homes, single family homes, town houses, and condominiums with 1,800,000 square feet built to date. The development team is comprised of Somerset, St. John Properties, First Industrial Realty-Trust, and Chesapeake Real Estate Group.

Within Baltimore Crossroads@95, Somerset, through affiliates, is co-developer/co-owner of:

- Multi-Family at Baltimore Crossroads

- Arbors at Baltimore Crossroads, a 365 unit completed apartment community in Baltimore, MD (2009 to present).

- Office/flex/retail at Baltimore Crossroads

- Two million square feet of office/flex and retail buildings with 450,000 square feet built to date (2006 to present).

OA Savage

OA Savage, LLC is a special purpose entity formed for the purpose of holding a fifty percent (50%) interest in STCV prior to closing on the 2014 Bonds and acting as an authorized agent for STCV in the negotiation of the amendments to the Public-Private Partnership Agreement including oversight and management of the planning, engineering and entitlement process for the Development. The sole member of OA Savage, LLC is Peter Zadoretzky.

Peter Zadoretzky has been in the land development and investment business for nearly thirty years. Mr. Zadoretzky founded and owns OA Partners, LLC of Annapolis, Maryland (“OA Partners”), which is a real estate services and investment firm focused exclusively on land development. Since its inception in 1991, the firm has been engaged in an extensive range of projects in the Mid-Atlantic and Southeastern regions of the United States. Commencing in 1993 and ending in 2004, OA Partners was the principal land developer for Exxon Mobil for the development of South River Colony located in Edgewater, Maryland – a 1,400 acre mixed-use project consisting of residential, retail and office uses. OA Partners was the lead land investment advisor to the Blackstone Group for a number of their land investments including City Center, a 2,000,000 square foot mixed-use urban development located in the heart of Buckhead in Atlanta, Georgia.

The Experience of Southern Management Corporation and David Hillman

David Hillman is the Chairman and Chief Executive Officer of Southern Management Corporation ("SMC"). SMC is the largest privately-owned owner of apartments in the Mid-Atlantic region. David Hillman is SMC's sole owner. SMC's portfolio currently consists of 76 multifamily properties with approximately 25,080 apartment homes. These 76 properties include 10 properties with approximately 300,000 square feet of office and retail space and 7 properties with approximately 1,000,000 square feet of office space. SMC has approximately 1,500 full-time employees. SMC's properties are geographically located throughout the suburbs of Washington, D.C. and Baltimore, Maryland. David Hillman formed SMC in 1965.

In 2012, SMC closed a $1.5 billion portfolio loan through Freddie Mac, the largest multifamily transaction to date by Freddie Mac to be eligible for securitization through its Capital Markets Execution program. The portfolio is made up of individual loans ranging from $2.5 million to $135 million. The loans were cross-collateralized and secured by 69 multifamily assets located in northern Virginia and Maryland (the "Portfolio"). Mostly Class A and Class B properties, the communities are a mix of garden, mid-rise, and high-rise buildings that contain over 23,000 total apartment homes and more than 250,000 square feet of office and retail space.

The following is a listing of the ten largest mortgage loans reported by SMC within the Portfolio:

Property Name	Location	Total Units	Loan Amount	Appraised Value
Summit Hills Apartments	Silver Spring, MD	1,121	$135,000,000	$222,100,000
Parliaments Apartments	Annandale, VA	750	66,000,000	96,000,000
Powder Mill Village	Beltsville, MD	757	48,900,000	93,100,000
Southview Apartments	Oxon Hill, MD	1,402	48,720,000	101,000,000
Oxon Hill Village	Oxon Hill, MD	844	43,165,000	82,600,000
Bayvue Apartments	Woodbridge, VA	670	41,410,000	63,300,000
Palisades of Towson	Towson, MD	357	39,250,000	70,000,000
Carriage Hill Apartments	Suitland, MD	960	38,930,000	70,900,000
Chateau Apartments	Silver Spring, MD	400	38,316,000	70,000,000
Triangle Towers	Bethesda, MD	260	38,250,000	64,800,000
TOTAL		7,521	537,941,000	933,800,000

SMC reports that its Portfolio of 69 properties had an appraised value of $2,582,900,000, as of August 2012, with an overall loan to value ratio of 58%. Recent projects of SMC not included in the Portfolio include The Atrium at Market Center in Baltimore, Maryland, The Palisades of Bethesda in Bethesda, Maryland, and the Palisades of Arundel Preserve.

SMC has been co-developer and co-owner of the following projects (described above) with affiliates of Somerset:

- The Palisades at Arundel Preserve
- The Residences at Arundel Preserve
- The Hotel at Arundel Preserve

With more than 1,600 team members, SMC was also recognized by Washingtonian Magazine as one of Washington, D.C.'s Great Places to Work in 2011, received the highest level award presented by the Maryland Performance Excellence Program in 2011 and was recognized by The Baltimore Sun as one the Top Work Places in 2012.

The Developer's Team

General Contractor

Whiting-Turner Construction Company ("Whiting-Turner"), formed in 1909, provides general contracting and design build services and is one of the largest privately-held companies in the country. Whiting-Turner has 28 regional offices nationwide and is authorized for $4 billion of bonding. In 2012, Whiting-Turner was ranked as a Top 15 domestic general building constructor by Engineering News Record, and serves multiple markets, including Federal military, food beverage and distribution, health care, higher education, hospitality, industrial mixed-use, parking garages, office, residential, and retail-type projects.

At or prior to closing on the 2014 Bonds, the Developer will have executed guaranteed maximum price contracts with Whiting-Turner for the construction of the Public Improvements including the Commuter Parking Garage and the County Improvements.

Subsequent to closing on the 2014 Bonds, and upon the completion of the Public Improvements, Apartment Homes, LLC anticipates entering into guaranteed maximum price contracts with Whiting-Turner for the construction of the Residential Structure and the Retail Structure.

Architect

Hord Coplan Macht, Inc. ("HCM"), a Baltimore-based architectural services firm, was founded in 1977 and specializes in mixed-use projects. HCM has demonstrated capabilities in architecture, landscape architecture, planning and interior design. Current representative projects include Oxford Square, a transit-oriented development in close proximity to the Dorsey MARC Station in Howard County, Union Wharf in Baltimore's historic Fells Point area, and the 1800 Rockville Pike mixed-use development in Rockville, Maryland, adjacent to the Twinbrook Metro Station. The scope of HCM's services include the Development's concept land planning, commuter garage design, and concept designs for the apartment, retail and office buildings.

Civil Engineer

Gutschick, Little & Weber, P.A. ("GLW") is a civil engineering firm founded in 1986. GLW provides civil engineering, land surveying, planning, and landscape services. GLW is located in Burtonsville, Maryland. Representative Maryland projects include Maple Lawn Farms, Marlboro Riding and Shipley's Grant. The scope of GLW's services include all surveying and civil engineering for the Development, and the preparation and processing for approvals of the specific design plan and subdivision plat, and all infrastructure engineering for grading, erosion and sediment controls, roads, storm drains, water and sewer, and storm water management and conveyance systems.

Environmental Engineer

Hillis-Carnes Engineering Associates, Inc. ("Hillis-Carnes") was founded in 1989 and has offices in Maryland, Virginia, Delaware, Pennsylvania and Barbados. Hillis-Carnes' current portfolio of projects consists of transportation, industrial, residential, sports, maritime, commercial and institutional projects. Representative projects include Walter Reed National Naval Center Replacement Hospital, Temple University Housing and the Maryland Live! Casino.

Geo-Technology Associates, Inc. ("GTA") is a geotechnical and environmental consulting firm founded in 1985. GTA focuses on geotechnical services including subsurface exploration, geotechnical and foundation engineering, and environmental due diligence services. GTA has fifteen offices in nine states.

In support of the Development, Hillis Carnes has provided environmental site assessment services, geotechnical studies and analysis (soils), infiltration testing, foundation recommendations and design of the foundations for the commuter parking garage.

The Site Location

The Development is a transit-oriented development and a mixed-use project to be developed at the Maryland MARC Savage Commuter Rail Station ("Savage MARC Station") on an approximately 18.83 acre site (the "Site") and comprising all of the land located in the District. The Development is located in the southeastern part of Howard County, Maryland. The Development is bounded by Dorsey Run Road on the west, Henkels Lane on the northeast, and the CSX Rail Property and the Anne Arundel County boundary on the south. See Local Maps on pages ii and iii of this Limited Offering Memorandum. Dorsey Run Road is reported to have an annual average daily traffic count of approximately 21,000 vehicles. Henkels Lane intersects with Dorsey Run Road at a signalized intersection immediately to the south of Maryland Route 32. The nearby properties, except for the CSX Rail Property, are non-residential uses, being made up of significantly occupied flex warehouse, light manufacturing, and office. Maryland Route 32, a major four lane divided, limited access east-west thoroughfare providing access to the site by way of the Dorsey Run Road interchange, is several hundred feet to the north of the Development. The Development is highly visible from Maryland Route 32, which has a reported annual average daily traffic count of nearly 72,000 vehicles. In addition, embedded in and a part of the Development is the Savage MARC Station, which provides commuter rail service between Washington, D.C. and Baltimore with the ability to connect to the national rail network.

Strategic Location for the Development

The Development is strategically located in the Baltimore-Washington corridor, approximately 20 miles from downtown Baltimore and approximately 25 miles from downtown Washington, D.C. See "APPENDIX L - Regional Map". Immediately to the south of the Development in Anne Arundel County is the Annapolis Junction Business Park, which is presently under development by Boston Properties and approved for 2.3 million square feet of Class A office space. The park consists today of two completed office buildings: MegaCenter – a 118,000 square foot building completed in 2008 and fully occupied by "black box" contractors affiliated with the Department of Defense; and 8193 Dorsey Run Road – a 119,000 square foot building completed in 2013 and principally occupied by Science Applications International Corporation. A third 150,000 square foot office building is presently under construction and is substantially complete. Across from the Development to the west and within Howard County exists a highly dense and well occupied mix of commercial office buildings, light manufacturing, distribution, and industrial warehousing space. Corridor Road parallels Maryland Route 32 and connects to U.S. 1 on the west. The Development is just across and slightly to the west of Maryland Route 32 from Corporate Office Properties Trust's National Business Park – a commercial office park consisting of nearly 3 million square feet of occupied space and entitled for up to an additional several hundred thousand square feet. Approximately two miles to the west of the Development along Maryland Route 32 is Ft. Meade (now the home of Defense Cyber Command) and the headquarters complex of the National Security Agency. The site is easily accessible to the Baltimore-Washington Parkway, MD 295, which is a major north/south transit corridor between Washington, D.C. and Baltimore providing easy vehicular access to both cities and places in between including BWI Marshall Airport which is located approximately twelve miles to its north. See "APPENDIX D - Engineer's Report" and "APPENDIX B - Market Study", which contain more detailed information concerning the location of the Development and the surrounding property uses.

Summary of the Development

The 18.83 acre Development is currently made up of three properties: (i) 12.73 acres owned by the Maryland Transit Administration ("MTA") (the "State Parcel") used for the Savage MARC Station and related surface commuter parking; (ii) 5.96 acres owned by the Boise Maryland Business Trust ("Boise") (the "Boise Parcel") which is a former lumber yard; and (iii) a 0.16 acre portion of Dorsey Run Road owned by the County and to be conveyed by the County to the Developer at or prior to closing on the 2014 Bonds (the "Right-of-Way Parcel"). The Right-of-Way Parcel is located at the entrance to the Savage MARC Station parking lot. See "APPENDIX D - Engineer's Report" for a detailed discussion of the Right-of-Way Parcel.

History of the Assemblage

The Developer is the developer under a Public-Private Partnership Agreement for the development of the State Parcel. The Maryland Board of Public Works, which consists of the Governor, Treasurer, and Comptroller of the State of Maryland, approved the Public-Private Partnership Agreement on January 30, 2008 and approved an amendment on July 3, 2013. On February 6, 2012, STCV acquired the contract rights to acquire the Boise Parcel from Boise for the purchase price of $2,625,000. At or prior to closing on the 2014 Bonds, Boise will convey the Boise Parcel to the Developer pursuant to a real estate sales contract and an assignment.

Under the terms and conditions of the Public-Private Partnership Agreement, at or before closing on the 2014 Bonds, the State will convey approximately 9.30 acres of its 12.73-acre property (the "Conveyance Property") to the Developer for the sum of $3,300,000 while reserving approximately 3.41 acres of land (the "State Reserved Property") on which the Developer will be responsible for constructing a new public commuter parking garage (the "Commuter Parking Garage") for the Savage MARC Station that will be owned and operated by the State. Under the terms of the Public-Private Partnership Agreement, the purchase price is paid at final completion and acceptance by the State of the Commuter Parking Garage. Under the Public-Private Partnership Agreement, at or prior to closing on the 2014 Bonds, the Developer is required to post a $3,300,000 Promissory Note and a $3,300,000 letter of credit with the State. On final completion and acceptance by the State of the Commuter Parking Garage, or otherwise in accordance with the prepayment terms of the Promissory Note, the Developer will pay the State the sum of $3,300,000 and the State will return the letter of credit and mark the note satisfied.

At or prior to closing on the 2014 Bonds, Boise will convey the Boise Parcel to the Developer for the sum of $2,625,000, subject to closing adjustments. The State recently conveyed property to the County which includes land that makes up the Right-of-Way Parcel. The County has enacted legislation authorizing the transfer of the Right-of-Way Parcel to the Developer for no monetary consideration and will convey the Right-of-Way Parcel to the Developer at or prior to closing on the 2014 Bonds. The final assemblage of parcels will include 18.83 acres of land, which comprise the District. Private development will occur on approximately 15.4 acres of land and the Public Improvements will be constructed on the State Reserved Property of approximately 3.4 acres and on a portion of the 15.4 acres.

Under the Public-Private Partnership Agreement, the Developer will be responsible for constructing the Public Improvements with the proceeds of the 2014 Bonds. In the event the proceeds of the 2014 Bonds are not sufficient to pay the total costs of the Public Improvements, the Developer will pay the balance of the costs with its own funds. See "Sources and Uses of Funds." When completed, the State will own and operate the Commuter Parking Garage for the Savage MARC Station.

Environmental Assessments

On October 5, 2006, Hillis-Carnes prepared a Phase I Environmental Site Assessment ("ESA") on the State Parcel. Hillis-Carnes concluded that no recognized environmental conditions were identified in association with the State Parcel. Based upon the findings, Hillis-Carnes' opinion was that additional environmental investigation of the site did not appear to be warranted.

On October 26, 2007, Environmental Resources Management, Inc. ("ERM") prepared a Phase II ESA on the State Parcel. The Phase II ESA expressed the opinion that current soil and groundwater conditions at the State Parcel did not pose an unacceptable risk under future residential land use and no further investigation was warranted.

In August of 2009, Kleinfelder East, Inc. ("Kleinfelder") completed a Phase I ESA on the Boise Parcel. The Phase I ESA was submitted to the Maryland Department of the Environment ("MDE") with the Voluntary Cleanup Program ("VCP") Application.

On October 1, 2010, Kleinfelder completed a Phase II ESA at the Boise Parcel.

On May 7, 2013, MDE issued a Certificate of Completion for the VCP. MDE certified that the implementation of the approved Response Action Plan achieved the applicable cleanup criteria at the Boise Parcel.

See "APPENDIX D - Engineer's Report" for more detailed information concerning the environmental site assessments and for detail on the terms of the Certificate of Completion.

The Developer has engaged the services of Hillis-Carnes as well as GTA to provide continuing technical environmental-related services for the Development. See "APPENDIX D - Engineer's Report."

The Public Improvements

In accordance with the Public-Private Partnership Agreement and the Memorandum of Understanding (the "MOU") between the Developer and the County, the Developer has agreed to construct certain public improvements, which include the following (the "Public Improvements"):

(1) the approximately 704-car Commuter Parking Garage;

(2) improvements to the Savage MARC Station (the "MARC Station Improvements") which include, among other things, a new elevator, stairwell, a canopy, modifications to the existing station platform, pedestrian crossover bridge above the rail lines owned by CSX Transportation ("CSX");

(3) improvements to Dorsey Run Road;

(4) improvements to Henkels Lane;

(5) construction of a new public road through the site, which will be named "Junction Drive;" and

(6) installation of public utilities, storm drains and stormwater management facilities

Item (1) above is referred to herein as the "Commuter Parking Garage" and will be constructed on the State Reserved Property. Item (2) above is referred to herein as the "MARC Station Improvements" and will be constructed on the State Reserved Property and the adjacent CSX Property dedicated to public use under the control of the State. Items (3), (4), (5) and (6) are collectively referred to herein as the "County Public Improvements" and will be constructed on the Conveyance Property, the Boise Parcel, and the Right-of-Way Parcel.

The County DILP has approved the issuance of the building permit for the Commuter Parking Garage and, once the site development plan has been signed by the County, the building permit will be issued by the County in accordance with standard administrative processing. See "Appendix D – Engineer's Report". The final plans and specifications of the MARC Station Improvements are subject to the final approval of the State and CSX. The MARC Station Improvements may or may not be constructed at the same time as the construction of the Commuter Parking Garage but, if they are not constructed at the same time, there will not be an adverse impact on the overall development schedule. The start date of the construction of the MARC Station Improvements depends on the timing of the receipt of the final design approvals of the State, CSX, and the County.

The Public Improvements will be funded with proceeds from the 2014 Bonds and, to the extent that such proceeds are not sufficient to pay for all of the costs, the Developer is responsible for the remainder of any and all associated costs. Closing on the 2014 Bonds will be contingent on, among other things, the Developer having provided evidence of the funds required for the construction of the Public Improvements in excess of the available proceeds from the 2014 Bonds. The Commuter Parking Garage is planned to be constructed in Phase I of the Development. The MARC Station Improvements may be constructed in either Phase I or Phase II of the Development. The County Public Improvements will be constructed in Phase II of the Development. See "Development Schedule" below.

The County Public Improvements are approved by Howard County with final Howard County development agreements issued. Execution of the development agreements and the processing of all other Howard County related development and construction documentation including the issuance of Howard County permits will occur prior to or at closing. See "APPENDIX D – Engineer's Report."

The Private Development

The Developer is developing approximately 15.4 acres of land within the District as a mixed-use development (the "Private Development"). The Private Development is expected to be comprised of (a) a residential apartment structure with approximately 416 apartment units and approximately 624 structured parking spaces (the "Residential Structure"); (b) approximately 100,000 square feet of Class A office space (the "Office Structure"); (c) approximately 14,000 square feet of in-line retail space (the "Retail Structure"); (d) a hotel with approximately 150 rooms (the "Hotel"); (e) a structured parking garage with approximately 400 spaces and other paved surface parking spaces (the "Commercial Garage Structure"); (f) approximately 3,200 square feet for a bank or restaurant-type use (the "Bank/Restaurant Space"); (g) an approximately 250 square foot kiosk for a coffee shop or similar use (the "Kiosk"); and (h) landscaping, hardscaping, and other miscellaneous improvements.

A. The Residential Structure

The Residential Structure is expected to include 416 units of apartments in a "Texas donut" configuration built around a multi-storied structured parking garage separate from the Commuter Parking Garage and the Commercial Parking Structure. The Residential Structure will be constructed on a 7.4343 acre parcel in the District (the "Apartment Parcel"). The nature of the construction is that the apartment complex wraps around the garage, which is accessible on each of the floors of the complex. The unit mix includes 384 market rate units. The County has required a 15% allocation of Moderate Income Housing Units ("MIHUs") for this Development. By agreement between the Developer and the County, 32 MIHUs will be available onsite and 31 MIHUs will be made available at another County-designated site. The proposed unit mix consists of 45 studio apartments, 151 one-bedroom apartments, 95 one-bedroom apartments with either a balcony or a den, and 125 two-bedroom apartments, 47 of which would have balconies. The market rate rents are expected to be priced at a range of $1,215 to $2,325 per month and do not include utilities, which are to be paid separately by the tenant. The 32 MIHU rents are expected to be priced at $1,113 per month and will include all utilities.

The amenities will include large courtyards, individual storage units, a large clubhouse, a fitness center, a large pool and a large pool courtyard, a media room, a game room, a pet grooming facility and walking yard, a fire pit courtyard, a bocce court, and a library. The planned residential structure is being designed to achieve a LEED Silver classification.

The private development of the Residential Structure will benefit from its strategic location near Fort Meade, the regional highway network, and its location to nearby employers. See "APPENDIX B – "Market Study" for a more detailed discussion of the Development's strategic location and its market environment, as well as an analysis of market conditions and principal competitors for the proposed apartment development.

The Residential Structure is expected to be constructed in Phase II of the Development. See "Development Schedule" below. The construction of the Residential Structure will be financed with a credit facility and equity described below. See "Plan of Finance" below.

B. The Retail Product

The Developer proposes approximately 14,250 square feet of retail product consisting of the 14,000 square-foot inline Retail Structure and the 250 square-foot Kiosk. In addition, the retail product includes the 3,200 square feet of Bank/Restaurant Space. The Developer considers the Retail Structure to be an accessory use to the principal uses in the Development, primarily the Residential Structure. See Section VI of "APPENDIX B - Market Study" which describes and evaluates the Developer's competitive environment for the proposed retail product.

The Retail Structure will be constructed in Phase II of the Development and will be financed with a credit facility and equity described in the "Plan of Finance" below. The remaining retail products, consisting of the Bank/Restaurant Space and the Kiosk will not be built by the Developer. Subsequent to the closing on the 2014 Bonds, the Developer expects to sell the two builder-ready pads to one or more third party developers who would construct the Bank/Restaurant Space and the Kiosk in Phase III of the Development. See "Development Schedule" below.

C. Office Structure

The Developer proposes an approximately 100,000 square foot Class A 4-story Office Structure in the southeastern corner of the Development site fronting Henkels Lane. The Office Structure will be served by limited surface parking and by the Commercial Garage Structure in a two-story, 400-space garage adjoining the CSX Rail Line. The garage will also serve retail and hotel uses. See Section V of "APPENDIX B - Market Study," which analyzes the competitive environments for the proposed Office Structure.

The Developer expects to sell the builder-ready pad for the Office Structure to a third party developer subsequent to closing on the 2014 Bonds. The Developer has entered into a non-binding Letter of Intent with Corporate Office Properties Trust (NYSE:OFC and referred to as "COPT") dated January 10, 2014 under which COPT will acquire the builder-ready pad for the Office Structure for the sum of $4,000,000. COPT has agreed to immediately commence marketing the Office Structure for lease. The Office Structure is currently planned to be constructed in Phase III of the Development. See "Development Schedule" below.

COPT is an office real estate investment trust that specializes in developing and managing office and data center properties. COPT has developed more than 8.8 million square feet of Class "A" office space in the Baltimore-Washington region, office buildings largely concentrated in the geographic areas close to the Development such as National Business Park. Nationwide, COPT has developed more than 19 million square feet of office space in its current portfolio. COPT and Somerset, through affiliates, have an existing working relationship through their joint venture at Arundel Preserve.

D. Hotel

The Developer proposes a 150-room, six-story limited service hotel (the "Hotel"). The Hotel would be located close to the Savage MARC Station platform and the Commuter Parking Garage and will be supported by the adjacent retail product and Commercial Garage Structure.

The Developer has entered into a Purchase and Sale Agreement with Turnberry Development, LLC ("Turnberry"), an affiliate of Turnberry Associates, under which Turnberry will acquire the builder-ready pad for the Hotel. Under the Purchase and Sale Agreement, Turnberry has a 60 day study period during which it may elect to terminate the Purchase and Sale Agreement for any or no reason. The closing on the Purchase and Sale Agreement is generally contingent on (1) the completion of the Commuter Parking Garage; (2) the completion of the Public Improvements; (3) the completion of other improvements necessary for the commencement of the construction of the Hotel; (4) Developer evidence of financing for the Commercial Garage Structure; and (5) Developer's construction timetable that allows for a use and occupancy permit to be issued for the Commercial Garage Structure before completion of the Hotel's construction (collectively, the "Closing Conditions"). Turnberry is obligated to proceed to closing once the Closing Conditions are satisfied. At closing, Turnberry will pay Developer the purchase price of $3,375,000 as follows: $1,687,500 payable at closing and $562,500 per year for the following three years. The Hotel is currently planned to be constructed in Phase III of the Development. See "Development Schedule" below.

Turnberry Associates is a privately-owned real estate development and property management company founded more than fifty years ago. Turnberry Associates has developed more than $7 billion in commercial and residential property comprised of 7,000 apartments and condominium units, 2,000 hotel and resort rooms, 1.5 million square feet of Class "A" office buildings, and more than 20 million square feet of retail space. Turnberry Associates' current portfolio includes an array of luxury, full and select-service hotels. In 2008, Turnberry completed a $1 billion renovation to the Fontainebleu Miami Beach Hotel.

Development Schedules

Within 30 days following closing on the 2014 Bonds, the Public Improvements will be initiated on a sequence which permits uninterrupted commuter access to the Savage MARC Station throughout the construction period. The design and public approvals for the Commuter Parking Garage and the supporting infrastructure will be complete prior to closing on the 2014 Bonds, and grading and building permits will be issued at that time. During the period of construction of the Commuter Parking Garage on the State Reserved Property, MARC Train commuters will be allowed to park their vehicles on a dedicated section of the Conveyance Property while the remainder of the Conveyance Property will be used as a construction staging area.

The MARC Station Improvements will commence once final plans and specifications are approved by the State, the County, the Developer, and CSX and, therefore, the Developer is dependent upon these approvals in order to commence construction on the MARC Station Improvements. See "APPENDIX D - Engineer's Report".

Upon completion of the Commuter Parking Garage and its base infrastructure, anticipated to occur twelve months following closing on the 2014 Bonds, there will be no further need for commuter surface parking, and the Conveyance Property will then be available for the construction of the County Public Improvements funded by the 2014 Bonds, and for the construction of the Residential Structure and the Retail Structure as described above. The Development is planned to be completed in the following phases:

PHASE I – Commuter Parking Garage

The Commuter Parking Garage will be constructed on the State Reserved Property.

Anticipated Start Date: March 2014 (following closing on the 2014 Bonds)
Anticipated Completion Date: December 2014

PHASE II & II-A – County Public Improvements, Residential Structure, and Retail Structure

The Residential Structure will be constructed on the Conveyance Property and the Retail Structure will be constructed on the Boise Parcel. Phase II will also include the substantial completion of the County Public Improvements as well as site preparation for the other Private Development.

Anticipated Start Date: December 2014
Anticipated Completion Date: April 2016

PHASE III – Office Structure and Commercial Garage Structure, Hotel, Bank/Restaurant Space, and Kiosk

There are no planned start and completion dates for the construction of the Office Structure, Hotel, Bank/Restaurant Space, or the Kiosk in Phase III. It is anticipated that the third-party developers will commence construction once design approval and building permits are obtained in accordance with the requirements of the Public-Private Partnership Agreement and the requirements of Howard County.

At the completion of Phase II, the building pads will be complete and in a "builder-ready" finished condition for each of these subdivided lots identified in Phase III of the Development. The Developer does not plan to construct the Bank/Restaurant Space, the Office Structure, the Commercial Garage Structure, the Hotel, or the Kiosk, but instead will sell each of the building pads on the most favorable terms available in the market.

The anticipated start dates and completion dates for each phase of the Development are subject to change based on the following factors:

(1) Only very limited development may occur on the Conveyance Property until the final completion and occupancy of the Commuter Parking Garage and, therefore, any delays in the completion of the Commuter Parking Garage would automatically extend the start and completion dates for other phases of the Development;

(2) Overall economic conditions and residential rental markets could impact the final terms and conditions of commercial financing for the Private Development in Phase II which in turn could impact the anticipated start and completion dates. See "Plan of Finance" below; and

(3) The actual start of vertical construction on the Hotel, Bank/Restaurant Space, Office Structure and Kiosk builder-ready pads are all subject to favorable economic and market forces over which the Developer has no control. These four pads will be sold to third party developers when and if there are qualified developers who agree to favorable terms and conditions of sale.

Development Requirements Under the Public-Private Partnership Agreement

The Public-Private Partnership Agreement defines four distinct phases for the Development on the property. Phase I is the Commuter Parking Garage and supporting base infrastructure; Phase II-A is the Retail Structure; Phase II is the Residential Structure; and Phase III is the Hotel, the Office Structure, the Bank/Restaurant Space and the Kiosk. The State has the right to review and approve the development plans for Phases I, II-A and II prior to the Developer submitting applications to the County for development approvals. Any proposed material changes to the size and configuration of land use as shown on the approved development plan for Phases I and II-A must first be approved by the State. The exterior designs of Phases I, II-A and II are required to be substantially in accordance with the Pattern Book, an exhibit to the Public-Private Partnership Agreement.

Construction on the Commuter Parking Garage has to commence within nine months following the State's approval of the development plan and the issuance of permits by the County. The issuance of permits by the County is a requirement of closing on the 2014 Bonds.

Under the Public-Private Partnership Agreement, the Developer is required to meet the following deadlines for development approvals, but the deadlines do not include the issuance of permits by the County:

Phase I	May 6, 2014
Phase II-A	May 6, 2014
Phase II	March 31, 2016

The Developer has obtained all land use and site development approvals for Phases I, II, II-A and III and approvals for the construction of the Commuter Parking Garage.

As part of the Public-Private Partnership Agreement, the Developer has already executed a Completion Guaranty for the substantial completion of Phase I and Phase II-A. Under the terms of the Public-Private Partnership Agreement, the Developer is required to provide Payment and Performance Bonds covering 100% of the costs of Phase I and Phase II-A (the "Security"). The Security is required to be in place prior to the issuance of building permits by the County.

During Phase III of the Development, if the Developer fails to substantially comply with the Pattern Book for exterior designs, then the State may elect to obtain specific performance to cause the Developer to alter the non-compliant construction to meet the requirements of the Pattern Book.

During any period of time that the County has issued bonds to fund the design and construction of the Public Improvements, and for as long as the 2014 Bonds remain outstanding, then the County is designated a third-party beneficiary to the Public-Private Partnership Agreement and is entitled to receive copies of all notices issued under the Public-Private Partnership Agreement with respect to termination and default, and is entitled to receive prior notice and proposed language for any amendments and modifications issued under the Public-Private Partnership Agreement.

Under the Public-Private Partnership Agreement, a Reciprocal Easements and Operating Agreement (the "REOA") is required to be executed by the State and the Developer. The REOA sets forth access area, stormwater management, and utility easements. The REOA obligates the Developer to pay for all maintenance costs for the stormwater pond located on the State Property until the obligation is assigned to the AJTC Property Owners Association, Inc. (the "POA"), made up of the present and future owners of any of the parcels in the Development, exclusive of the State Parcel and any parcel(s) transferred to the County.

The REOA, required to be recorded in the Land Records of Howard County following the recordation of the deeds from the State, Boise and the County, sets forth a use restriction that the Development will be developed as a transit-oriented development in accordance with the Public-Private Partnership Agreement and the development plan. The POA Declaration is required to be recorded immediately following the recordation of the REOA. The POA sets forth the owner's shared financial obligations for maintenance of the Private Development and for the stormwater management pond located on the State Property.

Under the REOA, the State is not responsible to pay any common area maintenance charges or any similar assessments, fees or charges imposed under the POA.

In order to account for unforeseen circumstances beyond the Developer's control, the State has established the following outside completion dates under the Public-Private Partnership Agreement for the various phases of development:

Phase I	Commuter Parking Garage and Base Infrastructure	September 30, 2016
Phase II	Residential Structure	September 30, 2020
Phase II-A	Retail Structure (14,000 square feet)	March 31, 2018
Phase III	Completion of all Pad Sites in a Builder-Ready Condition	June 30, 2017

The State has established March 31, 2024 as the outside completion date for the entire Development. Under the Public-Private Partnership Agreement, if the Developer fails to comply with any of the deadlines set forth above, the State may elect to obtain specific performance to cause the Developer to comply with any and all such deadlines.

Status of Approvals

The Developer has acquired all land use and site development approvals for the Development including the principal approvals as follows which are to be executed, issued and/or recorded, as the case may be, at or prior to closing on the 2014 Bonds:

(1) A final approved Site Development Plan;

(2) A revised, approved, and recorded Subdivision Plat which includes six separate subdivided lots for the development of the Commuter Parking Garage, the Residential Structure, the Retail Structure, the Bank/Restaurant Space, the Office Structure and Commercial Garage Structure, the Hotel and the Kiosk;

(3) Agreements for the Public Road Construction Plans, the Public Water and Sewer Plans, Storm Drains and Storm Water Management, and the Private Stormwater Management (the "Development Agreements");

(4) Record Plats for recordation; and

(5) Building Permits for the construction of the Commuter Parking Garage from the County Department of Licenses, Inspections and Permits, to be issued after closing in accordance with the County's standard administrative procedures.

Following the completion of the construction of the Commuter Parking Garage, the Developer will seek design approvals and County-issued building permits for each of the remaining Phases of the Development, each in sequence, in accordance with the approved Site Development Plan. See "APPENDIX D – Engineer's Report."

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Plan of Finance

The estimated sources and uses of funds for Phase I and II of the Development, including both the Public Improvements and other costs to acquire the site and prepare it for development, are summarized in the following table.

SOURCES OF FUNDS*

2014 Bond Proceeds	$11,400,000
Equity at or prior to Closing	$6,250,000
PNC Loan	$16,827,000
Total Sources	$34,477,000

USES OF FUNDS BY PHASE*

	Prior to or at Closing	Phase I	Phase II	Total
Commuter Parking Garage	-	$9,019,130	-	$9,019,130
County Public Improvements	-	-	$3,293,309	3,293,309
MARC Station Improvements†	-	-	400,000	400,000
Subtotal – Public Improvements	-0-	$9,019,130	$3,693,309	$12,712,439
Land Acquisition	$6,531,000	-	$3,300,000	$9,831,000
MIHU Offsite Payment	-	-	1,860,000	1,860,000
Developer Private Improvements	-	-	3,370,699	3,370,699
Contingency	-	-	1,850,000	1,850,000
Soft Costs‡	2,250,000	550,000	300,000	3,100,000
Interest Costs§	-	400,000	1,150,500	1,550,500
Subtotal – Private Improvements	$8,781,000	$950,000	$11,831,199	$21,562,199
Total	$8,781,000	$9,969,130	$15,524,508	$34,274,638

The proceeds of the 2014 Bonds will fund the bulk of the Public Improvements. Development costs for Public Improvements in excess of the proceeds of the 2014 Bonds, currently estimated at approximately $1,312,439, will be the responsibility of the Developer.

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* The Sources of Funds and the Uses of Funds by Phase and estimate of costs by category is preliminary and subject to change. The Sources of Funds does not include the Anticipated Construction Loans of $69,600,000 and the Uses of Funds by Phase does not include the cost estimate of $78,231,359 for the construction of the Residential Structure and the Retail Structure which is scheduled to occur in Phase II and II-A of the Development. All of the Sources and Uses of Funds described on this table bring the Development to a stage with builder-ready pads for construction to commence on the Residential Structure, the Retail Structure, the Hotel, and the Office Structure.

† MARC Station Improvements could be built before, during or after Phase II.

‡ Soft costs include, but are not limited to, architectural and engineering fees, consultant fees, developer bonding fees, entitlement and review fees, permit fees, testing fees, legal fees, transfer taxes, insurances, and, where applicable, property taxes.

§ Interest costs are estimated by the Developer to cover interest payments to PNC Bank during the period of time following closing on the 2014 Bonds and the completion of Phases I and II of the Development.

The Engineer has received and reviewed the costs to complete all of the Public Improvements. The planning and design of the Commuter Parking Garage and its supporting infrastructure, as well as the MARC Station Improvements, will be finalized at or prior to closing on the 2014 Bonds. The Engineer has determined that the estimated costs for the completion of all Public Improvements in the District are reasonable. See "APPENDIX D - Engineer's Report" for a more detailed description of the estimated costs.

The Developer will fund the cost of the Private Improvements listed in the Uses of Funds through a combination of debt and equity. At or prior to closing on the 2014 Bonds, PNC Bank will make an Acquisition and Development Loan (the "PNC Loan") to the Developer in the maximum amount of $16,827,000.[*] The maximum amount of the PNC Loan is the amount of up to the least of: (1) $16,827,000; (2) sixty percent (60%) of total project costs; or (3) sixty percent (60)% of the appraised market value of the land only with completion of site improvements.[†] Under its terms, the Developer is required to post an amount equal to at least 40% of the PNC Loan in equity.[‡] The initial term of the PNC Loan is 36 months from closing, but if closing does not occur on the Anticipated Construction Loans (discussed below), within 12 months of closing on the 2014 Bonds, PNC Bank may call the PNC Loan. At or prior to closing on the 2014 Bonds, the Developer will deposit $4,000,000 from the sale of the Apartment Parcel to Apartment Homes, LLC into the project account with PNC Bank to be applied by Developer to the costs of the Public and Private Improvements. In addition, the Developer intends to use the equity raised from the sale of the Office Structure, the Bank/Restaurant Space, the Hotel, and the Kiosk (collectively, the "Residual Parcels") to reduce its borrowing under the PNC Loan and to meet any funding gaps. The prospective value of the Residual Parcels after completion of the site improvements is the sum of $9,236,250. "See "APPENDIX A - Appraisal Report".

The PNC Loan will be secured by a first lien on the Residual Parcels. The PNC Loan will be guaranteed by David Hillman and an SMC affiliate (the "Guarantors") with a covenant that the Guarantors maintain aggregate liquidity of $15,000,000 and maintain a net worth of at least $200,000,000 during the life of the PNC Loan.

Status of Hotel and Office Parcels

The Developer has agreed to terms for the sale of the builder-ready pad for the Hotel to Turnberry for a price of $3,375,000. This price compares favorably with the $2,812,500 prospective value of such parcel after completion of the site improvements shown in the Appraisal Report. See "APPENDIX A – Appraisal Report". Under the business terms, the Hotel will expect to operate under a Hilton Home2 extended stay flag or other equivalent flagged hotel. The Hotel Structure may be constructed so that its opening coincides with the opening of the Residential Structure and Retail Structure.

In addition, the Developer has agreed to initial business terms with COPT in the form of an executed letter of intent for the sale of the builder-ready pad for the Office Structure for a price of $4,000,000 and expects to execute a contract of sale after closing on the 2014 Bonds but makes no assurances that a contract of sale will in fact be entered into with COPT by any firm date. The sale price of $4,000,000 favorably compares with the $3,562,500 prospective value of such parcel after completion of the site improvements in the Appraisal Report. See "APPENDIX A – Appraisal Report".

The proceeds from the transfer of the Apartment Parcel, the pre-paid equity of the Developer, and the equity from the sale of the Residual Parcels are reasonably projected to be sufficient to fund the Private Improvements listed above and Developer's share of the cost of the Public Improvements.

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[*] The loan commitment for the PNC Loan is subject to concurrence by PNC Bank with the operational and financial assumptions used in preparing the projected performance of the Developer and the Development and the completion of PNC Bank's due diligence and PNC Bank's satisfaction with the organization and legal structure of Developer and the Guarantors.

[†] The maximum amount of the PNC Loan of $16,827,000 is included in Sources of Funds. Based on currently available information, Developer calculates it is entitled to that amount under the PNC Loan.

[‡] The equity requirement under the PNC Loan of $11,250,000 is met as follows: (1) $3,500,000 TIF funds allocated to Public Site Development, (2) $2,250,000 in pre-funded equity and $4,000,000 in additional cash equity posted at closing; and (3) credit for a Developer's Fee in the amount of $1,500,000.

Plan of Finance for the Residential Structure and the Retail Structure

Historically, the owners of the Developer have funded private development costs from a combination of their own funds and bank financing.

At or prior to closing on the 2014 Bonds, the Residential Parcel will be conveyed to Apartment Homes, LLC for $4,000,000. The Retail Parcel will be conveyed to Retail, LLC at a future undetermined date subsequent to closing on the 2014 Bonds.

As a condition of closing on the 2014 Bonds, the Developer will provide evidence of a commitment of bank financing from PNC Bank to Apartment Homes, LLC in the aggregate amount of up to $69,600,000 (the "Anticipated Construction Loans") to refinance costs associated with site development currently estimated to be $14,400,000 and to provide approximately $55,200,000 of construction financing for the Residential Structure and the Retail Structure. The projected construction cost for the Residential Structure (including the garage) is $75,941,359 and the projected construction cost for the Retail Structure is $2,290,000. See "APPENDIX A – Appraisal Report". The equity for Apartment Homes, LLC will consist of the PNC Bank assigned values of the Residential and Retail Parcels in the sum of $14,000,000 and Apartment Homes, LLC will contribute cash equity of $10,000,000, for total equity of $24,000,000. The $10,000,000 equity contribution is separate and distinct from any equity contribution for the PNC Loan. The Bank will require that 25% of the projected costs of construction will be in the form of equity. Once Phase I is nearing completion, such that a definite development schedule can be adopted for Phase II and II-A, the Developer will finalize the Anticipated Construction Loans. The Developer does not make any assurances that the final version of the Anticipated Construction Loans on which it closes will reflect the exact terms and conditions set forth above due to market and financing influences that may occur during the period between closing on the 2014 Bonds and closing on such financing. During the construction of Phase II and II-A, the infrastructure for remaining parcels for the Office Building, the Hotel, the Bank/Restaurant and the Kiosk will be completed and marketing efforts will be undertaken to sell any unsold completed "builder-ready" finished lots.

The Anticipated Construction Loans will be secured with a first mortgage on the two parcels. The Anticipated Construction Loans are expected to carry two additional terms: (1) the Borrower will be required to post additional equity to maintain at least 25% equity for each of the two Anticipated Construction Loans; and (2) the Anticipated Construction Loans will be guaranteed by David Hillman and an SMC affiliate (the "Guarantors") with a covenant that the Guarantors maintain aggregate liquidity of $15,000,000 and maintain a net worth of at least $200,000,000 during the life of the loan.

Following the completion of the Residential Structure and the Retail Structure, Apartment Homes, LLC expects to enter into a permanent loan which will be in an amount sufficient to fully pay off the remaining balance of the PNC Loan and the Anticipated Construction Loans.

Summary of Commitments

On or before the closing date for the 2014 Bonds, the Developer or its affiliate, Apartment Homes, LLC, will have contributed or posted $6,250,000 of equity in the Development. Under the terms and conditions of the PNC Bank loan commitment for the PNC Loan, the Guarantors will guarantee the PNC Loan in the amount of up to $16,827,000. Under the terms and conditions of the PNC Bank loan commitment for the Anticipated Construction Loans, the Guarantors will guarantee the $69,600,000 construction loan (the "Construction Loan Commitment").

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The County, the State, the Developer, and the general contractor have committed to the following items, as more fully described elsewhere in this Limited Offering Memorandum:

Summary of Commitment Status for Annapolis Junction as of Bond Closing

	Government Approvals (See Key Below)	Financing	Developer Commitments	Contractor Guarantees	Estimated Cost of the Improvement
Commuter Parking Garage and Base Infrastructure	A	Bond Proceeds	PPP Agreement; Completion Guarantee to State; County Funding Agreement	GMP; P&P Bond ($9,019,130)	$9,019,130
MARC Station Improvements	B	Bond Proceeds	PPP Agreement	P&P Bond ($400,000)	$400,000
County Infrastructure	A	Bond Proceeds; Equity; PNC Loan	Surety Bonds[1] ($1,525,622); County Funding Agreement	GMP; P&P Bond ($3,293,309)	$3,293,309
Private Infrastructure	A	Equity; PNC Loan	Surety Bonds ($1,085,610)	GMP	$3,023,561
Land Acquisition	C	Equity; PNC Loan	$6,531,000 cash at closing; deferred and secured by a $3,300,000 LOC	NA	$9,831,000
Miscellaneous Development Costs	C	Equity; PNC Loan	Contractual Obligations	NA	$5,800,000[2]
Residential Structure	D-E	Equity; PNC Construction Loan Commitment[4]	PPP Agreement	Future GMP	$75,941,359[3]
Retail Structure	D-E	Equity; PNC Construction Loan Commitment[4]	PPP Agreement; Completion Guaranty	Future GMP; P&P Bond	$2,290,000[5]
Hotel	D-E	To be arranged by third party purchaser	PPP Agreement; Turnberry Purchase & Sale Agreement	To be determined	$15,000,000[6]
Office Structure	D-E	To be arranged by third party purchaser	PPP Agreement; Letter of Intent w/ COPT	To be determined	$18,000,000[6]
Bank/Restaurant Space; Kiosk	D-E	To be arranged by third party purchaser	PPP Agreement	To be determined	$1,000,000[6]
					$143,598,359

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[1] Performance Surety and Labor & Material Surety Bonds posted with the County and posted as letters of credit rather than surety bonds, but are referred to as Surety Bonds.

[2] Includes $1.2 million estimated interest costs; $1.9 million MIHU Offsite Payment (due upon receipt of occupancy permit for Residential Structure); $2.7 million other soft costs, as detailed in the "Sources of Funds and Uses of Funds by Phase" table above.

[3] See "APPENDIX A – Appraisal Report."

[4] An additional $10 million of equity to be provided by Apartment Homes, LLC.

[5] See "APPENDIX A – Appraisal Report."

[6] The estimated cost of the improvement has been provided by Developer based on its experience with similar buildings in similar markets. The estimated cost has not been verified by any third party.

A The Developer has acquired all land use and site development approvals for this portion of the Development which are to be executed, issued and/or recorded, as the case may be, at or prior to closing on the 2014 Bonds.

B Design in progress – this is not a required improvement in the Development and whether or when it is constructed will have no significant impact on the Development or the Development's construction schedule.

C Fully approved to the extent applicable.

D "Pattern Book Approval" means general conformance to the overall design framework found in Exhibit 11 to the Public-Private Partnership Agreement.

E "DAP Approval" means that the Howard County Design Advisory Panel has approved the concept design of this portion of the architecture, the building elevations, and the building footprints for Phases II, II-A, and III.

The Funding Agreement

The Funding Agreement dated as of February __, 2014 (the "Funding Agreement"), between the County and the Developer, provides for the construction and funding of actual costs of the Public Improvements. Pursuant to the terms of the Funding Agreement, the Trustee, at the direction of the County, will release proceeds of the 2014 Bonds from the Improvement Fund to the Developer (including payments to subcontractors) to pay or reimburse construction costs of the Public Improvements. Bond proceeds may only be requested by and released to the Developer for eligible costs for Public Improvements in the following order of priority:

first, for all eligible costs of Public Improvements Fees and Costs;

second, for all eligible costs of the Commuter Parking Garage and related Public Improvements;

third, for all eligible costs of the MARC Station Improvements; and

third, for all eligible costs of the County Public Improvements.

See "RISK FACTORS – Completion of Public Improvements."

Notwithstanding the foregoing, if any taxes (including Special Taxes) payable to the County by the Developer or its Affiliates are overdue and in arrears as of the date of a request for payment under the Funding Agreement, the County shall be entitled, but not required, to cause the Trustee to withhold disbursements to be made from the Improvement Fund. See "APPENDIX G – Proposed Form of Funding Agreement."

The Funding Agreement provides that to the extent proceeds of the 2014 Bonds are insufficient to pay the actual costs of the Public Improvements, the Developer will be responsible for providing funds sufficient to cover such costs.

The Funding Agreement may be terminated by the mutual, written consent of the County and the Developer, in which event the County may (but shall not be required to) either execute contracts for or perform any remaining work relating to the Public Improvements not otherwise completed and use all or any portion of funds in the Improvement Fund to pay for same or apply such amounts to any other purpose permitted by the Indenture. The Developer will have no claim or right to any further payments to fund the costs of the Public Improvements under the Funding Agreement, except as otherwise may be provided in such written consent.

The County, at its option, may terminate the Funding Agreement without the consent of the Developer as a result of the occurrence of any of the following events (each, a "Developer Default"):

1. The Developer or any Affiliate shall voluntarily file for reorganization or other relief under any federal or State bankruptcy or insolvency law.

2. The Developer or any Affiliate shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of its assets, or shall suffer an attachment or levy of execution to be made against the property it owns within the District unless, in any of such cases, such circumstance shall have been terminated or released within 90 days thereafter.

3. The Developer shall abandon or without reason substantially suspend construction of the Public Improvements, including without limitation abandonment or suspension of construction of the Public Improvements for a period of six consecutive months at a time when such construction is scheduled to occur, other than for reasons relating to *force majeure* and such abandonment or suspension is not cured or remedied within 90 days after written demand is made on the Developer.

4. The Developer shall breach any material covenant or default in the performance of any material obligation under the Funding Agreement or under the Public-Private Partnership Agreement and such breach or default is not cured.

5. The Developer shall have made any material misrepresentation or omission in any written materials furnished in connection with any offering document or bond purchase contract used in connection with the sale of the 2014 Bonds.

6. The Developer or any Affiliate shall at any time challenge the validity of the Development District or the Special Taxing District or any of the 2014 Bonds or the levy of any ad valorem property tax, including without limitation, the Special Taxes, within the Special Taxing District, other than on grounds that such levy was not made in accordance with the terms of the Ordinance or that the assessed value upon which such levy was calculated was not correct.

Thereafter, the Developer has 30 days (or such longer period that the County establishes in its sole discretion) after written notice from the County to the Developer (with a copy to the Trustee) of the grounds for termination to cure such Developer Default. If at the end of the cure period, the County determines in its sole discretion that the Developer has not eliminated or completely mitigated the Developer Default to the satisfaction of the County, the County may terminate the Funding Agreement. In the event the Funding Agreement is terminated by the County for cause, the County may either execute contracts for or perform any remaining work related to the Public Improvements not otherwise completed and use all or any portion of the moneys on deposit in the Improvement Fund for such purposes. The Developer will have no claim or right to any further payments to fund the costs of the Public Improvements under the Funding Agreement, except as otherwise may be provided by the written consent of the County.

In the event of the termination of the Funding Agreement, the Developer is entitled to reimbursement for work related to the Public Improvements undertaken prior to the termination date solely from the Improvement Fund according to the terms and conditions of the Funding Agreement. The Funding Agreement is not being assigned as security for the 2014 Bonds. The County has covenanted under the Indenture that it will enforce its rights under the Funding Agreement as necessary and appropriate to facilitate the completion of the Public Improvements, its collection of the District Tax Revenues and the satisfaction of its obligations under the Indenture and the 2014 Bonds. The County has agreed to consult with the Trustee regarding the County's selection of remedies under the Funding Agreement.

See “APPENDIX G – Proposed Form of Funding Agreement.”

THE DEVELOPMENT DISTRICT, THE SPECIAL TAXING DISTRICT, DISTRICT TAX REVENUES AND PLEDGED BRAC REVENUES

The Development District and Special Taxing District

The Development District and the Special Taxing District were formed pursuant to the Tax Increment Financing Act and the Special Taxing District Act, respectively. The Acts provide an alternative method of financing public infrastructure improvements.

Estimated Tax Increment Revenues

A projection of the expected Tax Increment Revenues and debt service coverage on the 2014 Bonds prepared by MuniCap, Inc. is found in “APPENDIX C – Tax Increment and Special Tax Report” hereto. The following tables have been developed in connection with that report and show the projected debt service coverage on the 2014 Bonds as well as the projected Tax Increment Revenues, projected Pledged BRAC Revenues and projected Special Tax Revenues under scenarios A, B, C, D and E. See “INTRODUCTION – Tax Increment and Special Tax Report.”

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Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes – Scenario A (Base Case)

			Tax Increment & BRAC Zone Revenue					Maximum Special Tax				Special Tax Requirement		
Tax Year Beginning	Bond Year Ending	Net Annual Debt Service	Tax Increment Revenue	Available BRAC Zone Revenue	Total Available Revenues	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax	Debt Service Coverage	Max Special Tax Plus Increment & BRAC Zone	Combined Debt Service Coverage	Required Special Tax	Req. Special Tax Plus Increment & BRAC Zone	Debt Service Coverage
1-Jul-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$702,744	$431,148	$1,133,893	($2,638)	99.8%	$1,446,671	127.3%	$2,580,563	227.1%	$2,638	$1,136,530	100.0%
1-Jul-18	15-Feb-19	$1,161,736	$1,100,524	$675,195	$1,775,718	$613,982	152.9%	$1,475,604	127.0%	$3,251,322	279.9%	$0	$1,775,718	152.9%
1-Jul-19	15-Feb-20	$1,185,327	$1,134,023	$695,747	$1,829,771	$644,444	154.4%	$1,505,116	127.0%	$3,334,887	281.3%	$0	$1,829,771	154.4%
1-Jul-20	15-Feb-21	$1,207,304	$1,174,901	$720,826	$1,895,727	$688,423	157.0%	$1,535,218	127.2%	$3,430,945	284.2%	$0	$1,895,727	157.0%
1-Jul-21	15-Feb-22	$1,232,667	$1,210,634	$742,750	$1,953,384	$720,717	158.5%	$1,565,923	127.0%	$3,519,307	285.5%	$0	$1,953,384	158.5%
1-Jul-22	15-Feb-23	$1,256,091	$1,247,440	$765,331	$2,012,771	$756,680	160.2%	$1,597,241	127.2%	$3,610,012	287.4%	$0	$2,012,771	160.2%
1-Jul-23	15-Feb-24	$1,282,577	$1,285,350	$788,590	$2,073,939	$791,362	161.7%	$1,629,186	127.0%	$3,703,125	288.7%	$0	$2,073,939	161.7%
1-Jul-24	15-Feb-25	$1,306,800	$1,324,397	$812,546	$2,136,943	$830,143	163.5%	$1,661,770	127.2%	$3,798,713	290.7%	$0	$2,136,943	163.5%
1-Jul-25	15-Feb-26	$1,333,759	$1,364,616	$837,221	$2,201,837	$868,077	165.1%	$1,695,005	127.1%	$3,896,842	292.2%	$0	$2,201,837	165.1%
1-Jul-26	15-Feb-27	$1,358,131	$1,406,041	$862,636	$2,268,677	$910,546	167.0%	$1,728,905	127.3%	$3,997,582	294.3%	$0	$2,268,677	167.0%
1-Jul-27	15-Feb-28	$1,389,915	$1,448,709	$0	$1,448,709	$58,794	104.2%	$1,763,483	126.9%	$3,212,192	231.1%	$0	$1,448,709	104.2%
1-Jul-28	15-Feb-29	$1,413,462	$1,492,657	$0	$1,492,657	$79,195	105.6%	$1,798,753	127.3%	$3,291,410	232.9%	$0	$1,492,657	105.6%
1-Jul-29	15-Feb-30	$1,444,097	$1,537,923	$0	$1,537,923	$93,827	106.5%	$1,834,728	127.1%	$3,372,651	233.5%	$0	$1,537,923	106.5%
1-Jul-30	15-Feb-31	$1,471,170	$1,584,548	$0	$1,584,548	$113,378	107.7%	$1,871,423	127.2%	$3,455,970	234.9%	$0	$1,584,548	107.7%
1-Jul-31	15-Feb-32	$1,499,681	$1,632,571	$0	$1,632,571	$132,890	108.9%	$1,908,851	127.3%	$3,541,422	236.1%	$0	$1,632,571	108.9%
1-Jul-32	15-Feb-33	$1,529,306	$1,682,035	$0	$1,682,035	$152,728	110.0%	$1,947,028	127.3%	$3,629,063	237.3%	$0	$1,682,035	110.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,732,982	$0	$1,732,982	$168,262	110.8%	$1,985,969	126.9%	$3,718,951	237.7%	$0	$1,732,982	110.8%
1-Jul-34	15-Feb-35	$1,595,274	$1,785,459	$0	$1,785,459	$190,185	111.9%	$2,025,688	127.0%	$3,811,147	238.9%	$0	$1,785,459	111.9%
1-Jul-35	15-Feb-36	$1,625,967	$1,839,509	$0	$1,839,509	$213,542	113.1%	$2,066,202	127.1%	$3,905,711	240.2%	$0	$1,839,509	113.1%
1-Jul-36	15-Feb-37	$1,656,474	$1,895,181	$0	$1,895,181	$238,707	114.4%	$2,107,526	127.2%	$4,002,707	241.6%	$0	$1,895,181	114.4%
1-Jul-37	15-Feb-38	$1,691,472	$1,952,523	$0	$1,952,523	$261,051	115.4%	$2,149,676	127.1%	$4,102,200	242.5%	$0	$1,952,523	115.4%
1-Jul-38	15-Feb-39	$1,725,311	$2,011,586	$0	$2,011,586	$286,275	116.6%	$2,192,670	127.1%	$4,204,255	243.7%	$0	$2,011,586	116.6%
1-Jul-39	15-Feb-40	$1,757,665	$2,072,420	$0	$2,072,420	$314,755	117.9%	$2,236,523	127.2%	$4,308,943	245.2%	$0	$2,072,420	117.9%
1-Jul-40	15-Feb-41	$1,793,210	$2,135,079	$0	$2,135,079	$341,869	119.1%	$2,281,254	127.2%	$4,416,333	246.3%	$0	$2,135,079	119.1%
1-Jul-41	15-Feb-42	$1,831,297	$2,199,618	$0	$2,199,618	$368,321	120.1%	$2,326,879	127.1%	$4,526,497	247.2%	$0	$2,199,618	120.1%
1-Jul-42	15-Feb-43	$1,866,276	$2,266,093	$0	$2,266,093	$399,818	121.4%	$2,373,416	127.2%	$4,639,510	248.6%	$0	$2,266,093	121.4%
1-Jul-43	15-Feb-44	$1,902,821	$2,334,563	$0	$2,334,563	$431,742	122.7%	$2,420,885	127.2%	$4,755,448	249.9%	$0	$2,334,563	122.7%
Total		$40,446,181	$43,554,125	$7,331,990	$50,886,115	$10,439,934		$56,640,123		$107,526,238		$229,777	$51,115,892	

Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes – Scenario B (No Appreciation)

			Tax Increment & BRAC Zone Revenue					*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	***Bond Year Ending***	***Net Annual Debt Service***	***Tax Increment Revenue***	***Available BRAC Zone Revenue***	***Total Available Revenues***	***Surplus/ (Deficit)***	***Debt Service Coverage***	***Maximum Special Tax***	***Debt Service Coverage***	***Max Special Tax Plus Increment & BRAC Zone***	***Combined Debt Service Coverage***	***Required Special Tax***	***Req. Special Tax Plus Increment & BRAC Zone***	***Debt Service Coverage***
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jan-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jan-17	15-Feb-18	$1,136,530	$641,734	$393,717	$1,035,451	($101,079)	91.1%	$1,446,671	127.3%	$2,482,122	218.4%	$101,079	$1,136,530	100.0%
1-Jan-18	15-Feb-19	$1,161,736	$975,992	$598,792	$1,574,784	$413,048	135.6%	$1,475,604	127.0%	$3,050,388	262.6%	$0	$1,574,784	135.6%
1-Jan-19	15-Feb-20	$1,185,327	$975,990	$598,790	$1,574,780	$389,453	132.9%	$1,505,116	127.0%	$3,079,896	259.8%	$0	$1,574,780	132.9%
1-Jan-20	15-Feb-21	$1,207,304	$981,324	$602,063	$1,583,387	$376,083	131.2%	$1,535,218	127.2%	$3,118,606	258.3%	$0	$1,583,387	131.2%
1-Jan-21	15-Feb-22	$1,232,667	$981,324	$602,063	$1,583,387	$350,720	128.5%	$1,565,923	127.0%	$3,149,310	255.5%	$0	$1,583,387	128.5%
1-Jan-22	15-Feb-23	$1,256,091	$981,324	$602,063	$1,583,387	$327,296	126.1%	$1,597,241	127.2%	$3,180,629	253.2%	$0	$1,583,387	126.1%
1-Jan-23	15-Feb-24	$1,282,577	$981,324	$602,063	$1,583,387	$300,810	123.5%	$1,629,186	127.0%	$3,212,573	250.5%	$0	$1,583,387	123.5%
1-Jan-24	15-Feb-25	$1,306,800	$981,324	$602,063	$1,583,387	$276,587	121.2%	$1,661,770	127.2%	$3,245,157	248.3%	$0	$1,583,387	121.2%
1-Jan-25	15-Feb-26	$1,333,759	$981,324	$602,063	$1,583,387	$249,628	118.7%	$1,695,005	127.1%	$3,278,393	245.8%	$0	$1,583,387	118.7%
1-Jan-26	15-Feb-27	$1,358,131	$981,324	$602,063	$1,583,387	$225,256	116.6%	$1,728,905	127.3%	$3,312,293	243.9%	$0	$1,583,387	116.6%
1-Jan-27	15-Feb-28	$1,389,915	$981,324	$0	$981,324	($408,591)	70.6%	$1,763,483	126.9%	$2,744,808	197.5%	$408,591	$1,389,915	100.0%
1-Jan-28	15-Feb-29	$1,413,462	$981,324	$0	$981,324	($432,138)	69.4%	$1,798,753	127.3%	$2,780,077	196.7%	$432,138	$1,413,462	100.0%
1-Jan-29	15-Feb-30	$1,444,097	$981,324	$0	$981,324	($462,773)	68.0%	$1,834,728	127.1%	$2,816,052	195.0%	$462,773	$1,444,097	100.0%
1-Jan-30	15-Feb-31	$1,471,170	$981,324	$0	$981,324	($489,845)	66.7%	$1,871,423	127.2%	$2,852,747	193.9%	$489,845	$1,471,170	100.0%
1-Jan-31	15-Feb-32	$1,499,681	$981,324	$0	$981,324	($518,357)	65.4%	$1,908,851	127.3%	$2,890,175	192.7%	$518,357	$1,499,681	100.0%
1-Jan-32	15-Feb-33	$1,529,306	$981,324	$0	$981,324	($547,982)	64.2%	$1,947,028	127.3%	$2,928,352	191.5%	$547,982	$1,529,306	100.0%
1-Jan-33	15-Feb-34	$1,564,720	$981,324	$0	$981,324	($583,396)	62.7%	$1,985,969	126.9%	$2,967,293	189.6%	$583,396	$1,564,720	100.0%
1-Jan-34	15-Feb-35	$1,595,274	$981,324	$0	$981,324	($613,950)	61.5%	$2,025,688	127.0%	$3,007,012	188.5%	$613,950	$1,595,274	100.0%
1-Jan-35	15-Feb-36	$1,625,967	$981,324	$0	$981,324	($644,643)	60.4%	$2,066,202	127.1%	$3,047,526	187.4%	$644,643	$1,625,967	100.0%
1-Jan-36	15-Feb-37	$1,656,474	$981,324	$0	$981,324	($675,150)	59.2%	$2,107,526	127.2%	$3,088,850	186.5%	$675,150	$1,656,474	100.0%
1-Jan-37	15-Feb-38	$1,691,472	$981,324	$0	$981,324	($710,148)	58.0%	$2,149,676	127.1%	$3,131,001	185.1%	$710,148	$1,691,472	100.0%
1-Jan-38	15-Feb-39	$1,725,311	$981,324	$0	$981,324	($743,987)	56.9%	$2,192,670	127.1%	$3,173,994	184.0%	$743,987	$1,725,311	100.0%
1-Jan-39	15-Feb-40	$1,757,665	$981,324	$0	$981,324	($776,341)	55.8%	$2,236,523	127.2%	$3,217,847	183.1%	$776,341	$1,757,665	100.0%
1-Jan-40	15-Feb-41	$1,793,210	$981,324	$0	$981,324	($811,886)	54.7%	$2,281,254	127.2%	$3,262,578	181.9%	$811,886	$1,793,210	100.0%
1-Jan-41	15-Feb-42	$1,831,297	$981,324	$0	$981,324	($849,973)	53.6%	$2,326,879	127.1%	$3,308,203	180.6%	$849,973	$1,831,297	100.0%
1-Jan-42	15-Feb-43	$1,866,276	$981,324	$0	$981,324	($884,951)	52.6%	$2,373,416	127.2%	$3,354,741	179.8%	$884,951	$1,866,276	100.0%
1-Jan-43	15-Feb-44	$1,902,821	$981,324	$0	$981,324	($921,497)	51.6%	$2,420,885	127.2%	$3,402,209	178.8%	$921,497	$1,902,821	100.0%
Total		$40,446,181	$26,145,494	$5,805,742	$31,951,236	($8,494,945)		$56,640,123		$88,591,359		$11,403,826	$43,355,063	

Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes – Scenario C (Full Development, Increased Apartments Value)

			Tax Increment & BRAC Zone Revenue					*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	***Bond Year Ending***	***Net Annual Debt Service***	***Tax Increment Revenue***	***Available BRAC Zone Revenue***	***Total Available Revenues***	***Surplus/ (Deficit)***	***Debt Service Coverage***	***Maximum Special Tax***	***Debt Service Coverage***	***Max Special Tax Plus Increment & BRAC Zone***	***Combined Debt Service Coverage***	***Required Special Tax***	***Req. Special Tax Plus Increment & BRAC Zone***	***Debt Service Coverage***
1-Jul-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$878,276	$538,841	$1,417,117	$280,587	124.7%	$1,446,671	127.3%	$2,863,787	252.0%	$0	$1,417,117	124.7%
1-Jul-18	15-Feb-19	$1,161,736	$1,282,396	$786,777	$2,069,174	$907,438	178.1%	$1,475,604	127.0%	$3,544,778	305.1%	$0	$2,069,174	178.1%
1-Jul-19	15-Feb-20	$1,185,327	$1,321,321	$810,659	$2,131,980	$946,653	179.9%	$1,505,116	127.0%	$3,637,096	306.8%	$0	$2,131,980	179.9%
1-Jul-20	15-Feb-21	$1,207,304	$1,462,667	$897,377	$2,360,044	$1,152,740	195.5%	$1,535,218	127.2%	$3,895,263	322.6%	$0	$2,360,044	195.5%
1-Jul-21	15-Feb-22	$1,232,667	$1,507,034	$924,597	$2,431,631	$1,198,964	197.3%	$1,565,923	127.0%	$3,997,554	324.3%	$0	$2,431,631	197.3%
1-Jul-22	15-Feb-23	$1,256,091	$1,552,731	$952,634	$2,505,365	$1,249,274	199.5%	$1,597,241	127.2%	$4,102,606	326.6%	$0	$2,505,365	199.5%
1-Jul-23	15-Feb-24	$1,282,577	$1,599,800	$981,511	$2,581,311	$1,298,734	201.3%	$1,629,186	127.0%	$4,210,497	328.3%	$0	$2,581,311	201.3%
1-Jul-24	15-Feb-25	$1,306,800	$1,648,281	$1,011,255	$2,659,536	$1,352,736	203.5%	$1,661,770	127.2%	$4,321,306	330.7%	$0	$2,659,536	203.5%
1-Jul-25	15-Feb-26	$1,333,759	$1,698,216	$1,041,892	$2,740,107	$1,406,348	205.4%	$1,695,005	127.1%	$4,435,113	332.5%	$0	$2,740,107	205.4%
1-Jul-26	15-Feb-27	$1,358,131	$1,749,649	$1,073,447	$2,823,096	$1,464,965	207.9%	$1,728,905	127.3%	$4,552,001	335.2%	$0	$2,823,096	207.9%
1-Jul-27	15-Feb-28	$1,389,915	$1,802,625	$0	$1,802,625	$412,710	129.7%	$1,763,483	126.9%	$3,566,109	256.6%	$0	$1,802,625	129.7%
1-Jul-28	15-Feb-29	$1,413,462	$1,857,191	$0	$1,857,191	$443,729	131.4%	$1,798,753	127.3%	$3,655,944	258.7%	$0	$1,857,191	131.4%
1-Jul-29	15-Feb-30	$1,444,097	$1,913,393	$0	$1,913,393	$469,296	132.5%	$1,834,728	127.1%	$3,748,121	259.5%	$0	$1,913,393	132.5%
1-Jul-30	15-Feb-31	$1,471,170	$1,971,282	$0	$1,971,282	$500,112	134.0%	$1,871,423	127.2%	$3,842,704	261.2%	$0	$1,971,282	134.0%
1-Jul-31	15-Feb-32	$1,499,681	$2,030,907	$0	$2,030,907	$531,226	135.4%	$1,908,851	127.3%	$3,939,758	262.7%	$0	$2,030,907	135.4%
1-Jul-32	15-Feb-33	$1,529,306	$2,092,321	$0	$2,092,321	$563,015	136.8%	$1,947,028	127.3%	$4,039,349	264.1%	$0	$2,092,321	136.8%
1-Jul-33	15-Feb-34	$1,564,720	$2,155,577	$0	$2,155,577	$590,857	137.8%	$1,985,969	126.9%	$4,141,546	264.7%	$0	$2,155,577	137.8%
1-Jul-34	15-Feb-35	$1,595,274	$2,220,731	$0	$2,220,731	$625,457	139.2%	$2,025,688	127.0%	$4,246,419	266.2%	$0	$2,220,731	139.2%
1-Jul-35	15-Feb-36	$1,625,967	$2,287,840	$0	$2,287,840	$661,873	140.7%	$2,066,202	127.1%	$4,354,042	267.8%	$0	$2,287,840	140.7%
1-Jul-36	15-Feb-37	$1,656,474	$2,356,962	$0	$2,356,962	$700,487	142.3%	$2,107,526	127.2%	$4,464,487	269.5%	$0	$2,356,962	142.3%
1-Jul-37	15-Feb-38	$1,691,472	$2,428,157	$0	$2,428,157	$736,685	143.6%	$2,149,676	127.1%	$4,577,834	270.6%	$0	$2,428,157	143.6%
1-Jul-38	15-Feb-39	$1,725,311	$2,501,489	$0	$2,501,489	$776,178	145.0%	$2,192,670	127.1%	$4,694,159	272.1%	$0	$2,501,489	145.0%
1-Jul-39	15-Feb-40	$1,757,665	$2,577,020	$0	$2,577,020	$819,355	146.6%	$2,236,523	127.2%	$4,813,543	273.9%	$0	$2,577,020	146.6%
1-Jul-40	15-Feb-41	$1,793,210	$2,654,817	$0	$2,654,817	$861,607	148.0%	$2,281,254	127.2%	$4,936,071	275.3%	$0	$2,654,817	148.0%
1-Jul-41	15-Feb-42	$1,831,297	$2,734,948	$0	$2,734,948	$903,651	149.3%	$2,326,879	127.1%	$5,061,827	276.4%	$0	$2,734,948	149.3%
1-Jul-42	15-Feb-43	$1,866,276	$2,817,484	$0	$2,817,484	$951,208	151.0%	$2,373,416	127.2%	$5,190,900	278.1%	$0	$2,817,484	151.0%
1-Jul-43	15-Feb-44	$1,902,821	$2,902,495	$0	$2,902,495	$999,674	152.5%	$2,420,885	127.2%	$5,323,380	279.8%	$0	$2,902,495	152.5%
Total		$40,446,181	$54,005,609	$9,018,990	$63,024,599	$22,578,419		$56,640,123		$119,664,722		$227,139	$63,251,738	

Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes – Scenario D (Phase II/II-A Only)

			Tax Increment & BRAC Zone Revenue					***Maximum Special Tax***				***Special Tax Requirement***		
Tax Year Beginning	***Bond Year Ending***	***Net Annual Debt Service***	***Tax Increment Revenue***	***Available BRAC Zone Revenue***	***Total Available Revenues***	***Surplus/ (Deficit)***	***Debt Service Coverage***	***Maximum Special Tax***	***Debt Service Coverage***	***Max Special Tax Plus Increment & BRAC Zone***	***Combined Debt Service Coverage***	***Required Special Tax***	***Req. Special Tax Plus Increment & BRAC Zone***	***Debt Service Coverage***
1-Jul-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$700,172	$429,571	$1,129,743	($6,787)	99.4%	$1,446,671	127.3%	$2,576,414	226.7%	$6,787	$1,136,530	100.0%
1-Jul-18	15-Feb-19	$1,161,736	$721,562	$442,694	$1,164,256	$2,520	100.2%	$1,475,604	127.0%	$2,639,860	227.2%	$0	$1,164,256	100.2%
1-Jul-19	15-Feb-20	$1,185,327	$743,593	$456,210	$1,199,803	$14,476	101.2%	$1,505,116	127.0%	$2,704,919	228.2%	$0	$1,199,803	101.2%
1-Jul-20	15-Feb-21	$1,207,304	$772,528	$473,962	$1,246,490	$39,186	103.2%	$1,535,218	127.2%	$2,781,709	230.4%	$0	$1,246,490	103.2%
1-Jul-21	15-Feb-22	$1,232,667	$796,091	$488,419	$1,284,510	$51,843	104.2%	$1,565,923	127.0%	$2,850,433	231.2%	$0	$1,284,510	104.2%
1-Jul-22	15-Feb-23	$1,256,091	$820,361	$503,309	$1,323,670	$67,579	105.4%	$1,597,241	127.2%	$2,920,912	232.5%	$0	$1,323,670	105.4%
1-Jul-23	15-Feb-24	$1,282,577	$845,360	$518,646	$1,364,006	$81,428	106.3%	$1,629,186	127.0%	$2,993,192	233.4%	$0	$1,364,006	106.3%
1-Jul-24	15-Feb-25	$1,306,800	$871,108	$534,443	$1,405,551	$98,751	107.6%	$1,661,770	127.2%	$3,067,321	234.7%	$0	$1,405,551	107.6%
1-Jul-25	15-Feb-26	$1,333,759	$897,628	$550,714	$1,448,342	$114,583	108.6%	$1,695,005	127.1%	$3,143,348	235.7%	$0	$1,448,342	108.6%
1-Jul-26	15-Feb-27	$1,358,131	$924,945	$567,473	$1,492,418	$134,287	109.9%	$1,728,905	127.3%	$3,221,323	237.2%	$0	$1,492,418	109.9%
1-Jul-27	15-Feb-28	$1,389,915	$953,080	$0	$953,080	($436,835)	68.6%	$1,763,483	126.9%	$2,716,564	195.4%	$436,835	$1,389,915	100.0%
1-Jul-28	15-Feb-29	$1,413,462	$982,060	$0	$982,060	($431,402)	69.5%	$1,798,753	127.3%	$2,780,813	196.7%	$431,402	$1,413,462	100.0%
1-Jul-29	15-Feb-30	$1,444,097	$1,011,909	$0	$1,011,909	($432,187)	70.1%	$1,834,728	127.1%	$2,846,638	197.1%	$432,187	$1,444,097	100.0%
1-Jul-30	15-Feb-31	$1,471,170	$1,042,654	$0	$1,042,654	($428,515)	70.9%	$1,871,423	127.2%	$2,914,077	198.1%	$428,515	$1,471,170	100.0%
1-Jul-31	15-Feb-32	$1,499,681	$1,074,321	$0	$1,074,321	($425,360)	71.6%	$1,908,851	127.3%	$2,983,172	198.9%	$425,360	$1,499,681	100.0%
1-Jul-32	15-Feb-33	$1,529,306	$1,106,938	$0	$1,106,938	($422,368)	72.4%	$1,947,028	127.3%	$3,053,966	199.7%	$422,368	$1,529,306	100.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,140,534	$0	$1,140,534	($424,186)	72.9%	$1,985,969	126.9%	$3,126,503	199.8%	$424,186	$1,564,720	100.0%
1-Jul-34	15-Feb-35	$1,595,274	$1,175,137	$0	$1,175,137	($420,136)	73.7%	$2,025,688	127.0%	$3,200,825	200.6%	$420,136	$1,595,274	100.0%
1-Jul-35	15-Feb-36	$1,625,967	$1,210,779	$0	$1,210,779	($415,188)	74.5%	$2,066,202	127.1%	$3,276,981	201.5%	$415,188	$1,625,967	100.0%
1-Jul-36	15-Feb-37	$1,656,474	$1,247,490	$0	$1,247,490	($408,985)	75.3%	$2,107,526	127.2%	$3,355,015	202.5%	$408,985	$1,656,474	100.0%
1-Jul-37	15-Feb-38	$1,691,472	$1,285,302	$0	$1,285,302	($406,171)	76.0%	$2,149,676	127.1%	$3,434,978	203.1%	$406,171	$1,691,472	100.0%
1-Jul-38	15-Feb-39	$1,725,311	$1,324,248	$0	$1,324,248	($401,063)	76.8%	$2,192,670	127.1%	$3,516,918	203.8%	$401,063	$1,725,311	100.0%
1-Jul-39	15-Feb-40	$1,757,665	$1,364,363	$0	$1,364,363	($393,302)	77.6%	$2,236,523	127.2%	$3,600,886	204.9%	$393,302	$1,757,665	100.0%
1-Jul-40	15-Feb-41	$1,793,210	$1,405,681	$0	$1,405,681	($387,529)	78.4%	$2,281,254	127.2%	$3,686,935	205.6%	$387,529	$1,793,210	100.0%
1-Jul-41	15-Feb-42	$1,831,297	$1,448,239	$0	$1,448,239	($383,058)	79.1%	$2,326,879	127.1%	$3,775,118	206.1%	$383,058	$1,831,297	100.0%
1-Jul-42	15-Feb-43	$1,866,276	$1,492,074	$0	$1,492,074	($374,202)	79.9%	$2,373,416	127.2%	$3,865,490	207.1%	$374,202	$1,866,276	100.0%
1-Jul-43	15-Feb-44	$1,902,821	$1,537,223	$0	$1,537,223	($365,598)	80.8%	$2,420,885	127.2%	$3,958,108	208.0%	$365,598	$1,902,821	100.0%
Total		$40,446,181	$28,895,382	$4,965,441	$33,860,823	($6,585,358)		$56,640,123		$90,500,946		$7,190,011	$41,050,834	

Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes – Scenario E (Phase II/II-A Only, Increased Apartments Value)

			Tax Increment & BRAC Zone Revenue					***Maximum Special Tax***				***Special Tax Requirement***		
Tax Year Beginning	***Bond Year Ending***	***Net Annual Debt Service***	***Tax Increment Revenue***	***Available BRAC Zone Revenue***	***Total Available Revenues***	***Surplus/ (Deficit)***	***Debt Service Coverage***	***Maximum Special Tax***	***Debt Service Coverage***	***Max Special Tax Plus Increment & BRAC Zone***	***Combined Debt Service Coverage***	***Required Special Tax***	***Req. Special Tax Plus Increment & BRAC Zone***	***Debt Service Coverage***
1-Jul-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$876,869	$537,978	$1,414,847	$278,317	124.5%	$1,446,671	127.3%	$2,861,518	251.8%	$0	$1,414,847	124.5%
1-Jul-18	15-Feb-19	$1,161,736	$903,526	$554,332	$1,457,858	$296,122	125.5%	$1,475,604	127.0%	$2,933,462	252.5%	$0	$1,457,858	125.5%
1-Jul-19	15-Feb-20	$1,185,327	$930,982	$571,177	$1,502,159	$316,832	126.7%	$1,505,116	127.0%	$3,007,275	253.7%	$0	$1,502,159	126.7%
1-Jul-20	15-Feb-21	$1,207,304	$1,060,294	$650,513	$1,710,807	$503,503	141.7%	$1,535,218	127.2%	$3,246,026	268.9%	$0	$1,710,807	141.7%
1-Jul-21	15-Feb-22	$1,232,667	$1,092,491	$670,266	$1,762,757	$530,090	143.0%	$1,565,923	127.0%	$3,328,679	270.0%	$0	$1,762,757	143.0%
1-Jul-22	15-Feb-23	$1,256,091	$1,125,653	$690,612	$1,816,264	$560,173	144.6%	$1,597,241	127.2%	$3,413,506	271.8%	$0	$1,816,264	144.6%
1-Jul-23	15-Feb-24	$1,282,577	$1,159,810	$711,568	$1,871,377	$588,800	145.9%	$1,629,186	127.0%	$3,500,564	272.9%	$0	$1,871,377	145.9%
1-Jul-24	15-Feb-25	$1,306,800	$1,194,991	$733,153	$1,928,144	$621,344	147.5%	$1,661,770	127.2%	$3,589,914	274.7%	$0	$1,928,144	147.5%
1-Jul-25	15-Feb-26	$1,333,759	$1,231,229	$755,385	$1,986,613	$652,854	148.9%	$1,695,005	127.1%	$3,681,619	276.0%	$0	$1,986,613	148.9%
1-Jul-26	15-Feb-27	$1,358,131	$1,268,553	$778,284	$2,046,837	$688,706	150.7%	$1,728,905	127.3%	$3,775,742	278.0%	$0	$2,046,837	150.7%
1-Jul-27	15-Feb-28	$1,389,915	$1,306,997	$0	$1,306,997	($82,918)	94.0%	$1,763,483	126.9%	$3,070,480	220.9%	$82,918	$1,389,915	100.0%
1-Jul-28	15-Feb-29	$1,413,462	$1,346,594	$0	$1,346,594	($66,868)	95.3%	$1,798,753	127.3%	$3,145,347	222.5%	$66,868	$1,413,462	100.0%
1-Jul-29	15-Feb-30	$1,444,097	$1,387,379	$0	$1,387,379	($56,717)	96.1%	$1,834,728	127.1%	$3,222,107	223.1%	$56,717	$1,444,097	100.0%
1-Jul-30	15-Feb-31	$1,471,170	$1,429,388	$0	$1,429,388	($41,781)	97.2%	$1,871,423	127.2%	$3,300,811	224.4%	$41,781	$1,471,170	100.0%
1-Jul-31	15-Feb-32	$1,499,681	$1,472,657	$0	$1,472,657	($27,024)	98.2%	$1,908,851	127.3%	$3,381,508	225.5%	$27,024	$1,499,681	100.0%
1-Jul-32	15-Feb-33	$1,529,306	$1,517,224	$0	$1,517,224	($12,082)	99.2%	$1,947,028	127.3%	$3,464,252	226.5%	$12,082	$1,529,306	100.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,563,128	$0	$1,563,128	($1,592)	99.9%	$1,985,969	126.9%	$3,549,097	226.8%	$1,592	$1,564,720	100.0%
1-Jul-34	15-Feb-35	$1,595,274	$1,610,410	$0	$1,610,410	$15,136	100.9%	$2,025,688	127.0%	$3,636,098	227.9%	$0	$1,610,410	100.9%
1-Jul-35	15-Feb-36	$1,625,967	$1,659,109	$0	$1,659,109	$33,143	102.0%	$2,066,202	127.1%	$3,725,311	229.1%	$0	$1,659,109	102.0%
1-Jul-36	15-Feb-37	$1,656,474	$1,709,270	$0	$1,709,270	$52,796	103.2%	$2,107,526	127.2%	$3,816,796	230.4%	$0	$1,709,270	103.2%
1-Jul-37	15-Feb-38	$1,691,472	$1,760,936	$0	$1,760,936	$69,463	104.1%	$2,149,676	127.1%	$3,910,612	231.2%	$0	$1,760,936	104.1%
1-Jul-38	15-Feb-39	$1,725,311	$1,814,151	$0	$1,814,151	$88,840	105.1%	$2,192,670	127.1%	$4,006,821	232.2%	$0	$1,814,151	105.1%
1-Jul-39	15-Feb-40	$1,757,665	$1,868,963	$0	$1,868,963	$111,298	106.3%	$2,236,523	127.2%	$4,105,486	233.6%	$0	$1,868,963	106.3%
1-Jul-40	15-Feb-41	$1,793,210	$1,925,419	$0	$1,925,419	$132,209	107.4%	$2,281,254	127.2%	$4,206,673	234.6%	$0	$1,925,419	107.4%
1-Jul-41	15-Feb-42	$1,831,297	$1,983,569	$0	$1,983,569	$152,272	108.3%	$2,326,879	127.1%	$4,310,448	235.4%	$0	$1,983,569	108.3%
1-Jul-42	15-Feb-43	$1,866,276	$2,043,464	$0	$2,043,464	$177,188	109.5%	$2,373,416	127.2%	$4,416,880	236.7%	$0	$2,043,464	109.5%
1-Jul-43	15-Feb-44	$1,902,821	$2,105,155	$0	$2,105,155	$202,334	110.6%	$2,420,885	127.2%	$4,526,040	237.9%	$0	$2,105,155	110.6%
Total		$40,446,181	$39,348,213	$6,653,268	$46,001,481	$5,555,300		$56,640,123		$102,641,603		$516,121	$46,517,602	

Rate and Method of Apportionment of Special Taxes

The following description of the "Howard County, Maryland Annapolis Junction Town Center Special Taxing District Rate and Method of Apportionment of Special Taxes" (the "Rate and Method") is qualified in its entirety by reference to the full text of the document included in APPENDIX E. Capitalized terms not otherwise defined in this section or in the Indenture have the meaning given to them in the Rate and Method.

Annual Special Tax Requirement. The Special Tax has been levied on the parcels of taxable property in accordance with the Rate and Method. The County has covenanted in the Indenture that so long as any 2014 Bonds are outstanding, it will comply in all material respects with the Acts and the Rate and Method to the extent required to assure the timely collection of the Tax Increment Revenues and the Special Tax Revenues for the payment of the 2014 Bonds. The Acts and the Ordinance provide that the County shall levy the Special Tax against the parcels of taxable property within the Special Taxing District according to the Rate and Method in each Fiscal Year in which the Tax Increment Revenues are insufficient to pay debt service on the 2014 Bonds in the corresponding bond year, to the extent necessary and permitted by the Acts and subject to the Maximum Special Tax in order to yield an amount (the "Special Tax Requirement") equal to (A) the amount required in such Fiscal Year to pay (1) debt service and other periodic costs (including deposits to any sinking funds) on the 2014 Bonds to be paid from the Special Taxes collected in such Fiscal Year, (2) Administrative Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year and not paid by Special Taxes in such previous Fiscal Year, (3) amounts required to replenish any reserve fund established in association with the 2014 Bonds, (4) an amount equal to the estimated delinquencies expected in payment of the Special Tax or other contingencies as deemed appropriate, and (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash); less, (B) (1) Tax Increment Revenues available to apply to the Special Tax Requirement for that Fiscal Year, (2) any credits available pursuant to the Indenture, such as capitalized interest, reserves and investment earnings on any account balances, and (3) any other revenues available to apply against the Special Tax Requirement.

The Special Tax Requirement allows Special Taxes to be levied up to the Adjusted Maximum Special Tax to replenish the Reserve Fund and to cover estimated delinquencies in payment of the Special Tax on the 2014 Bonds.

Maximum Special Tax. The Maximum Special Tax for the 2013-2014 Fiscal Year for each parcel of developed property will be equal to the product of (a) the equivalent units built or expected to be built on such parcel divided by the total equivalent units estimated for all of the parcels in the District and (b) the Maximum Special Tax for the District, as described in the Rate and Method. On each July 1, commencing July 1, 2014, the Maximum Special Taxes shown in the Rate and Method will be increased to 102% of the respective Maximum Special Taxes in effect in the previous Fiscal Year.

Assuming that the Development is built as currently planned, the allocation of the Maximum Special Tax for the District would be as follows:

Residential Structure	58%
Retail Product	3%
Office Structure	23%
Hotel	16%

The Maximum Special Tax for any Fiscal Year for each parcel classified as undeveloped property will be determined by the formula set forth in the Rate and Method.

The Adjusted Maximum Special Tax for each parcel will be equal to the lesser of (but not less than zero) (i) the Maximum Special Tax for the parcel and (ii) the Maximum Special Tax less the Tax Increment Revenues related to the parcel available to repay the 2014 Bonds.

The Rate and Method provides that the Maximum Special Taxes may be reduced by the County's Director of Finance to reflect the actual debt service on the 2014 Bonds. See "APPENDIX E – Rate and Method of Apportionment of Special Taxes – Section G – Reduction in the Maximum Property Tax Rate." On the date of issuance and delivery of the 2014 Bonds, the County will set the Maximum Special Tax that may be collected from all parcels of Taxable Property in each year at expected build-out of the Development based on the assumptions contained in the Tax Increment and Special Tax Report, to a level that provides at least 110% debt service coverage on estimated net annual debt service with respect to the 2014 Bonds in each year and in many years substantially greater debt service coverage with respect to the 2014 Bonds. See "APPENDIX C – Tax Increment and Special Tax Report – IX. Projected Debt Service Coverage."

Levy and Collection of the Special Tax. The Special Tax has been levied in an amount equal to the Maximum Special Tax for each parcel each year commencing the 2013-2014 Fiscal Year through the Termination Date. The Director of Finance will determine the amount of the Special Tax to be collected each year, which amount may be less but not more than the Maximum Special Tax, through the application of the procedures described in the Rate and Method.

The Maximum Special Tax for each parcel is reduced by a Special Tax credit. The resulting Special Tax is referred to as the Adjusted Maximum Special Tax. The Special Tax credit is equal to the Tax Increment Revenues collected from a parcel and paid into the Tax Increment Fund and thereby available to apply to the payment for debt service on the 2014 Bonds for that Fiscal Year. Special Taxes are to be collected each Fiscal Year from each parcel of taxable property in an amount up to the Adjusted Maximum Special Tax to the extent necessary to fund the Special Tax Requirement.

Commencing with the Commencement Date and for each following Fiscal Year through the Termination Date, the Director of Finance will determine the Special Tax Requirement, if any, for the applicable Fiscal Year and will collect the Special Tax proportionately on each parcel of Taxable Property up to the Adjusted Maximum Special Tax for such property to the extent necessary to fund the Special Tax Requirement.

RISK FACTORS

Investment in the 2014 Bonds involves certain risks. The following is a discussion of certain risk factors that should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the 2014 Bonds, which are not rated by any recognized rating agency. This discussion is not comprehensive or definitive and does not summarize all risks that may be associated with the 2014 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their general ad valorem real property taxes or any Special Tax when due. Failures to pay the real property taxes or any Special Tax could result in the inability to make full and punctual payments of debt service on the 2014 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the Property.

Limited Obligations

The 2014 Bonds are payable solely from the Tax Increment Revenues, the Pledged BRAC Revenues, if any, the Special Tax Revenues and certain other funds on deposit with the Trustee or which may be deposited with the Trustee in the future, including earnings and investments on funds on deposit with the Trustee.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COUNTY, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2014 BONDS, EXCEPT FOR THE TAX INCREMENT REVENUES, THE PLEDGED BRAC REVENUES, IF ANY, AND THE SPECIAL TAX REVENUES. LIKEWISE, EXCEPT FOR THE TAX INCREMENT REVENUES, THE PLEDGED BRAC REVENUES AND THE SPECIAL TAX REVENUES, NO OTHER TAXES OR ASSESSMENTS ARE PLEDGED TO THE PAYMENT OF THE 2014 BONDS. THE 2014 BONDS ARE NOT GENERAL OBLIGATIONS OF THE COUNTY, BUT ARE SPECIAL OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM CERTAIN AMOUNTS DEPOSITED IN THE TAX INCREMENT FUND (INCLUDING THE PLEDGED BRAC REVENUES), THE SPECIAL TAXES FUND, THE IMPROVEMENT FUND, THE DEBT SERVICE FUND AND THE RESERVE FUND, AS MORE FULLY DESCRIBED HEREIN.

Concentration of Ownership

Upon the issuance of the 2014 Bonds, the Developer and Apartment Homes LLC will be the sole owners of all of the taxable parcels within the District. In the normal course of development, the Developer expects to subsequently transfer ownership of the taxable parcels constituting the Office Structure, the Hotel and the Kiosk to other developers and/or investors. However, until such transfers occur, the timely payment of the 2014 Bonds depends on the willingness and ability of the Developer and Apartment Homes, LLC to pay general ad valorem real property taxes (from which the Tax Increment Revenues will be derived and the Pledged BRAC Revenues will be calculated) and Special Taxes when due. This lack of diversity in the obligation to pay general ad valorem real property taxes and Special Taxes presents a significant risk to Bondholders. Failure of the Developer, Apartment Homes, LLC, or subsequent owners to pay real property taxes and Special Taxes when due could result in the rapid, total depletion of the Reserve Fund. In that event, there could be a default in payment of the principal of, premium (if any) and interest on, the 2014 Bonds.

Completion of Public Improvements and the Development

The Engineer has estimated the costs of the Public Improvements. See "APPENDIX D – Engineer's Report" hereto. If the proceeds of the 2014 Bonds are not sufficient to finance the completion of the Public Improvements and the Developer fails to meet its obligation under the Funding Agreement to provide funds to complete the Public Improvements, it is unlikely that the County would have other funds to complete the Public Improvements.

During the construction of the Commuter Parking Garage, the land on which the Development will be built will be used as surface parking for customers of the Savage MARC Station. The Commuter Parking Garage must be completed before those surface parking lots can be demolished and construction of the Development can begin. In addition, the Developer may not start construction of the revenue-producing portions of the Development until the completion of construction of the Commuter Parking Garage and supporting base infrastructure. Failure of the Developer to complete the Commuter Parking Garage, or to complete it in a timely manner, will delay construction of the Development. As a result, the Tax Increment Revenues and the Pledged BRAC Revenues could be less than projected. See "PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER – Development Schedule" for the expected timeline for completion of the Commuter Parking Garage and the Development and see "APPENDIX C – Tax Increment and Special Tax Report" for projections of the Tax Increment Revenues and the Pledged BRAC Revenues.

Under the Public-Private Partnership Agreement, the Developer is required to meet certain deadlines with respect to the completion of various components of the Development. The Public-Private Partnership Agreement also imposes other requirements on the Developer relating to the Development. If the Developer fails to meet these deadlines or other requirements, the State may elect to terminate the Public-Private Partnership Agreement and exercise other remedies. See "PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER – Development Requirements Under the Public-Private Partnership Agreement." In such event, completion of the Development may be delayed or stopped, which could adversely affect the amount of the Tax Increment Revenues and Pledged BRAC Revenues available to pay debt service on the 2014 Bonds.

Failure to Develop the Development

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various entities in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. Failure to obtain any such approvals or satisfy such governmental requirements could adversely affect planned land development of the Development. See "APPENDIX D – Engineer's Report" hereto.

Development of land is also subject to economic considerations. The failure to complete the Development or the required infrastructure or substantial delays in the completion of the Development or the required infrastructure due to litigation, the inability to obtain required funding or other causes may reduce the value of the property within the District and may affect the willingness and ability of the Developer or any future owner of property within the District to pay general ad valorem real property taxes or Special Taxes when due, which may result in a default in payments of the principal of, and interest on, the 2014 Bonds.

Market Supportability of the Development

"APPENDIX A – Appraisal Report" and "APPENDIX B – Market Study" to this Limited Offering Memorandum contain conclusions described in "SECURITY FOR THE 2014 BONDS – Appraised Property Values" and "– Market Study" herein. However, there can be no guarantee that a market will develop for and support the Development. The failure of the market to support the Development could reduce the ability or desire of the Developer or subsequent property owners within the District to pay ad valorem real property taxes or Special Taxes.

Risk of Catastrophic Loss

In the event a natural or manmade disaster, such as a hurricane, fire, earthquake, tornado, or war destroys the Development or the Public Improvements, the assessed value of real property within the District could be drastically reduced, leading to a corresponding decrease in the Tax Increment Revenues and the Pledged BRAC Revenues.

Dependence on Tax Increment Revenues

The amount of the Tax Increment Revenues available to pay principal and interest on the 2014 Bonds is determined by the assessed value of taxable real property in the Development District, the tax rate of the County and the percentage of taxes actually collected and paid into the Tax Increment Revenues Account of the Tax Increment Fund. The assessed value of real property in the Development District must increase significantly and rapidly in order to produce Tax Increment Revenues sufficient to make principal and interest payments on the 2014 Bonds before application of the Special Tax without drawing upon the Reserve Fund established under the Indenture.

There can be no guarantee that the property and improvements within the Development District will be assessed at the levels shown in "APPENDIX C – Tax Increment and Special Tax Report" hereto, nor can there be a guarantee that the value of the property will not decrease. Property owners have the right to protest the assessed value of their property in the Development District and are not required to tender their property for ad valorem taxation at any agreed upon level. Property values may also be adversely affected by natural or other disasters resulting in the destruction of property in the Development District. The assessed value of the property and improvements will be determined and certified in accordance with the procedures described in "SECURITY FOR THE 2014 BONDS – Assessment Procedures," and may be at a value lower than projected.

Uncertainty of Calculation of Tax Increments and State BRAC Payments

Tax Increments are calculated based upon the Original Taxable Value in the Development District and the assessed value, from year to year, of the properties in the Development District. In addition, State BRAC Payments are calculated based on the State real property tax increment and the Tax Increment for qualified properties in the Development District. Accordingly, they are affected by the assessment of property within the Development District. The method of assessing the properties in the Development District could have a significant impact on the Tax Increment Revenues that become available. The assessment method or combination of methods that the Supervisor of Assessments uses with respect to the Development District is within the discretion of the Supervisor of Assessments and may change from time to time. See "SECURITY FOR THE 2014 BONDS – Assessment Procedures." There can be no guarantee that the properties within the Development District will be assessed at the levels shown in "APPENDIX C – Tax Increment and Special Tax Report" hereto. The use of a particular method or combination of methods of assessment with respect to property in the Development District may, over time, cause a decrease in the assessable base in the Development District and, therefore, result in a reduction in the Tax Increment Revenues available to pay debt service on the 2014 Bonds, as well as the amount of State BRAC Payments that the County receives, if any. No assurances can be given that the methodology for the State assessment system currently in place will not be changed during the term of the 2014 Bonds.

Maximum Rates

Within the limits of the Rate and Method, the County may adjust the Special Tax levied on all property within the Special Taxing District to provide an amount required (i) to pay debt service on the 2014 Bonds and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Reserve Requirement, (ii) to pay all annual Administrative Expenses, costs of remarketing, credit enhancement, bond insurance, and liquidity fees and estimated delinquencies in Special Tax payments and (iii) to make rebate payments to the United States government. However, the amount payable is limited to the amount of the Maximum Special Tax which amount increases by 2% per year. See "SECURITY FOR THE 2014 BONDS – Special Tax Revenues" and "THE DEVELOPMENT DISTRICT, THE SPECIAL TAXING DISTRICT, DISTRICT REVENUES AND PLEDGED BRAC REVENUES – Rate and Method of Apportionment of Special Taxes."

Uncertainty of Pledged BRAC Revenues and Appropriation Risk

The Pledged BRAC Revenues consist of the State BRAC Payments that are appropriated by the County and deposited to the Pledged BRAC Revenues Account of the Tax Increment Fund. State BRAC Payments will be determined each year by the State based upon 100% of the amount of State real property tax increment plus 50% of the amount of County's real property tax increment for qualified properties in the District and are subject to factors beyond the County's control. Each year, the amount to be paid to all political subdivisions that have designated BRAC zones is the amount appropriated in the State budget up to $5,000,000. To date, the State has designated seven BRAC zones across the State, including the District. See "SECURITY FOR THE 2014 BONDS – Pledged BRAC Revenues" for a discussion of the currently designated BRAC zones and the status of various projects in such BRAC zones. If the total eligible disbursements to all political subdivisions exceed the amount appropriated by the State, each political subdivision receives a *pro rata* share of the amount appropriated. Therefore, the amount of State BRAC Payments available to the County in each year is uncertain.

The County has covenanted in the Indenture that the Director of Finance will seek appropriation of any State BRAC Payments in each Fiscal Year in which (i) the 2014 Bonds are outstanding and (ii) State BRAC Payments are available under the BRAC Revenue Act. However, the County Council is not legally obligated to appropriate the State BRAC Payments to the payment of debt service on the 2014 Bonds. See "SECURITY FOR THE 2014 BONDS – Pledged BRAC Revenues" herein.

Dependence on Projections

The value of the property in the District upon completion of the Development is unknown at the present time. The Appraisal Report and the Market Study contain projections of this value based on the assumptions set out in APPENDIX A and APPENDIX B, respectively. Whether the market can support the Development is unknown at the present time. The amount of Tax Increment Revenues and Pledged BRAC Revenues that will be available to pay the 2014 Bonds on a year to year basis is unknown at the present time. The Tax Increment and Special Tax Report contains projections of the amounts that will be available based on the assumptions set out in APPENDIX C. These projections constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and as such may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and achievements to be different from the future results, performance or achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

The assumptions used to make the projections were provided by the Developer. The County has not commissioned an independent feasibility analysis of any of the assumptions upon which the projections are based.

The projections of Tax Increment Revenues, Pledged BRAC Revenues and Special Tax Revenues in APPENDIX C assume that the development of the Development will occur within certain time frames. There can be no assurances that the Developer will be able to develop the Development in accordance with such assumptions. If the Developer fails to complete the Development within the projected time frame or such property is substantially less valuable than projected, the assessed value of property in the District and, as a result, the Tax Increment Revenues and the Pledged BRAC Revenues, could be less than projected. In that event, there could be a default in payment of principal of, and interest on, the 2014 Bonds.

Tax Delinquencies

In order to pay debt service on the 2014 Bonds, it is necessary that the District Tax Revenues be paid in a timely manner. Under provisions of the Acts, the Tax Increment Revenues and any Special Tax Revenues, from which funds necessary for the payment of principal of, and interest on, the 2014 Bonds are derived, are billed to the properties within the District by the County. Any Special Tax Revenues are due and payable at the same time as regular ad valorem property tax installments. The unwillingness or inability of a property owner to pay ad valorem property tax bills and any Special Taxes as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make ad valorem real property tax payments and any Special Tax installment payments in the future. If the Developer and other owners fail to pay the ad valorem property tax installments or any Special Tax when due there could be significant tax delinquencies. See "RISK FACTORS – Concentration of Ownership."

In the event that tax sales of property are necessary, and if the Reserve Fund is depleted, there could be a delay or reduction in payments to Holders of the 2014 Bonds pending such tax sales and receipt by the County of the proceeds of sale.

See "SECURITY FOR THE 2014 BONDS – Property Tax Collection Procedures" for a discussion of the provisions that apply, and procedures that the County is obligated to follow in the event of delinquencies in the payment of real property taxes or any Special Taxes. See "RISK FACTORS – Potential Delay and Limitations of Tax Sales" and "– Bankruptcy" herein for a discussion of limitations on the County's ability to recover delinquent District Tax Revenues from tax sales.

Potential Delay and Limitations of Tax Sales

The payment of property owners' taxes and the ability of the County to recover delinquent unpaid ad valorem taxes and any Special Taxes may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights. See "SECURITY FOR THE 2014 BONDS – Property Tax Collection Procedures" and "RISK FACTORS – Bankruptcy" herein.

The ability of the County to recover delinquent unpaid real property taxes or any Special Taxes through the sale of the related real property may be limited with regard to properties in which the Federal Deposit Insurance Corporation ("FDIC") may acquire an interest. The FDIC currently does not have an interest in the land within the District. However, if a lender takes a security interest in property in the District and becomes insolvent, such lender could fall under the jurisdiction of the FDIC. The FDIC has adopted policies regarding the payment of state and local property taxes, including ad valorem and non-ad valorem special taxes and assessments. While this federal instrumentality has acknowledged a policy of paying ad valorem and non-ad valorem special taxes and assessments in certain circumstances, it has also indicated an intention to assert federal preemptive power to challenge any prior taxes, special taxes and assessments where it is in its interest to do so, including the requirement that local governmental entities obtain the consent of the FDIC in order to sell property at tax sale to recover delinquent Special Taxes or ad valorem taxes.

In addition, potential investors should be aware that any recovery of any Special Taxes and ad valorem taxes is subject to County procedures for providing notice to record holders of the property of the pending tax sale and delays by subsequent purchasers of property at tax sale to initiate proceedings to foreclose redemption of the property. Potential investors should also be aware that during any period of time in which property offered for sale remains unsold, none of the delinquent Special Taxes and ad valorem taxes will be paid.

Delays and uncertainties in recovering delinquent District Tax Revenues create significant risks for Bondholders. District Tax Revenues payment delinquencies that continue during the pendency of protracted tax sale proceedings could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of such property. In that event, there could be a default in payments of the principal of, and interest on, the 2014 Bonds. See "RISK FACTORS – Concentration of Ownership" above.

No Acceleration Provision

The 2014 Bonds and the Indenture do not contain a provision allowing for the acceleration of the 2014 Bonds in the event of a payment default or other default under the terms of the 2014 Bonds or the Indenture. Furthermore, the Indenture does not specify any events of default or remedies nor does it require the Trustee to seek any remedies. The ultimate source of recovery in the event of a default on payment of real property taxes or any Special Taxes is the tax sale provisions described under "SECURITY FOR THE 2014 BONDS – Property Tax Collection Procedures" herein.

Bankruptcy

The various legal opinions to be delivered concurrently with the delivery of the 2014 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors.

Although a bankruptcy proceeding would not cause the District Tax Revenues to become extinguished, the amount and priority of any tax lien could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in completing a tax sale of the property. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the 2014 Bonds and the possibility of delinquent tax installments not being paid in full.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the 2014 Bonds or, if a secondary market exists, that such 2014 Bonds can be sold for any particular price. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the 2014 Bonds or because of adverse history or economic prospects connected with a particular issue or industry, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Loss of Tax Exemption

As discussed under the caption "TAX EXEMPTIONS," the interest on the 2014 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the 2014 Bonds as a result of a failure of the County, the Developer or the State to comply with certain provisions of the Code. Should such an event of taxability occur, the 2014 Bonds are not subject to early redemption and will remain Outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Indenture.

Other Taxes

The willingness and/or ability of an owner of land within the Special Taxing District to pay the Special Taxes could be affected by the existence of other taxes, assessments and special taxes imposed upon the land by the County or the State. Special taxes and assessments and ad valorem taxes levied to pay principal of and interest on bonds including the Special Taxes are payable at one time. The County may also impose additional assessments, fees or taxes that could encumber the property burdened by the Special Taxes.

UNDERWRITING

The 2014 Bonds are being purchased for reoffering by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has made a firm commitment to purchase the 2014 Bonds for $_________. The purchase price reflects an underwriter's discount of $_________. The purchase contract pursuant to which the Underwriter is purchasing the 2014 Bonds provides that the Underwriter will purchase all of the 2014 Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in such purchase contract.

The Developer has agreed to indemnify the Underwriter and the County against liabilities, including certain liabilities under federal and state securities laws.

The Underwriter may offer and sell the 2014 Bonds to certain dealers and others at prices different from the prices stated on the cover page of this Limited Offering Memorandum. The offering prices may be changed from time to time by the Underwriter.

FINANCIAL ADVISORS

MuniCap, Inc. and Strategic Solutions Center, LLC are serving as financial advisors to the County in connection with the issuance of the 2014 Bonds.

LEGAL MATTERS

McGuireWoods LLP, Baltimore, Maryland, Bond Counsel, will render an opinion with respect to the 2014 Bonds substantially in the form set forth in APPENDIX H to this Limited Offering Memorandum. Copies of this opinion will be available at the time of delivery of the 2014 Bonds. Matters will be passed upon for the

Underwriter by Ballard Spahr LLP, Washington, D.C., as Counsel to the Underwriter. Certain legal matters will be reviewed for the County by the County Solicitor and McGuireWoods LLP as Disclosure Counsel, and for the Developer by Thomas & Libowitz, P.A., Baltimore, Maryland.

TAX EXEMPTIONS

Opinion of Bond Counsel – Federal Income Tax Status of Interest. In the opinion of Bond Counsel, under existing law, the interest on the 2014 Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes, and (b) is not an enumerated item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the 2014 Bonds.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the 2014 Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the County or about future changes in the Internal Revenue Code of 1986, as amended (the "Code"), the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS"). The County, the Developer and the State have covenanted, however, to comply with the requirements of the Code.

Reliance and Assumptions; Effect of Certain Changes. In delivering its opinion regarding the 2014 Bonds, Bond Counsel is relying upon certifications of representatives of the County, the Developer and the State as to facts material to the opinion, which Bond Counsel has not independently verified. In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the County, the Developer and the State. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the 2014 Bonds in order for interest on the 2014 Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the 2014 Bonds and the use of the property financed or refinanced by the 2014 Bonds, limitations on the source of the payment of and the security for the 2014 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the 2014 Bonds to the United States Treasury. The County, the Developer and the State have agreed to comply with such requirements (the "Covenants"). Failure by the County, the Developer or the State to comply with the Covenants could cause interest on the 2014 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the 2014 Bonds from becoming includable in gross income for federal income tax purposes. Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the 2014 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Indenture, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in the Indenture. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the 2014 Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral federal income tax matters with respect to the 2014 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the 2014 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the 2014 Bonds.

Prospective purchasers of the 2014 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the 2014 Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments made after March 31, 2007 to any 2014 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2014 Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Bond Premium. In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Effects of Future Enforcement, Regulatory and Legislative Actions. The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includable in gross income for federal income tax purposes. If the IRS audits the 2014 Bonds, the IRS will, under its current procedures, treat the County as the taxpayer. As such, the beneficial owners of the 2014 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the 2014 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the 2014 Bonds.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS are continuously drafting regulations to interpret and apply the provisions of the Code, and court proceedings may be filed, the outcome of which could modify the federal or state tax treatment of tax-exempt obligations. There can be no assurance that legislation proposed or enacted after the date of issue of the 2014 Bonds, regulatory interpretation of the Code or actions by a court involving either the 2014 Bonds or other tax-exempt obligations will not have an adverse effect on the 2014 Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the 2014 Bonds.

Prospective purchasers of the 2014 Bonds should consult their own tax advisors regarding the potential consequences of any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Opinion of Bond Counsel – State Tax Exemption. In the opinion of Bond Counsel, under existing law of the State of Maryland, the principal amount of the 2014 Bonds, the interest payable on the 2014 Bonds, their transfer, and any income from the 2014 Bonds, including any profit made in the sale or transfer thereof, are exempt from state and local taxes in the State of Maryland; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the 2014 Bonds or the interest thereon.

Interest on the 2014 Bonds may be subject to state and local taxes in jurisdictions other than the State of Maryland under applicable state or local laws. Prospective purchasers of the 2014 Bonds should consult their own tax advisors regarding the taxable status of the 2014 Bonds in a particular state or local jurisdiction other than the State of Maryland.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending against the County with respect to which the County has been served with process or, to the County Solicitor's knowledge, threatened against the County, affecting the existence of the County, the Development District, Special Taxing District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2014 Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of any revenues provided for the payment of the 2014 Bonds, or in any way contesting or affecting the validity or enforceability of the 2014 Bonds, the Indenture, any action of the County contemplated by any of the said documents, or the collection or application of any revenues provided for the payment of the 2014 Bonds, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement hereto, or contesting the powers of the County or its authority with respect to the 2014 Bonds or any action of the County contemplated by any of said documents.

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or threatened by or against the Developer: (i) in any way questioning the due formation and valid existence of the Developer or its ability to pay taxes; (ii) in any way questioning or affecting the validity of the Funding Agreement or the consummation of the transactions contemplated thereby; (iii) in any way questioning or contesting the validity of any governmental approval of any development by the Developer within the Development District or the Special Taxing District or any aspect thereof; or (iv) that would have a material adverse effect upon the financial condition of the Developer or the ability of the Developer to undertake any development within the District.

NO RATING

The County has not and does not contemplate making an application to any rating agency for the assignment of a rating to the initial offering of the 2014 Bonds.

CONTINUING DISCLOSURE

An undertaking for the benefit of the Bondholders to provide continuing disclosure pursuant to the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") is not legally required with respect to the 2014 Bonds based on an exemption that exists with respect to such Rule since the 2014 Bonds are being offered in authorized denominations of $100,000 or more and are being sold to no more than 35 knowledgeable and experienced investors not purchasing with a view to distribute.

Notwithstanding the above, the County and the Developer have agreed to provide certain financial information, operating data and event disclosures that would generally comply with the Rule as if it were legally required. See "APPENDIX I – Proposed Form of Developer's Continuing Disclosure Agreement," and "APPENDIX J – Proposed Form of County's Continuing Disclosure Agreement" hereto for specific provisions regarding the Developer's and the County's obligations to provide continuing disclosure.

MISCELLANEOUS

The quotations from and summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents, the Indenture and statutes for full and complete statements of their provisions.

This Limited Offering Memorandum is submitted only in connection with the offering of the 2014 Bonds by the Underwriter. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the County or the Underwriter. The information contained herein should not be considered as representing all conditions affecting the County, the District or the 2014 Bonds.

This Limited Offering Memorandum does not constitute a contract with the purchasers of the 2014 Bonds.

Any statements made in this Limited Offering Memorandum involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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The execution and delivery of this Limited Offering Memorandum have been approved by Howard County, Maryland.

HOWARD COUNTY, MARYLAND

____
Ken Ulman
County Executive

____
Stanley J. Milesky
Director of Finance

APPENDIX A

Appraisal Report

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APPRAISAL
OF
THE
PROPERTY
OF

THE STATE HIGHWAY ADMINISTRATION,
THE STATE RAILROAD ADMINISTRATION,
AND
BOISE MARYLAND BUSINESS TRUST

THE
ANNAPOLIS JUNCTION TOWN CENTER

LOCATED AT
8981, 8985, 8991, 9001 AND 9009 DORSEY RUN ROAD
AND
8950 AND 8960 HENKELS LANE,
SIXTH ASSESSMENT DISTRICT
HOWARD COUNTY
ANNAPOLIS JUNCTION, MARYLAND 20707

Appraisal
Prepared
For:

Howard County
3430 Courthouse Drive
Ellicott City, Maryland 21043
Attn: Stanley Milesky, Director of Finance

And

Stifel, Nicholas & Company, Inc.
18 West Street
Annapolis, Maryland 21401
Attn: Mr. Nathan S. Betnun

Effective Date:
December 21st, 2013

Gary T. Westholm, MAI
Antoinette Wineholt, MAI
Appraisers

***W*estholm & *A*ssociates, LLC**

Real Estate Appraisers-Consultants
140 South Street, Suite 200
Annapolis, Maryland 21401
Office - 410-295-0660 FAX - 410-295-6566
Email: garywestholm@westholmassociates.com

January 22nd, 2014

Howard County, Maryland
3430 Courthouse Drive
Ellicott City, Maryland 21043
Attn: Stanley Milesky, Director of Finance

And

Stifel, Nicholas & Company, Inc.
18 West Street
Annapolis, Maryland 21401
Attn: Mr. Nathan S. Betnun

Re: The Annapolis Junction Town Center mixed use project; property located on the easterly side of Dorsey Run Road in the Sixth Assessment District of Howard County, Annapolis Junction, Maryland 20701

Dear Messrs. Milesky and Betnun:

At your request we have made an appraisal of the above-captioned property for the purpose of estimating: (1) the “as is” market value of the property as unimproved land, and recognizing that Howard County has agreed to issue the bonds, as of the effective date; (2) the prospective market value of the property, assuming completion of all of the public and private site improvements, as of the reasonably projected date of completion; and (3) the prospective market value of the property, assuming completion of public and private site improvements, the apartment building and the retail center; with the market value of the office, retail and hotel land also included, as of the reasonably projected date of completion of the apartment building and the retail center.

The Annapolis Junction Town Center property contains a land area of 15.4072 acres which is presently subdivided into Parcels A-1 through A-6 of the Savage Towne Centre and as Parcel B of the Golden Key property. The property is to be subdivided into Parcels A through G; Parcels B through G are part of the subject property and will comprise the Annapolis Junction Town Center. The property is currently zoned for transit oriented development. Proposed development is to include a total of 416 apartments with a parking garage containing 624 parking spaces, a 100,000 square foot office building, a 14,000 square foot retail center, a 3,200 square foot restaurant (or commercial) building, a 150 room limited service hotel and a 250 square foot kiosk.

It is importantly noted that the following extraordinary assumptions, specific assumptions/limiting conditions are an integral part of this appraisal report.

- It is our understanding that Hillis-Carnes Engineering Associates, Inc., a regional geotechnical and environmental engineering company, performed Phase I and Phase II environmental site assessments in October 2006 and October 2007, respectively, of the State of Maryland property. The engineering firm concluded that there were no conditions that posed any unacceptable risk in regard to future residential land use of this portion of the property. The firm also determined that no further investigations or actions were deemed necessary with respect to the site.

  In August 2009, Kleinfelder East, Inc., a national geotechnical and environmental engineering company, completed a Phase I environmental site assessment of the Boise Cascade property. In January 2010, Andrew Garte & Associates, also a regional geotechnical and environmental engineering company, performed a limited Phase II environmental site assessment on the Boise property and identified petroleum related compounds and other metal and hydrocarbon compounds in the soils resulting from the former use of the property as a lumber storage yard and auto maintenance and repair facility. In October 2010, Kleinfelder completed a full Phase II environmental site assessment of the Boise property. In January 2011 Kleinfelder made application to the Maryland Department of the Environment (MDE) to enroll the property into the State's Voluntary Cleanup Program; the property was accepted by MDE in February 2011. Boise Cascade planned to remediate the areas of concern to acceptable commercial land use standards. Kleinfelder on behalf of Boise Cascade submitted a Response Action Plan (a remediation plan) in April 2012. The proposed remediation plan consisted primarily of the removal and replacement of affected soils with clean soil materials and was approved by MDE. Following Boise's implementation of the remedial work in early 2013, MDE issued a Certificate of Completion to Boise on May 7, 2013. The Certificate of Completion restricted future use of the Boise property to commercial and industrial uses only. The Certificate of Completion and future use of the Boise property also included the following conditions: (1) the groundwater beneath the property shall not be used for any purpose; and (2) no excavated material from the site shall be disposed of in areas with current or proposed residential use zoning. Only commercial uses are proposed for the Boise property based on the approved site development plan. Copies of the Phase I and various Phase II environmental site assessments prepared on the subject property could not be obtained.

- In addition, the property is appraised subject to an extraordinary assumption that the development will consist of 416 apartment units, 14,000 square feet of retail space, two retail pad sites with potential development of a 3,200 square foot restaurant or commercial building and a 250 square foot kiosk, an office building containing an area of 100,000 square feet in addition to a 150 room hotel. If eventual development of the property differs significantly from that included in this report, then this appraisal and any estimate of value may need to be amended or qualified.

- The valuations of the property assuming that all, or a portion, of the public improvements are constructed as of the effective date are based on a hypothetical assumption as the public improvements were not completed at that time. If the public improvements are not constructed, the value of the property will decrease and this appraisal and any estimate of value contained herein may need to be amended or qualified.

- The valuation of the property assumes sufficient cross easements for access and parking with the adjoining sites. If subsequent information is obtained indicating this assumption to be incorrect, then this appraisal and any estimate of value may need to be amended or qualified.

- Furthermore, it is an assumption of this appraisal that all of the proposed public improvements and private site improvements could be completed as of January 1st, 2015 and that the apartment and retail buildings would be complete as of January 1st, 2016. If subsequent information is obtained indicating this assumption to be incorrect, then this appraisal and any estimate of value may need to be amended or qualified.

- It is a limiting condition of this appraisal report that the market conditions from which the prospective value opinions are based upon are based upon historical, current and reasonably projected future conditions which are detailed within the report. The appraisers cannot be held accountable for unforeseeable events that alter market conditions prior to the effective dates of the appraisal.

Subject to the above,

MARKET VALUE, AS PRESENTLY EXISTING:

As a result of this appraisal, subject to the Specific Assumptions, Underlying Assumptions and Contingent Conditions contained herein, it is our opinion that the market value of the fee simple estate of the subject property, as presently existing, as of December 21st, 2013, is:

TWENTY-FOUR MILLION NINE HUNDRED THOUSAND DOLLARS
($24,900,000.00)

PROSPECTIVE MARKET VALUE, ASSUMING LAND ONLY AND COMPLETION OF ALL OF THE PUBLIC IMPROVEMENTS AND PRIVATE SITE IMPROVEMENTS, AS OF A PROSPECTIVE FUTURE DATE:

As a result of this appraisal subject to the Specific Assumptions, Underlying Assumptions and Contingent Conditions, it is our opinion that the market value of the fee simple estate of the subject property, as of January 1st, 2015, the projected date of completion of the public and private site improvements, is projected as:

THIRTY-ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS
($31,700,000.00)

PROSPECTIVE MARKET VALUE, ASSUMING COMPLETION OF ALL PUBLIC AND PRIVATE SITE IMPROVEMENTS, THE APARTMENT BUILDING AND RETAIL CENTER, AS OF A PROSPECTIVE FUTURE DATE:

As a result of this appraisal, subject to the Specific Assumptions, Underlying Assumptions and Contingent Conditions contained herein, it is our opinion that the market value of the fee simple estate of the subject property, assuming completion of all of the public and private improvements and the apartment and retail buildings, as of January 1st, 2016, is projected as:

ONE HUNDRED FIFTEEN MILLION TWO HUNDRED THOUSAND DOLLARS
($115,200,000.00)

Thank you for this opportunity to have been of service.

Very truly yours,

WESTHOLM & ASSOCIATES, LLC

Gary T. Westholm, MAI	Antoinette Wineholt, MAI
Certified General Appraiser	Certified General Appraiser
Maryland License 04-498	Maryland License 04-220

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Property: Maryland Department of Transportation (Parcel 194) and Boise Maryland Business Trust (Parcel B) Property; 15.4072(±) Acres, Annapolis Junction Area, Howard County, Maryland

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

LOCATION:	Annapolis Junction Town Center, Annapolis Junction, Maryland 20701; Howard County Tax Map 48, Block 20 as all or part of Parcels 137 and 194 in the Sixth Assessment District; the property is presently identified as Parcels A-1 through A-6 as shown on the recorded plats of the Savage Towne Centre and as part of Parcel B as shown on a plat of Golden Key. The combined site is to be re-subdivided as Parcels A through G, inclusive; the subject property will consist of Parcels B through G as subdivided.
OWNERS OF RECORD:	Maryland Department of Transportation as to Parcel 194 and Boise Maryland Business Trust as to Parcel B
PROJECT NAME:	Annapolis Junction Town Center
LAND AREA:	15.4072 acres according to the site development plan; the existing plats indicate and area of 15.2672 acres; the site development plan of the Annapolis Junction Town Center is considered more accurate and used as the basis in valuing the subject property
IMPROVEMENTS:	Existing Parcel A-3 is improved with a storage warehouse that contains an enclosed area of 7,500 square feet based on the assessment record for the lot. The improvement is in poor condition and of no overall contributing value. The remainder of the property is improved with an existing parking lot with curb, gutter and lighting, additional outbuildings and similar site improvements that are to be razed; to allow for redevelopment of the supporting land.
HIGHEST & BEST USE:	Subdivision of the property for eventual mixed use development with apartment, retail and office buildings and a hotel. Complete development of the project is to include a total of 416 apartment units with garage, a 100,000 square foot office building, a 150 room hotel, 3,200 square foot commercial or restaurant building on a pad site, a kiosk containing an area of 250 square feet, a single story retail center containing an area of 14,000 square feet in addition to two parking garages (one public and one private) and related site improvements.

ZONING:	TOD, Transit Oriented Development (Howard County, Maryland)
PROPERTY RIGHTS APPRAISED:	Fee simple interest

MARKET VALUE LAND ONLY, AS IS, AS OF THE EFFECTIVE DATE:

COST APPROACH	N/A
SALES COMPARISON APPROACH	**$24,900,000.00**
INCOME APPROACH	N/A

FINAL VALUE LAND ONLY, AS IS, AS OF THE EFFECTIVE DATE:	**$24,900,000.00**
PROSPECTIVE MARKET VALUE, ASSUMING COMPLETION OF ALL PUBLIC IMPROVEMENTS AND PRIVATE SITE IMPROVEMENTS, AS OF A PROSPECTIVE FUTURE DATE:	**$31,700,000.00**
PROSPECTIVE MARKET VALUE, ASSUMING COMPLETION OF ALL PUBLIC AND PRIVATE SITE IMPROVEMENTS, APARTMENT BUILDING AND RETAIL CENTER, AS OF A PROSPECTIVE FUTURE DATE:	**$115,200,000.00**

EFFECTIVE DATE:	December 21st, 2013
PROSPECTIVE DATES:	January 1st, 2015 for completion of all public and private site improvements January 1st, 2016 for completion of all public and private site improvements, apartment building and retail center
MARKETING TIME:	Not longer than one year at the appraised values
EXPOSURE PERIOD:	Not longer than one year at the appraised values
APPRAISERS:	Gary T. Westholm, MAI Antoinette Wineholt, MAI

EXECUTIVE SUMMARY

Introduction

The subject property contains a combined land area of approximately 15.4072 acres based on the site development plans located in the Annapolis Junction area of eastern Howard County, Maryland. The property is to be developed as the Annapolis Junction Town Center, a mixed use transit oriented development planned to include apartment, office, retail and hospitality uses. Special bond financing is available to fund a portion of the required infrastructure improvements for the proposed development of the property. Tax Incremental Financing (TIF) funding is available to offset some of the infrastructure costs of the proposed project. Privately placed market level financing and equity funding will also be used in conjunction with bond financing to fund the remainder of the project.

The Project

Annapolis Junction Town Center contains a land area of 15.4072 acres that is presently subdivided into Parcels A-1 through A-6 as part of the Savage Towne Centre as well as part of Parcel B platted as part of Golden Key. The combined property is to be further subdivided into Parcels A through G, inclusive, as shown on a site development plan of the Annapolis Junction Town Center. Parcel A is not part of the valuation and will be retained by the current owner (the State of Maryland) and to be improved with a 700+ space, multi-level, commuter parking garage. The remaining parcels, containing a combined area of 15.4072 acres, shall be developed as the Annapolis Junction Town Center. The project is located in the Annapolis Junction area of eastern Howard County, Maryland and is bounded on the west by Dorsey Run Road, on the north by Henkels Lane and on the south and east by a railroad right of way.

The property is currently zoned for transit oriented development. Proposed development is to include a total of 416 apartment units of which 384 are to be market rate units with the remaining 32 designated as moderate income housing units, an office building containing an area of 100,000 square feet, a hotel consisting of 150 rooms, in addition to a retail center containing an area of 14,000 square feet, retail pads capable of supporting a 3,200 square foot commercial building or restaurant and a 250 square foot kiosk. The property is presently zoned Transit Oriented Development (TOD), a zoning classification of Howard County which permits mixed use development to include development with office, retail, hospitality or residential uses. The proposed development of the Annapolis Junction Town Center is permitted within a TOD zoning district. The project is, also, subject to the development requirements included in the *Route 1 Manual* that governs development along the U.S. Route 1 corridor through Howard County.

Significant public and private infrastructure improvements will be required for development of the Annapolis Junction Town Center. Public infrastructure improvements are to include the construction of a commuter parking garage containing approximately 704 spaces and expandable to 1,000 spaces, an extension of Junction Drive through the site from Dorsey Run Road to Henkels Lane, improvements to Dorsey Run Road from Junction Drive to Henkels Lane, additional improvements to Henkels Lane, the extension of public utilities through the site, construction of storm water management and conveyance systems, installation of public open space amenities and installation of a traffic signal at the project entrance at the intersection of Dorsey Run Road and Junction Drive. The developer projects hard infrastructure costs, including the costs for the MTA commuter parking garage shall be in excess of $14 million.

The Valuation

Three values are estimated for the subject property:

(1) the value of the property, as an unimproved land, and recognizing that Howard County has agreed to issue the bonds, as of the effective date;

(2) the prospective value of the property, assuming completion of all of the public improvements and private site improvements, as of the projected date of completion; and

(3) the prospective value of the property, assuming completion of the public and private site improvements, the apartment building and the retail center with the market value of the office and hotel land also included.

In addition, the subject property is part of the Annapolis Junction Town Center Special Taxing District. The placement within the TIF district will benefit the subject property, as some development costs that benefit not only the subject property but, also, adjoining parcels will be funded as part of the TIF.

MARKET VALUE OF THE PROPERTY, LAND ONLY, AS OF THE EFFECTIVE DATE

The value of the subject property, as presently existing and recognizing that Howard County has agreed to issue the bonds, is projected by the sales comparison approach only. The property consists of a total of 15.4072 acres that will be subdivided into Parcels B through F as shown on the site development plan for the Annapolis Junction Town Center. At the direction of the client, the value of the property as land only is projected by the sales comparison approach. The property is presently improved with a commuter parking lot (estimated, per the developer representative, to have nearly 1,000 surface parking spaces) and an abandoned storage building containing an area of 7,500 square feet in poor condition in addition to several shuttered outbuildings. The existing buildings and site improvements do not contribute to the overall property value. Therefore, the property is valued as vacant land as presently existing.

Parcel B is to contain an approximate area of 8.9303 acres that will be improved with a partial four and five story apartment building with structured parking. The building will include a total of 416 apartment units with 32 designated as moderate income housing units and a total of 624 parking spaces based on the site development plans. Parcel C will consist of 3.5893 acres that will support an office building containing an area of 100,000 square feet in addition to a second parking garage (400 parking spaces, more or less) for use of tenants and visitors of the planned apartment, office, retail and hotel buildings. Parcel D is to contain an area of 0.7975 acres that will support a one story retail center proposed to contain 14,000 square feet. Parcel E will consist of 0.5225 acres and will be improved as a pad site capable of supporting a commercial or restaurant building containing an area of 3,200 square feet. In addition, Parcel F is to contain an area of 1.495 acres that will be improved with a 150 room limited service hotel. Finally, Parcel G is to contain an area of 0.0726 acres capable of supporting a kiosk containing an area of 250 square feet.

In the valuation of the property, as is (as presently existing), the sales comparison approach has been used to value each land component. Due to market discernible differences between the comparable sales and the subject land component being valued adjustment have been made. Included within the adjustments made is one for changing market conditions between the date of sale and the effective date of valuation. To do so Westholm & Associates has reviewed market data and, when appropriate, has made market supportable adjustments for this factor of consideration. Importantly, adjustments for changing market conditions have been made throughout this appraisal report, including when valuing the subject property components "as finished" and "at completion" as of reasonably projected future dates.

Importantly, a discount is made in order to take into consideration of the sale to a single purchaser. Based upon the indicated values and the overall development scheme, the primary motivation to purchase the composite subject property would be to develop the apartment component. Therefore, in our opinion it is unreasonable to apply any discount to this component of the overall, composite, subject property. Therefore, while a discount shall not be applied to the subject apartment component, a discount has been applied to the remaining land use components.

The value of the property, as unimproved and recognizing that Howard County will issue bonds for the project, as of December 21st, 2013, is estimated as:

TWENTY FOUR MILLION NINE HUNDRED THOUSAND DOLLARS
($24,900,000.00)

PROSPECTIVE MARKET VALUE, ASSUMING LAND ONLY AND COMPLETION OF ALL OF THE PUBLIC IMPROVEMENTS AND PRIVATE SITE IMPROVEMENTS, AS OF A PROSPECTIVE FUTURE DATE

The market value of the property at completion of all public and private site improvements as of a prospective future date is also projected for the property. The value is based on the sales comparison approach only as the sites will exist as finished building pads as of the prospective date. According to the developer, the public improvements and private site improvements can be completed by January 1st, 2015; this is the prospective future date of this valuation. A similar methodology is employed in this valuation as was used in the valuation of the property as existing, except that the finished site status is recognized for each of the land types.

Furthermore, as in the case of the valuation of the subject property, as is (as presently existing), a discount is made in order to take into consideration the sale to a single purchaser. Importantly, based upon the indicated values and the overall development scheme, the primary motivation to purchase the composite subject property would be to develop the apartment component. Therefore, in our opinion it is unreasonable to apply any discount to this component of the overall, composite, subject property. Therefore, while a discount shall not be applied to the subject apartment component, a discount has been applied to the remaining land use components.

The prospective future value of the subject property assuming completion of the public and private site improvements, as of January 1st, 2015, is projected to be:

THIRTY ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS
($31,700,000.00)

PROSPECTIVE MARKET VALUE, ASSUMING COMPLETION OF ALL PUBLIC AND PRIVATE SITE IMPROVEMENTS, THE APARTMENT BUILDING AND RETAIL CENTER, AS OF A PROSPECTIVE FUTURE DATE

Finally, the market value of the property, assuming that all public and private site improvements are completed and that the apartments and 14,000 square feet of retail space are complete. The market value of the office land and the hotel site are also included as part of the valuation.

In this scenario, the property is valued by the cost, sales comparison and income capitalization approaches. In the cost approach, the land is valued based on an analysis of comparable sales. The land values for the various components of the subject property are based on a direct comparison of sites purchased for office, hotel, retail, and apartment development within the general market area of the subject property. The search for comparable sales spanned a period covering January 1, 2008 to the effective date of this appraisal. Because of the variability in topography, floor area ratios and other physical characteristics, the analysis is based on a rate per FAR of proposed building area or the rate per apartment. The land values for the office and hotel sites are projected based on a comparison of sales of parcels purchased for development with similar use components. This analysis is also based on a rate per FAR foot for the office land and a rate per room for the hotel.

The replacement costs new of the proposed structures are based on cost estimates obtained from the *Marshall Valuation Service* and supplemented by the construction costs for two similar projects. In addition, the developer provided a projected cost per apartment unit and per square foot of retail area, but detailed construction cost estimates or development budgets could not be obtained. No depreciation is deducted from the projected replacement cost as the buildings will be new and in excellent condition. The cost service is also used to project the replacement cost new of the site improvements that are to include asphalt and concrete surfacing, walks and landscaping. Entrepreneurial incentive may be included, although profit is not typically earned until a property is complete and operating at a stabilized occupancy level.

The property is also valued based on a direct comparison of similar properties to the various components comprising the subject project. Numerous sales occurring throughout the Baltimore and Washington metropolitan areas were researched to find transfers of mixed use properties similar to that planned for the subject property. As no improved sales could be found that are comparable to the subject in terms of numbers of buildings, types of uses and supporting land area could be found, the property is valued based on a comparison of comparable apartment building/property sales to the subject apartment and area retail building sales to the proposed subject retail. The values of the retail, office and hotel pad sites are then added for a total retail value of the property. The estimated value of the hotel and office land is also added for a final retail value of the property by the approach. The retail value is then discounted to reflect the time and expense of selling the completed project.

In the income capitalization approach, surveys of the area apartment and retail markets were conducted to project market rental levels and expense responsibilities of the landlord and tenants. No expense information could be obtained for the buildings. Therefore, comparable expense information was obtained from the 2011 and 2012 editions of *Income/Expense Analysis: Conventional Apartments* and *Income/Expense Analysis: Shopping Centers* published by the Institute of Real Estate Management (IREM). The national publications form the basis of the expenses estimated for the subject buildings. The discount and capitalization rates for the subject property are projected based on rates obtained from third party sources as well as derived from market transactions. The values of the finish office and hotel pads are also added as part of the value projected by the income approach.

The estimated values by the cost, sales comparison and income capitalization approaches are then reconciled into a final value estimate for the property, as complete.

The sum of the improved values estimated for the apartment and retail buildings plus the estimated land values for the remaining sites is then discounted for the bulk holding of sites. The discounted value reflects the value of the property assuming all public and private site improvements, apartment building and retail center are complete as of the prospective future date.

The hypothetical market value of the property, assuming completion of all of the public and private site improvements, the apartment building and retail center, is projected as of January 1st, 2016, to be;

ONE HUNDRED FIFTEEN MILLION TWO HUNDRED THOUSAND DOLLARS
($115,200,000.00)

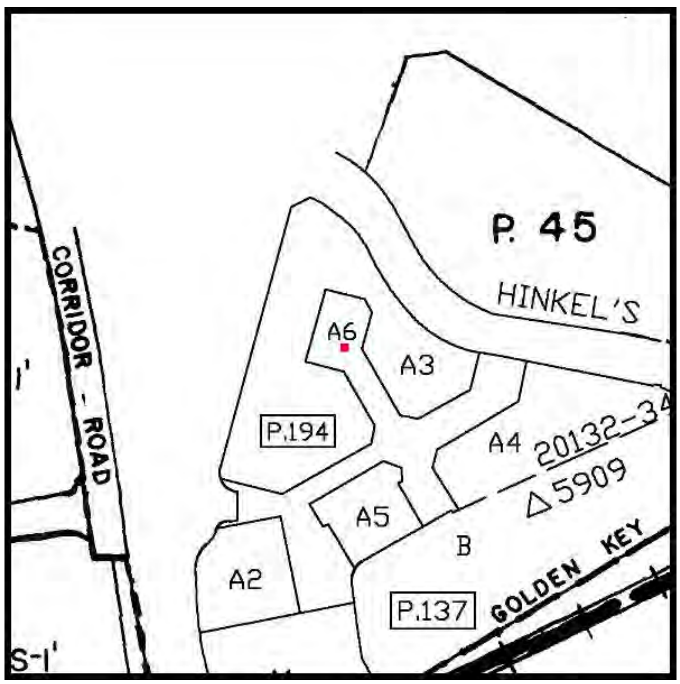
Comment:

It is noted that, in order to estimate the prospective market value of the apartment component, it was first necessary to estimate its value as of January 1st, 2017, the reasonably projected date of market level/stabilized occupancy. Since the client requested a value of the overall subject property as of the projected date of completion (forecast as January 1st, 2016), recognizing that the apartment building will not be operating at a stabilized level, it was necessary to make deductions to the estimated value; to reflect the rent loss over the period as well as the time and risk of holding the property during the lease up period. Importantly, and as fully analyzed within this appraisal report, Westholm & Associates has estimated that the market value of the fee simple estate of the apartment building component, assuming completion and operating at a stabilized occupancy level. Subject to the specific assumptions, underlying assumptions and contingent conditions contained herein, as of January 1st, 2017, is reasonably projected as One Hundred Sixteen Million Dollars ($116,000,000.00).

PROPERTY IDENTIFICATION

The subject property is identified on Howard County Tax Map 48, Block 20 as all or part of Parcels 137 and 194 in the Sixth Assessment District. The property is currently identified as Parcels A-1 through A-6 of the Savage Towne Centre and as part of Parcel B as shown on a recorded plat of Golden Key. However, the property is shown as Parcels B through F, inclusive, on a site development plan of the Annapolis Junction Town Center. The subject site falls within census tract 6069.05 according to the U.S. Bureau of the Census and lies within the Annapolis Junction (20701) zip code area.

A copy of the relevant portion of the tax map showing the approximate location of the subject property is shown below.



PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the fee simple market of the subject property under the following scenarios:

(1) The market value of the property as of the date of the value as unimproved land and assuming that Howard County will issue the bonds;

(2) The prospective market value of the property, assuming completion of all of the public and private site improvements, as of the projected date of completion; and

(3) The prospective market value of the property, assuming completion of all of the public and private site improvements, the apartment building and the retail center and including the market value of the finished office and hotel sites, as of the projected date of completion.

FUNCTION AND INTENDED USE OF THE APPRAISAL

The function or use of the appraisal is for inclusion in a limited offering memorandum for the issuance of tax increment/special tax bonds to be issued by Howard County and underwritten by Stifel, Nicholas & Company, Inc. for the purpose of financing a portion of the cost of the public improvements.

SCOPE OF APPRAISAL

The scope of this appraisal included a physical inspection of the subject property as well as the surrounding Annapolis Junction and Jessup areas. The most recent deeds to the parcels comprising the subject property were reviewed to determine the parties to the transactions, dates and purchase prices. The recorded plats of the Savage Towne Centre and the Golden Key development were reviewed to determine the sizes, frontage, shape and existing lots that current comprise the subject property. More recent information is included in the site development plan for the property that divides the supporting land into Parcels A through G, inclusive. However, Parcel A, which is in part an existing State of Maryland owned MARC commuter rail station, is excluded from the valuation and is to be improved with a new commuter parking garage. Demographic statistics for the subject area were obtained from the *Site to Do Business Online (STDBOnline)*. Factual data including the zoning of the property, assessment information and the availability of public utilities was obtained from the appropriate government sources.

A number of other plans and drawings were reviewed for additional details about the subject property and the proposed development of the Annapolis Junction Town Center. The site development plan, dated January 2013, was prepared by GLW Gutschick Little & Weber, P.A., a civil engineering firm. The plans include drawings showing the elevations of the proposed buildings and also include sediment and erosion control plans, storm drain drainage maps and profiles, micro bio retention plans, utility plans and profiles, storm water management plans and retaining walls reinforcement plans. In addition, drawings for the construction of the water and sewer lines to serve the project prepared by GLW, dated January 2013, were also reviewed for additional site development details. GLW also prepared construction plans for the extension of Junction

Drive and for improvements planned for Dorsey Run Road and Henkels Lane; these plans are also dated January 2013. Landscape plans and amenity area layout plans prepared by The Faux Group, Inc. and dated April 8, 2013, were also reviewed for details regarding the plantings and amenities planned for the project. Plans for the parking garage prepared by Hord, Coplan and Macht, dated November 30, 2012, were also reviewed for details regarding the number of spaces and construction quality of the proposed garage.

Three approaches to value, the cost, sales comparison and income capitalization approach are typically considered in valuing real estate. However, only the sales comparison approach is considered in estimating a value of the subject property, as presently existing and assuming that Howard County will issue the bonds. The property is valued as vacant land only, without regard to the existing noncontributory improvements which are in poor condition or the paving that will be removed; to allow redevelopment of the site. The valuation, therefore, employs a hypothetical condition that the property exists as unimproved land and no provision is made for razing (demolition and removal of debris) costs. In the valuation, sales of unimproved lots and acreage parcels were researched, analyzed and compared to the subject property to estimate a value of the individual parcels that comprise the subject property. Because of the extent of development permitted on the subject property, the analysis is based on a rate per FAR foot applied to the retail and office areas planned for the various portions of the property. The residential component is valued based on a rate per potential apartment unit while the hotel land is valued based on a rate per potential room. These transactions were verified with the buyer or seller, an informed representative of one of the parties to the sale (broker) or CoStar. In addition, deeds to the properties were examined, where possible, to determine the parties to the transaction and the type of financing, if used. Sales were obtained from a survey of local commercial, industrial and residential databases, brokers familiar with the local real estate market as well as property owners.

The cost approach is not considered in this valuation as the property is assumed to exist as raw land. The cost approach is more applicable to improved sites. The existing property is not valued based on the income approach as similar acreage parcels are typically purchased for development and not for the generation of income from the land. For these reasons, the property is not valued by either the cost or income approaches. The value of the property with all of the public and private site improvements completed as of a future date is projected by the sales comparison approach only.

The market value of the property, assuming that all public and private site improvements are complete and that both the apartments and the 14,000 square foot retail building are complete, is also valued.. The market value of the office land, the 3,200 square foot retail/bank/restaurant pad, and the hotel site are also included as part of the valuation. In this scenario, the improved apartment and larger retail properties are valued by the cost, sales comparison and income capitalization approaches. In the cost approach, the land is valued based on an analysis of comparable land sales. The land values for the various components are projected based on a direct comparison of sites purchased for apartment, retail, hotel, and office development within the general market area of the subject property. Because of the extent of development potential, floor area ratios and other physical characteristics, the analysis is based on a rate per FAR of proposed building area or the rate per apartment. The land value of the office and hotel sites are projected based on a comparison of sales of parcels purchased for development with similar use components. This analysis is, also, based on a rate per FAR foot for the office land and a rate per room for the hotel site.

The replacement costs new of the proposed structures are based on cost estimates obtained from the *Marshall Valuation Service* and supplemented by the construction costs for two similar apartment projects and on a bulk estimate provided by the developer. Architectural drawings could not be obtained for the proposed buildings; therefore, information obtained from the developer in addition to assumptions based on the construction quality of similar buildings are considered in describing the construction quality of the proposed improvements. No depreciation is deducted from the projected replacement cost as the buildings will be new and in excellent condition. The cost service is also used to project the replacement cost new of the site improvements that will include asphalt and concrete surfacing, walks and landscaping. Entrepreneurial incentive may be included, although profit is not typically earned until a property is complete and operating at a stabilized occupancy level.

The property is also valued based on a direct comparison of similar properties to the various components comprising the subject project. Numerous sales occurring throughout the Baltimore and Washington metropolitan areas were researched to find transfers of mixed use properties similar to that planned for the subject property. As no improved sales could be found that are comparable to the subject in terms of numbers of buildings, types of uses and supporting land area could be found, the property is valued based on a comparison of apartment buildings to the subject apartment and area retail buildings to the proposed subject center. The values of the office, kiosk and hotel pad sites are then added to arrive at total, aggregate retail value of the property. The aggregate/total retail value is then discounted to reflect the time and expense of selling the completed project.

In the income capitalization approach, surveys of the area apartment and retail markets was conducted to project market rental levels and expense responsibilities of the landlord and tenants. No expense information could be obtained for the proposed buildings. Therefore, comparable expense information was obtained from the 2011 and 2012 editions of *Income/Expense Analysis: Conventional Apartments* and *Income/Expense Analysis: Shopping Centers* published by the Institute of Real Estate Management (IREM). The national publications form the basis of the expenses estimated for the subject buildings. The discount and capitalization rates for the subject property are projected based on rates obtained from third party sources as well as derived from market transactions.

The estimated values by the cost, sales comparison and income capitalization approaches are then reconciled into a final value estimate for the property.

To the sum of the improved values estimated for the apartment and retail buildings the estimated land values for the remaining sites is, then, discounted for the bulk holding of sites. The discounted value reflects the value of the property assuming all public and private site improvements, apartment building and retail center are complete as of the prospective future date.

In the course of completing this appraisal, sources knowledgeable in the local and regional real estate markets were interviewed to project probable trends regarding office, hospitality, residential, retail and mixed use properties. In addition, private publications (investment and real estate trade journals) were consulted as supplemental sources in providing information on general market perspectives and trends.

Finally, a marketing period and exposure time are estimated for the subject property based on the time periods experienced by apartment, retail, office and hotel use properties. The estimated marketing and exposure periods are based on an analysis of anticipated market trends, conditions in the local and regional real estate market, and the expectations of market participants regarding the future state of local and national economic conditions.

DEFINITIONS OF VALUE

For purposes of this appraisal the following definitions of value are used/selected.

Market Value: Market value is defined in Chapter 12, Code of Federal Regulation, Part 34.42(f), as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) Buyer and seller are typically motivated;

(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;

(3) A reasonable time is allowed for exposure in the open market;

(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

Market Value "As Is" on Appraisal Date: An estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the evaluation is prepared.

Prospective Opinion of Value is defined in *The Dictionary of Real Estate Appraisal*, (Fifth Edition, page 153, 2010) as:

> A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Gross Retail Value or **Aggregate of Retail Values (ARV)** is defined in *The Dictionary of Real Estate Appraisal* (Fifth Edition, page 6, 2010) as:

> The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent an opinion of value; it is simply the total of multiple market conclusions. Also called the *sum of the retail values*, *aggregate retail value*, or *aggregate retail selling price*.

Prospective Future Value Upon Completion of Construction is defined as:

> The prospective future value of a property at a point of time when all improvements have been physically constructed. This value is based upon dynamic market conditions forecast to exist as of the date of completion of construction. In this case, the subdivision is assumed to be completed as of a future prospective date.
>
> The value presented assumes all proposed construction, conversion, or rehabilitation is hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants. For properties where individual units are to be sold over a period of time, this value should represent that point in time when all construction and development costs have been expended but before any units are conveyed.

Hypothetical Condition

The subject property is appraised assuming that the site is currently unimproved. However, several of the existing parcels are improved with paving and curbing or with a building in poor condition. The property is appraised assuming that the site is unimproved as of the effective date. Therefore, the property is valued using a hypothetical condition defined in the *Uniform Standards of Professional Appraisal Practice* (2012-2013 Edition, page U-3, 2012) as:

> A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.
>
> Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Extraordinary Assumption

In addition, the property is appraised subject to an extraordinary assumption that the development will consist of 416 apartment units (with associated structure parking), 14,000 square feet of retail space, two retail pad sites with potential development of a 3,200 square foot restaurant or commercial building and a 250 square foot kiosk, an office building containing an area of 100,000 square feet in addition to a 150 room hotel. If eventual development of the property differs significantly from that included in this report, then this appraisal and any estimate of value may need to be amended or qualified. Therefore, the property is valued using an extraordinary assumption defined in the *Uniform Standards of Professional Appraisal Practice* (2012-2013 Edition, page U-3, 2012) as:

> An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraisers' opinions or conclusions.
>
> Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

PROPERTY RIGHTS APPRAISED

The property rights appraised consist of the fee simple estate, defined in *The Dictionary of Real Estate Appraisal* (Fifth Edition, copyright 2010, page 78) as:

> Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

EXTRAORDINARY ASSUMPTIONS/LIMITING CONDITIONS

It is importantly noted that the following hypothetical conditions, specific assumptions and limiting conditions are an integral part of this appraisal report.

- It is our understanding that Hillis-Carnes Engineering Associates, Inc., a regional geotechnical and environmental engineering company, performed Phase I and Phase II environmental site assessments in October 2006 and October 2007, respectively, of the State of Maryland property. The engineering firm concluded that there were no conditions that posed any unacceptable risk in regard to future residential land use of this portion of the property. The firm also determined that no further investigations or actions were deemed necessary with respect to the site.

  In August 2009, Kleinfelder East, Inc., a national geotechnical and environmental engineering company, completed a Phase I environmental site assessment of the Boise Cascade property. In January 2010, Andrew Garte & Associates, also a regional geotechnical and environmental engineering company, performed a limited Phase II environmental site assessment on the Boise property and identified petroleum related compounds and other metal and hydrocarbon compounds in the soils resulting from the former use of the property as a lumber storage yard and auto maintenance and repair facility. In October 2010, Kleinfelder completed a full Phase II environmental site assessment of the Boise property. In January 2011 Kleinfelder made application to the Maryland Department of the Environment (MDE) to enroll the property into the State's Voluntary Cleanup Program; the property was accepted by MDE in February 2011. Boise Cascade planned to remediate the areas of concern to acceptable commercial land use standards. Kleinfelder on behalf of Boise Cascade submitted a Response Action Plan (a remediation plan) in April 2012. The proposed remediation plan consisted primarily of the removal and replacement of affected soils with clean soil materials and was approved by MDE. Following Boise's implementation of the remedial work in early 2013, MDE issued a Certificate of Completion to Boise on May 7, 2013. The Certificate of Completion restricted future use of the Boise property to commercial and industrial uses only. The Certificate of Completion and future use of the Boise property also included the following conditions: (1) the groundwater beneath the property shall not be used for any purpose; and (2) no excavated material from the site shall be disposed of in areas with current or proposed residential use zoning. Only commercial uses are proposed for the Boise property based on the approved site development plan. Copies of the Phase I and various Phase II environmental site assessments prepared on the subject property could not be obtained.

- In addition, the property is appraised subject to an extraordinary assumption that the development will consist of 416 apartment units, 14,000 square feet of retail space, two retail pad sites with potential development of a 3,200 square foot restaurant or commercial building and a 250 square foot kiosk, an office building containing an area of 100,000 square feet in addition to a 150 room hotel. If eventual development of the property differs significantly from that included in this report, then this appraisal and any estimate of value may need to be amended or qualified.

- The valuations of the property assuming that all, or a portion, of the public improvements are constructed as of the effective date are based on a hypothetical assumption as the public improvements were not completed at that time. If the public improvements are not constructed, the value of the property will decrease and this appraisal and any estimate of value contained herein may need to be amended or qualified.

- The valuation of the property assumes sufficient cross easements for access and parking with the adjoining sites. If subsequent information is obtained indicating this assumption to be incorrect, then this appraisal and any estimate of value may need to be amended or qualified.

- Finally, it is an assumption of this appraisal that all of the proposed public improvements and private site improvements could be completed as of January 1st, 2015 and that the apartment and retail buildings would be complete as of January 1st, 2016. If subsequent information is obtained indicating this assumption to be incorrect, then this appraisal and any estimate of value may need to be amended or qualified.

- It is a limiting condition of this appraisal report that the market conditions from which the prospective value opinions are based upon are based upon historical, current and reasonably projected future conditions which are detailed within the report. The appraisers cannot be held accountable for unforeseeable events that alter market conditions prior to the effective dates of the appraisal.

DATE OF INSPECTION AND EFFECTIVE DATE OF APPRAISAL

The subject property was inspected and photographed on numerous dates. The most recent date of inspection was December 21st, 2013; this date is considered the effective date of this appraisal for the “as is” valuation. Construction of all of the proposed public and private site improvements is projected to span a period of one year without construction of buildings according to the forecast for the project. Therefore, all of the public and private site improvements are projected to be complete as of January 1st, 2015. This is the prospective future date. The retail and apartment buildings are projected to be complete as of January 1st, 2016; this is also a projected future date.

NEIGHBORHOOD DESCRIPTION

The subject property is located in the Annapolis Junction/Jessup area in the southeastern portion of Howard County and the northwestern portion of Anne Arundel County. The neighborhood is approximately 11 miles southwest of Baltimore City, approximately 16 miles northeast of Washington, D.C., and approximately 16 miles northwest of Annapolis. Annapolis Junction is located within the Baltimore Washington Corridor, in an area dominated by the presence of the Baltimore-Washington International Thurgood Marshall Airport (BWI), Fort George G. Meade, the National Business Park and the developing National Business Park - North.

Location

The Annapolis Junction neighborhood is bound by Fort George G. Meade and Route 295 (the Baltimore Washington Parkway) to the east, the Little Patuxent River on the south, the Route 1 Corridor to the west and Dorsey Run Road to the north. This area of the county is closely associated with the economy of the Baltimore metropolitan area that includes Baltimore City and adjacent portions of Anne Arundel, Baltimore, Carroll, Harford and Howard Counties.

Transportation

The area is served by an excellent network of primary roads. Major roadways serving the expanded subject neighborhood include Maryland Routes 32, 100, 170 and 175 as well as U.S. Route 1, the Baltimore Washington Parkway (Route 295) and I-97. This highway, located east of the neighborhood, links with U.S. Route 50 near Annapolis to the south and with the Baltimore Beltway to the north. Another road of importance in the larger neighborhood is Maryland Route 170 (Telegraph Road), a north-south artery that provides access to BWI to the north and Quarterfield Road, a local north-south roadway serving a number of residential communities in addition to several institutional uses. Maryland Route 100 is an east-west expressway which links Mountain Road in Anne Arundel County to the east and Route 29 in Howard County to the west. Other roadways of importance to the area include the Baltimore Washington Parkway, a north/south arterial highway which provides access to Baltimore City to the north and Washington, D.C. to the south. U.S. Route 1 is a north-south roadway that connects Baltimore on the north and Washington on the south.

Major east/west traffic arteries include Maryland Routes 32 and 175. Route 175 (Annapolis Road) runs through the Jessup and Odenton neighborhoods and provides access to I-97 and the Baltimore-Washington Parkway to the west. Truck traffic is prohibited on Route 295 south of Maryland Route 175. Route 175 also links with I-95, a major north/south arterial highway that serves the entire eastern seaboard of the United States, less than four miles west of the subject neighborhood. Maryland Route 32 is an east-west highway that connects I-97 on the east and also connects with the Baltimore Washington Parkway and I-95 to the west.


SUBJECT PROPERTY
Emmitsburg
Bridgeport
Taneytown
Cherrytown
Manchester
Freeland
Whiteford
Dublin
Street
Rocks
Shawsville
Jarrettsville
Parkton
Greenmount
Hampstead
Union Bridge
Le Gore
New Midway
Woodsboro
Roop Mill
Carroll
Avondale
Cranberry Station
Upperco
Boring
Shepperd
Glencoe
Hess
Putnam
Bynum
Fountain Green
Harford
Phoenix
Sweet Air
Vale
Walkersville
Libertytown
Unionville
Finksburg
Emory Grove
St Georges
Shawan
Warren
Long Green
Fork
Stockton
Kingsville
Abingd
Mckaig
Winfield
Timonium
Owings Mills
Upper Falls
Mccomas
Edgewoo
Gosnell
Freedom
Deer Park
Flohrville
Riderwood
Carney
Westwood Range
Mt Airy
Harrisonville
Chase
Ijamsville
Woodbine
Milford
Lauraville
Rossville
Fountain Mills
Claggettsville
Lisbon
Henryton
Granite
Woodstock
Middle River
Friendship
Woodlawn
Baltimore
Essex
Rockaway Beach
Oella
Cedar Beach
Porters Park
Pine Orchard
Howard
Glenartney
St Helena
Swan Point
Woodfield
Laytonsville
Columbia
Ft Howard
Brookeville
Simpsonville
Riviera Beach
Bar Harbor
Stewart Town
Olney
Gaithersburg
Ednor
Jessup
Rock Hall
Oakdale
Annapolis Junction
Severn
Jacobsville
Sugarland
Norbeck
Laurel
Ft George G Meade
Pinehurst
Avery
Aspen Hill
Odenton
Carrollton Manor
Glenora Hills
Montrose
Fairland
Bayberry
Potomac Woods
Glenmont
Gibson Island
Deanwood
Arnold
Joyce
Love Point
Little Patuxent River
Bowie
Iglehart
Dranesville
Cropley
Avenel
Crofton
Brookland
Annapolis
Stevensville
Anne Arundel
Greenway
Ft Bayard
Stafford
Truxton Heights
Chester
Hyattsville
Mclean
Mt Rainier
Lincoln
Riva
Bay Ridge
Dominion
El Nido
Washington
Hall
South River
Mattapex
Vienna
Largo
Birdsville
Shoreham Beach
Capitol Heights
Harwood
Oakland
Malbrook
Forestville
Shady Side
Claibor
Fairfax
Prince George's
Cedarhurst
Alexandria
Lothian
Mcdani
Oxon Hill
Tracys Landing
Wittman
Deale
Avon Forest
Marlin Forest
Clinton
Rosaryville State Park
Sherwood
Hayfield
Silesia
Fairhaven
Rose Haven
Cheltenham
Lorton
Mt Vernon Woods
Dunkirk
North Beach
Tilghman
Piscataway
Accotink
Brandywine
West Beach
Hoadly
Marshall Hall
Sharperville
Berry
Mattawoman
Chesapeake Beach
Randle Cliff Beach
Dale City
Fenwick
Fishing Creek
Mason Neck N W R
Waldorf
Huntingtown
Bennsville
Indian Head
Bennsville Siding
White Plains
Huds
Dumfries
Joplin
Brice
Eagle Harbor
Patuxent
Calvert
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The area is convenient to the Conrail and Amtrak railway systems. Amtrak provides commuter service to both Baltimore and Washington, while Conrail serves as the freight carrier for local industries. The Maryland Mass Transit Administration (MTA) provides bus service between Baltimore and Hanover and also operates a MARC commuter rail line between Baltimore and Washington, D.C.; with a stop at Savage within the immediate area of (in fact immediately adjacent to) the subject property. According to a report dated September 2007, entitled, "MARC Growth and Investment Plan" the Savage station is part of the Camden Line that consists of eleven stations with a current ridership of approximately 4,500 daily passenger trips. The MTA projects capacity of 6,600 seats for the Camden Line for 2015. The seating capacity is projected to increase by 100% to 13,200 seats in 2020 to keep pace with increasing demand. As of the effective date of this appraisal report the Camden Line rail service currently operates on weekdays only (not on the weekends). It is noted that, very recently, the State of Maryland expanded operations on the Penn Line (which also runs between Baltimore and Washington, D.C.) to seven days a week.

The neighborhood also has air service available at Baltimore/Washington International Thurgood Marshal Airport (BWI) located approximately six miles to the northeast, and is one of three major airports serving the Baltimore Washington region (Dulles and Reagan National Airports being the other two). Both domestic and international flights are available at BWI. According to statistics obtained from the Maryland Aviation Administration, passenger counts for 2010 totaled 21,936,461 indicating an increase of 4.7% over 2009 levels. International passenger counts totaled 524,618 for the year and represented only 2.4% of total passenger traffic at BWI. Domestic passengers accounted for 97.6% of all traffic. Of the nine airlines providing domestic flights at BWI for 2010, Southwest Airlines carried 53.5% of all passengers with Air Tran carrying 16.2% of total passengers. Four airlines provided international service with each accounting for less than 1% of total counts. BWI handled a total of 225,706,183 pounds of cargo in 2010 according to Maryland Aviation Administration statistics. Cargo volume increased 2% over the prior year 2009 total of 221,302,348 pounds. The bulk of all cargo is carried by either FedEx or UPS.

Total passenger counts for 2011 totaled 22,391,785 indicating an increase of 2.1% over 2010 counts. Domestic passengers continued to account for the bulk of traffic and represented 97.4% of passengers. International passengers accounted for 2.6% of all passengers. Southwest continues to dominate with the carrier handling nearly 56.2% of all passengers through BWI for 2011; the count is increased slightly from the prior year. Air Tran accounted for approximately 15% of all passengers in 2011 down from 16.2% for 2010. Cargo traffic increased 5.3% over 2010 levels to a total of approximately 237,568,354 pounds in 2011. FedEx and UPS continue to handle the bulk of cargo through BWI.

Passenger counts for 2012 totaled 22,679,887 indicating an increase of 1.3% over the prior year. Domestic passengers represented the bulk of travel and accounted for 96.9% of all passengers for the year; international travel accounts for 3.1% of all travelers. Southwest continues to be the dominant carrier with Air Tran losing market share based on the 2012 counts. The recent merger of Southwest and Air Tran will further enhance the position of Southwest as the dominant carrier at BWI. According to the MAA, passenger counts for the first ten months of 2013 totaled 18,921,598. Based on the partial year results, an annualized volume of 22,705,917 passengers is projected for 2013 and would be generally consistent with prior years.

Based on a report dated July 2011, entitled, “The Regional and Local Economic Impacts of the Baltimore/Washington International Thurgood Marshall Airport,” BWI accounted for 93,791 direct and indirect jobs and contributed $5.6 billion in revenue to Maryland’s economy. The Maryland Aviation Administration completed a five-year $1.8 billion capital improvement plan that included the addition of garage and surface parking lots, a consolidated rental car facility, a new concourse, the renovation and expansion of two existing concourses, as well as improved access to BWI in the fall of 2008. The MAA announced a $100 million expansion and upgrade of airport facilities in early 2012. The upgrade is to include a new terminal containing an approximate area of 27,000 square feet that will connect Concourses B and C. The terminal is planned to include moving walkways and approximately 8,500 square feet of restaurant and retail space. The B/C Connector opened in the summer of 2013 and final construction is projected to be complete by fall 2013. Also, in July 2013 Maryland Governor Martin O’Malley announced a $125 million, three-year plan for improvements to BWI. Improvements will include a new connector between Concourses C and D, a new security checkpoint designed to serve both domestic and international passengers and reconfiguring gates to allow increased international flights. Work on the project is planned to be complete by the fall of 2016.

Employment

Many residents in the Annapolis Junction/Jessup area commute to employment in the Baltimore and Washington, D.C. areas, but the general area offers many employment opportunities. The Mills Corporation developed Arundel Mills, a regional shopping facility on a 400 acre site located at Maryland Route 100 and the Baltimore Washington Parkway in the Hanover area of Anne Arundel County and about three miles northeast of the subject location. The mall contains an approximate area of 1.5+ million square feet and includes more than 200 stores, several restaurants and a movie theater. Recent ring development includes hotels, fast food and other restaurants, big box users as well as additional retail space. The mall building was completed in November 2000 and provides roughly 3,000 jobs to area residents. The County Council was receptive to the project by passing legislation to change the zoning and enacting a special tax incremental financing district (TIF) to the benefit of the developers.

In addition, the Maryland Live Casino opened on June 6th, 2012 and is adjacent to Arundel Mills. The casino currently features approximately 160,000 feet of gaming floor with additional space completed in the fall of 2012. The casino is expected to generate a total of 1,500 jobs in Anne Arundel County. In conjunction with the casino, the Rams Head Center Stage venue recently opened and features seating for 500 along with state-of-the-art audio visual technology.

Northrop Grumman is the largest non-government employer in Anne Arundel County and has the major portion of its facilities located around BWI about five miles northeast of the subject neighborhood. Beyond the jobs generated by Northrop Grumman directly, multitudes of other job opportunities are created indirectly by smaller firms which do contractual work for Northrop Grumman and NSA. In addition to these employers, BWI has created significant employment opportunities in the area, both directly and indirectly.

The Baltimore metropolitan area is benefitting from new jobs created as part of BRAC and the establishment of the National U.S. Cyber Command headquarters at Fort Meade, as the area was chosen for the increased defense related employment because of the educated work force and proximity to Washington, D.C. Maryland state officials projected a total of 5,700 jobs to be created at Fort George G. Meade in Anne Arundel County with BRAC relocations of 5,695 jobs at Fort Meade complete as of early 2012. Additional employment will include 2,320 positions as part of the U.S. Cyber Command by 2015-2016; NSA growth of 6,680 positions projected to be complete by 2015; approximately 10,000 EUL contractor positions on Fort Meade to be complete in 2015; and 2,000 new positions by 2015 as part of general growth of the Department of Defense. Prior to BRAC, 35,000 people worked at Fort Meade with 56,000 currently working on base and over 60,000 projected by 2015 (according to Mr. Robert Leib, who oversees the impact of BRAC for Anne Arundel County government). Fort Meade is approximately two miles east of the subject property. In addition, the existing National Business Park and developing National Business Park North projects also provide employment opportunities for area residents. Additional information on these projects, including the nearby Annapolis Junction Business Park, is included in the discussion on office development in the area presented later in this report.

Retail Development

Commercial development within the general neighborhood consists primarily of the Arundel Mills super regional mall as well as some local serving retail establishments located along the major arterial roadways. The area is commercially developed with the Arundel Mills Mall and additional ring road development considered the “ground zero” of commercial development in the BWI area. According to tax records, the main mall building contains a gross area of nearly 1.6 million square feet and is currently the second largest mall in Anne Arundel County with Westfield Shoppingtown in Parole being the largest. Nearly all major retailers are present at Arundel Mills, including Gap, Bed, Bath & Beyond, Bass Pro Shop (Outdoor World), T.J. Maxx, Modell’s Sporting Goods, Books-A-Million, For Your Entertainment and a Neiman Marcus outlet. The development also features an entertainment component that includes the 24 screen Cinemark theatre, Medieval Times Dinner and Tournament as well as Dave and Buster’s Grand Sports Café. Of the commercial tenants within the mall itself, the two leading retailers are Bass Pro Shop, which is a major outdoor recreational store, and Cinemark. The Cinemark at Arundel Mills is often the leading theatre (gross revenues on a weekly basis) in the entire United States. In addition, a Hampton Inn, Residence Inn and a Springhill Suites were developed as part of the project. The Arundel Mills project is actively tenanted with a low vacancy rate; rental rates for non-mall space averaged $40.00 to $45.00+ per square foot, triple net for small space tenants. On-going development continues in the vicinity of Arundel Mills.

The Odenton Shopping Center, located southeast of the subject property, consists of 224,000 square feet with a vacancy rate of approximately 50% at this time. Tenants include a Rent-A-Center, H&R Block, UPS Store, a liquor store and several in-line restaurants. The center currently has two large vacancies including one unit formerly occupied by a Super Fresh grocery store and a second unit previously occupied by a CVS. The broker stated that talks were underway with multiple grocery chains to replace the vacant Super Fresh unit. However, the unit remains vacant at this time. Leases in the center are reportedly at rates of $20.00-$25.00 per square foot, triple net, with tenants responsible for a proportionate share of CAM charges. Odenton Shopping Center is on the south side of Maryland Route 175 a short distance west of Burns Crossing Road.

Seven Oaks Shopping Center is a newer center sited on 13 acres that contains a leasable area of 129,010 square feet and anchored by a Weis grocery store. The center is located at one of the entrances to the Seven Oaks PUD. Other tenants include a nail salon, beauty supply, Dollar Buys, a Rent-a-Center and a sub shop. According to the property manager, occupancy is over 90% at the center and available space is offered for lease at a rate of $30.00 per square foot, triple net. In addition, a Columbia Bank was recently completed on a frontage pad. The last pad site currently offered for lease and has experienced interest from multiple potential tenants according to the property manager. Ridgeview Plaza is on the south side of Route 175 in Hanover and is located a short distance east of the subject location. Anchor tenants include Food Lion, Big Lots and Planet Fitness with a Pentagon Federal Credit Union and a Taco Bell on pad sites. The center contains a leasable area of nearly 170,000 square feet with lease rates in a range of $20.00-$24.00 per square foot on a triple net basis. In June 2013 a vacant pad site was signed to a ten year lease at $18.00 per square foot, triple net, to a Peruvian chicken restaurant according to the broker. Approximately 15% of the center is available for lease. The property was purchased in June 2007 for $22 million indicating a rate of $133.33 per square foot of improvement area including the supporting land. The property was not on the market as the purchaser approached the seller about acquiring the property; the property settled two to three months later with the purchaser paying all transfer costs. Severn Square Shopping Center is on the north side of Annapolis Road within the immediate vicinity of Ridgeview Plaza. The center contains an approximate leasable area of 40,700 square feet, exclusive of pads, and is anchored by an orthodontist, several restaurants and a veterinarian. Four pad sites are improved at the center. The center has one unit vacant but the tenant will continue to pay rent until March 2014. Recent leases are in a range of $16.00-$18.00 per square foot on a triple net basis based on information obtained from the broker. A number of national tenants relocated to Arundel Mills.

Development along Route 198 (Laurel-Fort Meade Road) between the Baltimore Washington Parkway and Laurel Racetrack includes Brockbridge Center, an older center, as well as Maryland City Plaza, anchored by a JoAnne Fabrics and a Shoppers grocery anchor. Both centers are located approximately three miles southwest of the subject. Corridor Marketplace is a power center development by Constellation Real Estate in the late 1990s on the south side of Route 198 at the Baltimore Washington Parkway and about three miles southwest of the subject property. Tenants include a Weis grocery store, a Party City, Patient First, Burger King and discount department stores. Additional development along Route 198 includes fast food restaurants, automobile dealerships, several hotels and motels as well as gasoline stations and vehicle repair facilities. Additionally, development consisting of a 145,000 square foot Wal-Mart and a 135,000 square foot Sam's Club was completed in mid-1998 at the entrance to Russett Center.

According to information obtained from CB Richard Ellis (CBRE), an international real estate firm, the subject property is part of the Laurel/Jessup retail submarket. The submarket consists of a total of 1,493,483 square feet with an overall vacancy of 1.9% as of the first quarter of 2013 (the latest available). The Laurel/Jessup retail market posted positive net absorption of 3,723 square feet with an average asking rental rate of $25.00 per square foot, triple net. The asking rental is on the higher end of the range of rates for the Baltimore metropolitan area. By comparison, the entire Baltimore market consists of a total of approximately 66.5+ million square feet with an overall vacancy rate of 6.4% as of March 2013. The asking rental rate for the larger Baltimore metropolitan market averages $20.47 per square foot on a triple net basis.

According to CoStar, a regional database, the Annapolis Junction/Jessup retail market (based on 20701 and 20794 zip code areas) consists of a total of 45 buildings that together contain a combined area of 501,991 square feet as of December 2013. Vacancy for these buildings totals 45,073 square feet indicating a direct vacancy rate of approximately 9%. There is no sublet space available with the defined study area as December 2013. Leasing activity totals 21,937 square feet with positive net absorption of 16,875 square feet within the submarket as of December 2013. Rental rates for area retail space average of $22.25 per square foot on a triple net basis. The average rate has remained the same for several calendar quarters.

Note: In the section of this appraisal report entitled "highest and best use" detailed analyses have been completed relative to the "use" components (retail, office, apartment, and hospitality) reasonably anticipated to be located at the Annapolis Junction Town Center.

Office Development

Cassidy Turley (formerly Colliers Pinkard) is an international commercial brokerage firm that tracks office vacancy rates throughout the Baltimore metropolitan area. Based on the geographic delineations of the brokerage, the subject area is part of the BWI Airport submarket that consists of a total of 159 buildings. The combined submarket consists of a total of 11,003,610 square feet with 1,674,702 square feet, or 15.2%, vacant as of the end of the third quarter of 2013. The vacancy rate increases to 15.5% if sublet and other space are included in the vacancy calculation. The submarket absorbed 35,002 square feet during the second quarter of 2013 and almost 185,000 square feet in the third quarter; in total, the submarket posted positive net absorption of 245,485 square feet through September 2013. A total of 215,310 square feet of new space is currently under construction in the submarket according to the brokerage. Asking rentals for Class A space in the submarket averaged approximately $29.05 in the third quarter, up from $27.17 per square foot on a full service basis in the previous calendar quarter (a 6.9% increase). Asking rentals over all building classes for the third calendar quarter within the submarket averaged $25.37, up from $24.10 per square foot on a full service expense basis in the previous quarter (a 5,3% increase).

The vacancy rate for the subject market, historically one of the lowest in the Baltimore metropolitan area, is still at the lower end of vacancy rates, but behind the Howard County and the Suburban North markets. The existing and future supply of office space was not of grave concern to area developers because of the underlying demand by federal contractors and the projected employment growth as a result of BRAC.

CB Richard Ellis also reports on rental and vacancy rates in the Market View Baltimore Office publication for the third quarter of 2013. The Jessup portion of the subject neighborhood is within the Columbia submarket that consists of a total of 11,807,300 square feet with a current overall vacancy rate of 13.9%. Net absorption is positive with a total of 43,974 square feet absorbed during the third quarter of 2013; overall the submarket has absorbed 163,386 square feet for the first three-quarters of the year. A total of 250,000 square feet is under construction according to the brokerage; asking rental rates for Class A space average $23.92 per square foot on a full service basis. Asking rental rates over all building classes average $22.62 per square foot, full service, in the subject submarket. The office vacancy rate for third quarter 2013 for the entire Baltimore metropolitan market averages 16.5% according to CBRE and is unchanged from the first and second calendar quarters.

Transwestern, another commercial brokerage firm, also tracks office vacancy rates in the Baltimore metropolitan area. The Baltimore metropolitan office market consists of a total of approximately 112,057,338 square feet with a direct vacancy rate of 11.3% as of December 2013. The subject is part of the BWI market that consists of a total of 10,867,110 square feet with 1,293,186 square feet vacant as of December 2013 for a vacancy rate of 11.9%. The rate increases to 12.3% if sublet space is included in the vacancy calculation. The submarket experienced positive net absorption of 89,000 square feet for the fourth quarter of 2013 and positive absorption of 352,830 square feet for the year. According to Transwestern, the vacancy rate for Class A office buildings (50,000 gsf or larger, built post 1997) in the submarket is lower, at 10.6%, obviously suggesting that Class A office buildings have more market appeal than other office classes. The average Class A office asking rent in 2013 within the subject’s submarket is at a rate of $27.10 per square foot.

According to an analysis of CoStar statistics, the Annapolis Junction/Jessup office market (based on zip code areas) consists of a total of 55 buildings that together contain a combined area of 4,066,049 square feet as of December 2013. Vacancy for these buildings totaled 143,133 square feet; indicating a direct vacancy rate of approximately 4.7%. The vacancy increases to an area of 313,200 square feet, or 7.7%, if sublet space is included in the vacancy calculation. Leasing activity totaled close to 215,000 square feet for the year 2013. Rental rates for area office space range from $16.15 to $38.00 per square foot on a full service basis; with an average rate of $35.70 per square foot, full service, according to CoStar.

National Business Park (NBP) is located in the northwest quadrant of Routes 32 and 295 within the immediate area of the subject property. The park consists of a total of 280 acres that will eventually include 2.78 million square feet of office space, retail and two hotels. NBP is to be developed in two phases with full build out projected by 2014. Currently, based upon CoStar the National Business Park is improved by 23 office buildings plus retail and hotel components. Vacancy is less than 5% in the project. Corporate Office Properties Trust (COPT) is also developing an additional 204 acres for mixed use development as part of the National Business Park North (NBPN) project. Full development at the NBPN is planned to consist of a total build out of 2,033,050 square feet which shall include 1,219,830 square feet of tenant occupied office buildings, 406,610 square feet of research and development buildings, 203,305 square feet of retail and hotel space. In addition, 148 residential condominium units are planned- to contain a combined area of 203,305 square feet. Site development work continues for the project and three office buildings are in various phases of construction within the National Business Park North development. National Business Park and National Business Park North provide significant employment for area residents.

Industrial Development

CB Richard Ellis also tracks industrial vacancy and rental rates throughout the area. The subject is part of the Baltimore/Washington Corridor submarket based on the CBRE delineation that contains a combined area of 15,684,718 of flex space and 44,855,845 square feet of warehouse space. The third quarter 2013 vacancy rate for flex space was at 9.1% (versus 10.9% for the entire Baltimore region) while the vacancy rate for warehouse space was at 12.0% (versus 9.4% for the entire Baltimore region) as reported in *Market View Baltimore Industrial*. The submarket experienced positive net absorption of 40,984 square feet for flex space and 511,748 square feet for warehouse space for the first three calendar quarters of 2013. Asking rental rates for available flex space averaged $9.00 per square foot (NNN) and at $5.20 per square foot for warehouse space (NNN). A total of 564,607 square feet of warehouse space is under construction in the submarket as of the effective date of this appraisal report. No flex space is currently under construction within the submarket. By way of comparison, an overall industrial vacancy rate of 10.3% is projected by the brokerage firm for the entire Baltimore market.

Based on CoStar statistics, the Annapolis Junction/Jessup flex market consists of a total of 46 buildings that together contain a combined area of 1,562,922 square feet as of December 2013. Vacancy for these buildings totaled 115,646 square feet; indicating a direct vacancy rate of approximately 7.4%. The vacancy increases to a total area of 127,646 square feet, or 8.2%, if sublet and other space is included. Rental rates for Annapolis Junction/Jessup flex space range from $6.50 to $12.00 per square foot with an average rate of $7.96 per square foot on a triple net expense basis.

Based on a review of CoStar statistics, the Annapolis Junction/Jessup warehouse market consists of a total of 150 buildings that together contain a combined area of 12,793,364 square feet as of December 2013. Vacancy for these buildings totaled 1,924,924 square feet; indicating a direct vacancy rate of approximately 15.5%. The vacancy increases to a total area of 2,207,409 square feet, or 17.6%, if sublet and other space is included. Leasing activity totaled 796,773 square feet with positive net absorption of 567,044 square feet within the subject market at the end of December for the year 2013. Rental rates for Annapolis Junction/Jessup warehouse space range from $4.25 to $9.60 per square foot; with an average rate of $5.37 per square foot on a triple net expense basis.

Note: While there are no plans for industrial use development at the subject property, due to the significant amount of general industrial development in the subject's general area the above description has been provided.

Demographics

The 2012 population of the expanded Annapolis Junction/Jessup neighborhood based on the 20701 and 20794 zip code areas is estimated at a total of 14,531 persons according to statistics obtained from the *Site to Do Business Online (STDBOnline)* and is projected to increase to 16,074 or by 10.6% by 2017. The median age of neighborhood residents of 36.4 years is slightly younger than the Howard and Anne Arundel County medians of 38.5 years. Based on the 2012 statistics, residents between the ages of 25 and 34 account for 21.5% of all residents with school age children (0-19 years old) accounting for 16.3% of the population. The neighborhood contains a relatively small population of residents aged 65 or older with this segment comprising only 6.5% of the total population. Given the demographics, the area will need facilities catering to children, i.e. educational, day care and recreational and minimal facilities for older residents, i.e., senior centers, for the foreseeable future.

The demographic statistics for Jessup are skewed because of the large proportion of land within the zip code boundaries that is developed with institutional uses including correctional facilities, other state holdings or that is zoned for non-residential use. The Annapolis Junction/Jessup area adjoins the Odenton, Hanover, Maryland City and Severn neighborhoods that include significant residential growth because of the smaller proportion of non-residentially zoned land and the limited development of commercial and industrial facilities.

For 2012, the neighborhood includes 3,101 households with the total projected to increase by 16% to 3,598 in five years. Average household income is estimated for 2012 at a total of $83,046 annually that is forecast to increase 12.4% to $93,365 per year in 2017. Median household income for 2012 averages $68,828 per year and is forecast to increase to $79,734 annually or by 15.8% by 2017. Only 9.4% of area households earn $150,000 or more annually. In addition, the employment market is reflected in the area's lower than average median effective buying income (EBI or disposable income) that is less than both Howard and Anne Arundel County levels as reflected in the chart below. The effective buying income table below reflects 2012 households and disposable income levels.

EFFECTIVE BUYING INCOME

Distribution	Number of Households	Percentage of Households
Under $25,000	481	15.5
$25,000-$49,999	888	28.6
$50,000-$74,999	827	26.7
$75,000 and over	905	29.2
Median Disposable Income	$53,580	
Average Disposable Income	$63,301	

STDBOnline, 2012

By way of comparison, the median disposable income for Howard County residents for 2012 totaled $76,036 annually; average disposable income is reported as $94,262 annually. The median disposable income for Annapolis Junction/Jessup area residents is approximately 29.5% lower than for Howard County households. Additionally, the median disposable income for Anne Arundel County residents for 2012 totaled $60,674 annually; average disposable income is reported as $76,459 annually. The median disposable income for area residents is approximately 11.7% lower than for Anne Arundel County households. Not all demographic information is updated on the *Site to Do Business Online* for 2012 necessitating the use of some 2009 and 2010 demographics. *STDBOnline* reports that 17.2% of the area workforce was employed in management, business or financial positions; 26.3% in professional positions; and 25.7% in sales and administrative functions in 2010. Service sector jobs accounted for 10.8% of employment while construction, maintenance and repair, production and transportation jobs provided 20.1% of employment for residents.

According to statistics obtained from *STDBOnline*, 2009 retail expenditures for area residents totaled slightly more than $88 million with spending on retail goods averaging $29,582 per household for a Spending Potential Index (SPI) of 115. The SPI represents the amount spent by area residents relative to the national average of 100. Residents are more likely to spend money on shelter (SPI = 125), computers and accessories (SPI = 124) and education (SPI = 126). Spending on travel for 2009 totaled about $6.9 million with an average household expenditure of approximately $2,304 and SPI of 125 for neighborhood residents.

STDBOnline projects a median home value in the Annapolis Junction/Jessup neighborhood of $296,354 with an average value of $317,881 for 2012. The median value is projected to increase to $317,630 and the average value to $340,167 in 2017 based on the statistics. A total of 3,209 housing units were forecast for the Annapolis Junction and Jessup area for 2012. Of these, 96.6% were occupied with 69.7% of the units owner occupied and the remaining 26.9% renter occupied. Approximately 3.4% of neighborhood housing units are forecast as vacant for 2012. Homes valued at $300,000 to $399,999 accounted for 31.9% of all housing units and this price bracket represents the largest segment in the market.

Residential Development

In 2012, the Sustainable Growth and Agricultural Preservation Act of 2012 was passed by the Maryland General Assembly. The act was designed to address future residential development within Maryland by establishing “Growth Tiers”. Specifically, these tiers delineate areas for future major and minor residential subdivisions and the type of sewage system that can serve them. The entire Annapolis Junction/Jessup neighborhood is designated as Tier 1 and Tier 2 that includes areas currently served by public sewer systems or that are planned to be served by public sewer systems. Tiers 1 and 2 also indicate areas that are designated for local growth. In Tier 1, major and minor subdivisions are permitted and must be served by public sewer. Major and minor subdivisions are also allowed in Tier 2; major subdivisions must utilize public sewers while minor subdivisions may use on-site septic systems as an interim solution until public sewer becomes available.

Much of the rapid residential growth that occurred within the larger area is due primarily to the Villages of Dorchester and Arundel Preserve in the Hanover area of Anne Arundel County that adjoins Arundel Mills. Dorchester consists of a total land area of approximately 253.09 acres that received PUD approval for development with 236 single family sites and 548 townhome (or attached units) for a total count of 784 residential lots. Construction is proceeding on townhome and multifamily units in the area. Base prices for new construction start in the $300k’s for townhouses and the $400k's-$500k's, or more, for detached dwellings. Condominiums are offered at prices in the low $200k's. Churches, libraries and recreational facilities are convenient for neighborhood residents.

In addition, the western part of Anne Arundel County is a targeted growth area and is home to three largely built out planned unit developments. Russett Center consists of approximately 3,500 dwelling units; as well as commercial and institutional areas and adjoins the subject area. The PUD features a full complement of recreational amenities, including pools, tennis courts, basketball courts, tot lots, playgrounds, a lake and twelve miles of hiking/biking trails. A day care center and Maryland City Branch Library were completed in the late 1990s. Piney Orchard is a planned development in Odenton that contains a total of approximately 3,966 units. Finally, Seven Oaks is a planned unit development north of Maryland Route 175, also in Odenton. Seven Oaks is the largest of the three PUDs; with a total build out of 4,767 units projected. Approximately 390 single family units, 877 townhomes and 3,500 multi-family (or apartment units) were planned for the Seven Oaks community. Construction is complete at this time.

An analysis of settled homes for the Annapolis Junction and Jessup zip code areas sold through the Metropolitan Regional Information System (MRIS) was made for 2010 through June 2013. The MRIS settlements typically exclude new homes that are sold in-house; many of the new subdivisions throughout the larger area sell at base prices above $400,000 with options adding significantly to the base model price. According to MRIS, a total of 63 units (including manufactured homes) sold in 2010. Settled prices ranged from $44,900 for a four bedroom two bath manufactured home to $500,000 for a four bedroom, 3½ bath dwelling in the Village of Kings Contrivance. Homes selling at prices ranging from $200,000 to $299,999 accounted for 57.1% of 2010 sales in the Annapolis Junction/Jessup neighborhood; homes selling at prices of $300,000 to $399,999 represented 12.7% of homes sold for the year. A total of six homes or 9.5% of transactions occurred at prices greater than $400,000. Twenty 20 properties (31.7% of transactions) sold as short sales, foreclosures or bank owned assets within the market during 2010. Unlike many areas of Howard and Anne Arundel Counties, the Annapolis Junction/Jessup neighborhood includes sales of manufactured homes or sites for manufactured homes.

A total of 54 homes sold through MRIS in 2011 and represented a 14.3% decrease in the number of homes sold from 2010 levels. Prices ranged from $8,500 for a two bedroom two bath mobile home to $558,864 for a four bedroom, 3½ bath home in Savage Meadows. Approximately 44.4% of homes sold at prices of $200,000 to less than $300,000 in the neighborhood with homes selling at prices of $300,000 to less than $400,000 accounting for only 20.4% of all transactions. The number of units selling at prices of less than $200,000 decreased while only eight properties sold through MRIS at prices of $400,000 or greater. Eight transactions (14.8%) represented foreclosures, short sales or sales of bank owned assets for the year.

According to MRIS, sales volume for 2012 in Annapolis Junction/Jessup totaled 89 units and was a significant increase over 2011 levels. Prices for the year ranged from $15,000 for a three bedroom, two bath manufactured home with ground rent to $600,000 for an eight bedroom, 3½ dwelling on a 10.38 acre site purchased for land value. The bulk of transactions occurred at prices of $200,000 to less than $300,000 accounting for 44.9% of sales for the year. Dwelling units settling at prices of $300,000 to less than $400,000 represented 24.7% of settlements. Homes selling at prices of $400,000 or more accounted for 16.9% of 2012 transactions. According to an analysis of MRIS statistics, approximately 20.2% of 2012 settlements consisted of foreclosures, short sales or sales of bank owned properties.

According to MRIS, a total of 68 detached homes settled in the area through November 2013. An annualized sales volume of 74 units is forecast for 2013 based on the partial year results and would represent a decrease from 2012 totals. Prices ranged from $21,000 for a three bedroom, two bath manufactured home to over $500,000 for a four bedroom, three bath detached dwelling. As with 2012, homes selling at prices of $200,000 to $299,999 continue to account for the bulk (37%) of sales. A total of 11 properties (29% of transactions) sold at prices above $300,000 thus far for the year. The majority of the dwelling sales in the subject neighborhood occur in the Jessup portion of the area.

An analysis of settled homes for Howard and Anne Arundel County sold through MRIS was made for 2011 and 2012. According to MRIS, a total of 3,138 housing units were sold in Howard County in 2012. This volume represents an increase of 16.1% over 2011 levels. Settlements occurred at an overall average price of $403,119 in 2012. Of the total number of 2012 settlements, 58.5% are of single family detached homes that sold for an average price of $494,041. Townhomes and condominiums accounted for the remaining units and sold for an average price of $275,075. Based on 2012 results, 23.8% of sales volume is in the $200,000 to $299,999 range while 21.5% of units settled at prices of $300,000 to $399,999. Approximately 17.8% of transactions occurred at prices ranging from $400,000 to less than $499,999 for 2012. Total dollar volume totaled approximately $1.2 billion and represents an increase of 16% over 2011 levels. Units stayed on the market for an average of 84 days, which represents a decrease of 9.7% from 2011.

By way of comparison, a total of 5,859 units sold in Anne Arundel County through MRIS during 2012. The total dollar volume of nearly $2.1 billion is 17.1% higher than 2011 levels. The average sold price for 2012 of $356,297 was 2.8% higher than the average 2011 price of $346,720. Approximately 70.4% of all settlements were of single family detached homes that sold at an average price of $401,768. The remaining 29.6% consists of attached product consisting of townhomes and condominiums sold at an average price of $248,127 during the year. About 29.4% of 2012 settlements in Anne Arundel County occurred at prices ranging from $200,000 to less than $300,000 while 20.2% of homes settled at prices of $300,000 to $399,999 for the year. Dwelling units stayed on the market for an average period of 108 days for 2012 which represents a decrease of 11.5% from 2011 levels.

New residential development consisting of 416 garden apartments is planned as part of the subject project. Much of the existing housing stock within the defined area consists of older homes on residential lots with few apartment or condominium units. New residential development is projected to be constrained within the Annapolis Junction/Jessup area because of the lack of residentially zoned land and significant amounts of mixed use or industrially zoned land in addition to the concentration of eight correctional facilities within the Jessup portion of the neighborhood. Therefore, the bulk of any new residential development is projected to occur in Arundel Preserve within the vicinity of Arundel Mills mall, within the town center of Odenton or along Route 1. However, there is a growing trend for residential projects to be located at or near transportation hubs or employment centers.

Note: Included in the section of this appraisal report entitled “highest and best use” is a more detailed analysis of the apartment market.

Conclusion

Overall, the proximity to the rapidly developing Baltimore-Washington corridor and to major employment centers (Fort Meade, the National Security Agency, and Baltimore-Washington International Airport) will enhance the desirability of the neighborhood and the demand for residential units and, as well, for office and retail space. The subject’s location will continue to be a desirable office location for government agencies and, as well, for contractors because of the proximity to Fort Meade, NSA and the National Business Park projects. The area residential market improved in 2013 as sales volume increased and prices remained fairly stable. The location on the Camden line also enhances accessibility to the Washington and Baltimore metropolitan areas for residents.

PROPERTY DESCRIPTION

The subject property presently exists as all or part of six lots as part of the Savage Towne Centre and an additional lot that is part of the Golden Key subdivision. The existing improvements are of no contributing value and will be razed or removed to allow for redevelopment of the property as the Annapolis Junction Town Center mixed residential and commercial development. The site development plan for the Annapolis Junction Town Center indicates subdivision into a total of seven lots with six lots comprising the subject property. Following is a description of the subject property.

Location The subject is located in the southeast quadrant of the Maryland Route 32 and Dorsey Run Road in Annapolis Junction in eastern Howard County, Maryland. The combined property is bounded on the south by a CSX rail line, on the west by Dorsey Run Road and on the north by Henkels Lane within the Maryland Route 32 corridor. The property is further identified on Howard County Tax Map 48 as all or parts of Parcels 137 and 194 in the Sixth Assessment District.

Existing Plats The property is further identified as all or part of Parcels A-1 through A-6 of the Savage Towne Centre as recorded among the land records of Howard County as Plats 20130 through 20135, inclusive. The remainder of the property is identified as part of Parcel B of the Golden Key property and recorded as Plat 5909 among the land records of Howard County. Copies of the recorded plats are included in the appendix to this report.

The street addresses of the recorded lots follow:

Lot A-1:	9009 Dorsey Run Road
Lot A-2:	9001 Dorsey Run Road
Lot A-3:	8981 Dorsey Run Road
Lot A-4:	8950 Henkels Lane
Lot A-5:	8991 Dorsey Run Road
Lot A-6:	8985 Dorsey Run Road
Parcel B:	8960 SW Henkels Lane

SDP Gutschick, Little & Weber, P.A. prepared a site development plan for the Annapolis Junction Town Center project. The site development plan reconfigures the existing recorded lots and also amends the area of each of the sites. The site development plan, dated January 2013, is currently under review by Howard County. According to the site development plan, the property consists of Parcels A through G, inclusive. However, Parcel A containing an area of 3.4228 acres is to be retained by the current owner (the State of Maryland) and developed with a commuter parking garage. The subject property consists of remaining Parcels B through G. Reduced scale copies of the site development plans showing the subject property are included in the appendix to this report.

Following is a listing of the land areas for the subject property as shown on the site development plan. The SDP includes sizes for all of the lots except for Parcel B; the area of this lot is estimated by deducting the areas of Parcels A and C through G from the gross land area included in the site development plan.

Parcel B	8.9303 acres (or 389,004 square feet)
Parcel C	3.5893 acres (or 156,350 square feet)
Parcel D	0.7975 acres (or 34,739 square feet)
Parcel E	0.5225 acres (or 22,760 square feet)
Parcel F	1.4950 acres (or 65,122 square feet)
Parcel G	0.0726 acres (or 3,162 square feet)
Total	15.4072 acres (or 671,137 square feet)

Sizes The gross land area for the subject property, inclusive of Parcel A, totals 18.861 acres (821,584 square feet) as shown on the assessment records for the individual sites. The assessment records also include Parcel A as shown on the site development plan. For purposes of this appraisal, the area included in the site development plan for the subject project is considered more accurate and used as a basis in valuing the subject.

Shape Irregular as a combined site

Parcels B and G are slightly irregular in shape; the remaining parcels are mostly regular in shape

Frontage/Access 633.46± feet on the west side of Dorsey Run Road
1,199.64± feet on the south side of Henkels Lane
1,059.44± feet on the north side of the railroad right of way

Dorsey Run Road is a variable width right of way along the subject frontage that extends north from Brock Bridge Road to Montevideo Road. Henkels Lane is a variable width right of way that extends southeast from its intersection with Dorsey Run Road and terminates at the railroad right of way.

Depth 830± feet average depth as measured from Dorsey Run Road and including only Parcels B through G.

Topography Elevations range from approximately 170 feet in the vicinity of the railroad right of way to 212 feet at the intersection of Henkels Lane and Dorsey Run Road; lower elevations in the vicinity of the existing storm water management pond, but this area is considered part of Parcel A and excluded from the subject property; overall the topography is considered generally level

Soil Classification The ***Soil Survey of Howard County*** (issued by the U.S. Department of Agriculture, July 1968) indicates that the subject property is primarily comprised of Made land (Md). Made land consists of areas that have been so disturbed or modified by grading or filling that the soils cannot be classified. Most of the acreage originally consisted of Brandywine soils, but no characteristic soil profile can now be recognized. This land type is used for residential or commercial developments, or other nonfarm purposes. Based on the surrounding development on similar soils, it is reasonable to project that the subject soils are capable of supporting large scale mixed use development.

Environmental Considerations It is our understanding that Phase 1 and Phase 2 Environmental Site Assessments (ESA) were prepared on the subject property. However, copies of the environmental site assessments could not be obtained. According to the underwriter, the subject site is considered environmentally clean and no remediation will be required. It is an assumption of this appraisal that the subject property is environmentally clean. If subsequent information is obtained indicating that this assumption is incorrect, then this appraisal and any estimate of value may need to be qualified or amended.

Storm Water Management Storm water management is to be handled on-site.

ANZ The subject site lies outside the limits of the Airport Noise Zone (ANZ) that surrounds BWI.

100 Year Flood Hazard Area The subject property lies within a Zone C flood hazard area as determined by the Federal Emergency Management Agency based on Flood Insurance Rate Map Community Panel Number 240044 0044 B with an effective date of December 4, 1986. Zone C represents areas of minimal flooding.

Utilities According to the site development plan, the existing wells on the property are to be abandoned and the existing sewer line is to be removed. The property will be connected to public water and sewer as part of the project.

Immediate Neighborhood

The immediate area of the subject is mixed commercial, institutional and residential in character. To the northeast across Maryland Route 32 from the subject is the National Business Park, a large-scale development presently comprised of a total of 280 acres with a combined improvement area of approximately 2.8 million square feet in 26 office buildings, two hotels and limited retail facilities including a day care center. National Business Park- North adjoins the National Business Park to the north and will be developed with 1,219,830 square feet of office area, 203,305 square feet of retail area (inclusive of the hotel), 406,610 square feet of research and development area and 203,350 square feet of residential area for a total build out of 2,033,050 square feet. To the west, across Dorsey Run Road, is the Junction Business Park with development consisting of low rise office buildings as well as flex and warehouse improvements. The property is bordered on the east and south by Anne Arundel County, including the Annapolis Junction Business Park.

Improvements

The property is presently improved with a steel warehouse building containing an approximate area of 7,500 square feet according to assessment records in addition to outbuildings, a storm water management pond and on-site paving and curbing. The existing improvements are of no contributing value and will be removed or demolished to allow for redevelopment of the property.

Project Phasing

Phase 1 of the project will include the construction of the public garage consisting of 704 parking spaces, additional private site improvements as well as the retail and apartment buildings. Phase 2 will include future development consisting of a four story, 100,000 square foot office building, a 150 room limited service hotel, kiosk containing an area of 250 square feet and a retail pad for the development of a 3,200 square foot restaurant or commercial building.

Projected Development

Parcel B	416 apartments and 624 space parking garage
Parcel C	100,000 square foot office building (with structured parking)
Parcel D	14,000 square foot retail building
Parcel E	3,200 square foot commercial or restaurant building
Parcel F	150 room limited service hotel
Parcel G	250 square foot kiosk

CONCLUSION:

The subject property is assumed to exist as unimproved land with some completed engineering and review by the Department of Planning and Zoning for Howard County.

DESCRIPTION OF THE APARTMENT BUILDING:

The description of the proposed apartment and garage building is based on details provided by the project developer, as architectural drawings could not be obtained. Therefore, the following description is based on information provided by the developer and on assumptions made based on the construction quality of similar improvements. If the actual construction quality differs significantly from that included in this appraisal, then this appraisal and any estimate of value may need to be amended or qualified.

EXTERIOR DESCRIPTION

Foundation	Concrete slab with a thickness of 4-5 inches on grade with rigid insulation; concrete podium slab will vary from 8-12 inches depending on the location
Exterior Walls	Combination of precast concrete, brick, fiber cement panels and glass storefront
Building Frame	Wood frame
Roof Cover	EPDM roof over rigid board insulation
Exterior Doors	Double pane glass in anodized aluminum frame and metal personnel doors
Wall Height	10± feet assumed

INTERIOR DESCRIPTION

Gross Area	717,424 square feet based on the areas provided by the architect and assumed correct 489,066 square feet for the apartments 228,358 square feet for the parking garage
Leasable Area	355,574 square feet inclusive of the balcony
Average Area	855 square feet per apartment unit
Perimeter	3,362 linear feet

FAR 1.84:1.00 (based on the ratio of gross improvement area to lot area)

Land to Building Ratio 0.54:1.00 (based on ratio of site area to gross improvement area)

Unit Mix The unit mix proposed for the building consists of 181 units containing one bedroom and one bath, 46 units with one bedroom, a den and one bath, 125 apartments divided into two bedrooms and one bath and 64 studio apartments. Following is a table listing the size and projected rental rates for each apartment type based on the developer estimate.

Proposed Unit Mix Market Rate & MIHU Apartments			
	Units	**Net SF**	**Rents**
Studio	29	500	$1,215
Studio (MIHU incl. utilities)	16	500	$1,113
1BR (Small)	26	510-610	$1,300-$1,350
1BR	109	753-755	$1,535-$1,625
1BR (MIHU incl. utilities)	16	753	$1,113
1BR/Balcony	49	789	$1,700
1BR/Den	46	820-892	$1,750-$1,800
2BR	78	1,050-1,218	$2,125-$2,250
2BR/Balcony	47	1,156-1,242	$2,295-$2,325
Total	416	861	$1,750

Ceilings Painted drywall with 2 foot by 4 foot or 2 foot by 2 foot acoustical tile ceilings in common areas

Walls Painted drywall

Floor Structure 5 inch thick fiber mesh reinforced concrete slab on grade on a vapor barrier on a 5 inch layer of stone for the first floor; four inch thick reinforced concrete on composite metal deck for upper floors

Floor Covering Combination of wall to wall carpeting and tile in units; concrete slab in sprinkler, telephone and elevator rooms assumed

Windows Double pane glass in anodized aluminum frames assumed

Interior Doors Hollow core wood in wood frames

HVAC Assumed zoned warm and cool air

Elevator Service Building is to be equipped with three traction elevators (not hydraulic); adequate capacity to serve building occupants assumed.

Fire Protection Wet sprinklered throughout

Plumbing Units assumed to be equipped with one three fixture bath including a tub with shower over; PVC piping

Electrical 120/280 volt, three phase, four wire, 400 ampere service assumed depending on the location; electrical service is assumed adequate and in compliance with all government regulations. Underground electrical service extended to the site.

Lighting Incandescent for apartments with a combination of recessed fluorescent lighting, incandescent lighting or spotlighting in common areas.

Insulation 12-18 inch rigid insulation in roof; 4 inch batt insulation in walls; one inch rigid board insulation extended from slab to top of footing

Features Amenities will include individual storage units, garage parking on every level, large club house, fitness center, two grills in every courtyard, large entry fountain, large pool and related courtyard with outside covered living room, fire pit courtyard, bocce court courtyard, all weather dog run, pet spa, media room (120" screen with 25 theatre seats), game room, library, electric car charging stations, solar panels on garage roof and LEED Silver design. Balconies are offered with 105 units: 96 units with balconies of 62 to 68 square feet and nine units with 168 square foot balconies. The swimming pool is planned to contain an approximate area of 3,000 square feet.

Construction Cost Estimates The developer provided a cost estimate for the apartment building that totaled $210,000 per unit with $135,000 per unit in hard costs and the remainder in soft and other costs. The construction cost of the apartment building is projected at a total of $87,360,000, inclusive of the garage.

ON-SITE IMPROVEMENTS – APARTMENT BUILDING:

Concrete 625 linear feet of concrete curb and gutter

Sidewalks Concrete sidewalks covering an approximate area of 12,600 square feet

Parking Spaces Site is to be improved with a total of seven parking spaces, including three for use by handicapped persons, asphalt surfaced drive aisles and perimeter concrete curbing.

Landscaping Areas surrounding building assumed to attractively landscaped.

DESCRIPTION OF THE RETAIL BUILDING:

The description of the retail building is based on information provided by the project developer as architectural drawings could not be obtained. Therefore, the description of the proposed building is based on information obtained from the project developer in addition to assumptions made based on the construction details of similar buildings. If subsequent information is obtained indicating that the description of the proposed building included in this report differs significantly from the actual construction, then this appraisal and any estimate of value may need to be amended or qualified.

EXTERIOR DESCRIPTION

Foundation Concrete

Exterior Walls Combination of brick, split face block and synthetic stucco on 1½ inch rigid insulation on 5/8 inch Dens gold sheathing

Building Frame Masonry and perimeter metal columns; no interior columns

Roof Cover Single ply EPDM roof system on a metal corrugated roof deck on steel trusses

Downspouts Overflow scuppers

Exterior Doors Tempered safety glass in aluminum frames for front and rear entrances to the retail units

Wall Height Variable height averaging 14± feet

INTERIOR DESCRIPTION

Gross Area 14,000 gross square feet

Leasable Area 14,000 square feet

Efficiency Ratio	100% based on ratio of rentable building area to the gross improvement size
Perimeter	553 linear feet
FAR	0.40 (based on ratio of improvement area to lot area)
Land to Building Ratio	2.48:1 (based on ratio of site area to gross improvement area)
Ceilings	Combination of gypsum wallboard, 2 foot by 4 foot or 2 foot by 2 foot acoustical tile ceilings or exposed painted roof deck throughout assumed
Walls	Combination of painted and unpainted drywall, masonite panels, paneling or tile throughout assumed
Floor Structure	4 inch thick reinforced with welded wire mesh on 8 mil polyethylene on a four inch layer of washed gravel
Floor Covering	Combination of quarry tile, wall to wall carpet or vinyl throughout tenant areas assumed
Windows	Insulated tempered safety glass in a metal storefront system
Interior Doors	Solid core wood in metal frames
HVAC	Roof mounted gas fired HVAC units with electric air conditioning for tenant areas; each unit to be individually metered assumed
Elevator Service	Not applicable; building is one story
Fire Protection	Wet sprinklered
Plumbing	Assumed copper supply lines and PVC waste lines
Restrooms	Each retail unit is assumed to be equipped with at least one, two fixture handicapped accessible restroom.
Electrical	120/280 volt, three phase, four wire, 225 ampere service; electrical service is assumed adequate and in compliance with all government regulations. Underground electrical service extended to the site.
Lighting	Combination of recessed fluorescent, incandescent lighting or spotlighting depending on tenant.

Insulation R-11 batt insulation in walls; minimum R-19 rigid board insulation for roof; two inch rigid board insulation extended from slab to top of footing assumed

Features The Main Street architectural style of the building is consistent with other recently constructed retail projects. All sides of the building are finished, as each elevation is visible either from a frontage road or another building in the development.

Construction Cost Estimates Detailed construction costs could not be obtained for the subject building. However, the developer did provide an approximate cost of $300.00 per square foot, inclusive of hard and soft development costs for the structure. The projected cost totals $4,200,000 based on the developer's cost estimate.

ON-SITE IMPROVEMENTS- RETAIL BUILDING:

Sidewalks Concrete sidewalks along the front, sides and rear of the improvement

Parking Spaces The subject site is to be improved with a total of 17 parking spaces, including two for use by handicapped persons, asphalt surfaced drive aisles and concrete curbing.

Landscaping Frontage and paved areas are attractively landscaped.

TITLE DATA

Existing Lots A-2 and A-5

Lots A-2 and A-5 of the subject property were obtained by the current owner, the State Highway Administration of the Department of Transportation, by deed dated April 30, 1990, as recorded among the land records of Howard County in Liber 2163, page 117. Consideration as stated in the deed totaled $395,000 and was part of a condemnation action.

Existing Lots A-1, A-3, A-4 and A-6

Lots A-1, A-3, A-4 and A-6 of the subject property were obtained by the current owner, the State Railroad Administration, by judgment entered February 8, 1993, as recorded among the land records of Howard County in Liber 2778, page 106. Consideration as stated in the deed totaled $1,475,000 and was part of a condemnation action.

Existing Parcel B

Parcel B was acquired by Boise Maryland Business Trust by deed dated October 20, 2004, as recorded in Liber 8772, page 624 among the land records of Howard County. No consideration was exchanged as the conveyance reflects a transfer between related business entities.

Conclusion

To our knowledge, there are no additional recorded transfers of any the subject parcels within the preceding three years. Copies of the recorded deeds to the subject parcels are included in the appendix to this report.

Easements and Restrictions

The larger site is encumbered by utility easements. These easements are typical of commercial or residential properties and are not considered to adversely affect the value or utility of these parcels.

Contracts of Sale

The property is subject to a contract of sale; however, no information or a copy of the contract could be obtained regarding the pending transaction.

Encumbering Leases

The subject lots are not encumbered by any leases as of the effective date to our knowledge.

ASSESSMENTS AND TAXES

All tax assessments are established by the State Department of Assessments and Taxation (SDAT) with tax rates set by the individual jurisdictions. Assessments for the 2013-14 tax year are based on 100% of full cash value and all properties within the county are reassessed once every three years. The current real property tax rate for Howard County for the tax year beginning July 1, 2013 and ending June 30, 2014, is $1.014 per $100.00 of assessed valuation (county) and $0.112 per $100.00 of assessed valuation (state) for a total tax rate of $1.126 per $100.00 of assessed value. Additional charges for properties may include a payment for fire districts of $0.176 per $100.00 of assessed value and ad valorem charges of $0.08 per $100.00 of assessed value for a maximum total tax rate, inclusive of these charges, of $1.382 for each $100.00 of assessed value. Following are the assessments for the various portions of the subject property.

Account Number 06-583784 (Parcel A1, 9009 Dorsey Run Road)

Land:	$831,100
Improvement:	$ 0
Assessment:	$831,100 (Fiscal Years 2013-2014)

Real estate taxes for Fiscal Year 2013, inclusive of all charges, would total $11,485.80 for the site if under private ownership. However, the property is exempt from the payment of real estate taxes because of the ownership by the Maryland Department of Transportation.

Account Number 06-586953 (Parcel A2, 9001 Dorsey Run Road)

Land:	$411,600
Improvement:	$ 0
Assessment:	$411,600 (Fiscal Years 2013-2014)

Real estate taxes for Fiscal Year 2013, inclusive of all charges, would total $5,688.31 for the site if privately owned. However, the property is exempt from the payment of real estate taxes because of the ownership by the Maryland Department of Transportation.

Account Number 06-403344 (Parcel A3, 8981 Dorsey Run Road)

Land:	$1,564,200
Improvement:	$ 417,200
Assessment:	$1,981,400 (Fiscal Years 2013-2014)

Real estate taxes for Fiscal Year 2013, inclusive of all charges, would total $27,382.95 for the subject lot if held under private ownership. According to the Finance Office for Howard County, the property is billed $1,585.12 as an ad valorem charge. In addition, the parcel is billed $874.42 annually for a sewer front foot benefit and $490.53 per year as a water front foot benefit charge. According to the Finance Office, a total of $2,950.07 was paid for the property on July 31, 2013 that included the front foot charges and the ad valorem charge. The property is coded as exempt commercial property by SDAT and it is not known why ad valorem charges are paid for this account as properties under state ownership are generally exempt from the payment of real estate taxes.

Account Number 06-586961 (Parcel A4, 8950 Henkels Lane)

Land:	$764,400
Improvement:	$ 0
Assessment:	$764,400 (Fiscal Years 2013-2014)

Real estate taxes for Fiscal Year 2013, inclusive of all charges, would total $10,564.01 for the parcel if privately owned. However, the property is exempt from the payment of real estate taxes because of the ownership by the State Railroad Administration in care of the Mass Transit Administration.

Account Number 06-586988 (Parcel A5, 8991 Dorsey Run Road)

Land:	$297,500
Improvement:	$ 0
Assessment:	$297,500 (Fiscal Years 2013-2014)

Real estate taxes for Fiscal Year 2013, inclusive of all charges, would total $4,111.45 for the lot if owned privately. However, the property is exempt from the payment of real estate taxes because of the ownership by the Maryland Department of Transportation in care of the Mass Transit Administration.

Account Number 06-586996 (Parcel A6, 8985 Dorsey Run Road)

Land:	$1,082,000
Improvement:	$ 0
Assessment:	$1,082,000 (Fiscal Years 2013-2014)

Real estate taxes for Fiscal Year 2013, inclusive of all charges, would total $14,953.24 for Parcel A6, if owned privately. However, the property is exempt from the payment of real estate taxes because of the ownership by the State Railroad Administration in care of the Mass Transit Administration.

Account Number 06-403085 (Parcel B, 8960 Henkels Lane)

Land:	$1,203,500
Improvement:	$ 404,500
Assessment:	$1,608,000 (Fiscal Years 2013-2014)

Real estate taxes for Fiscal Year 2013, inclusive of all charges, would total $22,222.56 for the site. In addition, the property is billed an additional $351.45 annually for a sewer front foot benefit charge and an additional $197.16 per year as a water front foot charge. According to the Finance Office of Howard County, the first installment of real estate taxes, charges and the front foot benefits in the amount of $11,659.88 is currently outstanding for this property.

ZONING

According to the Department of Planning and Zoning for Howard County, the subject property is zoned TOD, Transit Oriented Development District. The purpose of the TOD district is to provide for the development and redevelopment of key parcels of land within 3,500 feet of a MARC station. The TOD district is intended to encourage the development of multistory office centers that are designed to allow for safe and convenient pedestrian access by commuters using the MARC trains. For sites of at least three acres, well designed centers combining office and high density residential development are encouraged. For site containing areas of at least 50 acres, multiuse centers combining office, high density residential development with a diversity of unit types and retail uses are encouraged. The requirements of the TOD district, in conjunction with the Route 1 Manual, will result in development that takes advantage of the commuting potential of the MARC system, creates attractive employment and multiuse centers and provides for safe and convenient pedestrian travel.

Many parcels within the zoning district were developed prior to the creation of the zoning district and it is not the intention of the zoning regulations to disallow the continued use of sites developed prior to the TOD district. The intent of the district will be achieved by bringing sites into compliance with the requirements of the zoning district and the Route 1 Manual.

Permitted Uses

Ambulatory health care centers, including pharmacies incidental to these uses, biomedical laboratories, data processing and telecommunication centers, flex space, hotels, motels, country inns and conference centers, professional and business offices, parking facilities that serve adjacent off-site uses, research and development establishments, restaurants, schools and volunteer fire departments, among others. Residential uses including apartments within developments encompassing an area of at least three gross acres and single family attached dwellings for sites containing an area of at least 50 acres. The number of single family attached units shall not exceed 30% of the total number of dwelling units within the project and such dwelling shall not occupy more than 40% of the residential development within the project. Residential development is permitted only in a Route 1 Corridor development project.

Certain commercial uses are permitted as a matter of right in any building or parking structure having multiple stories or in a single story building or parking structure having a minimum height of 20 feet. One story commercial uses shall be limited to a maximum size of 20,000 square feet of total building area. The following commercial uses are permitted in the district: (1) banks, savings and loan associations, investment companies, credit bureaus, brokers and similar financial institutions; (2) blueprinting, printing, duplicating and engraving services; (3) child day care centers and nursery schools; (4) laundry and dry cleaning establishments without delivery service; (5) personal service establishments including barber and beauty shops, opticians, photographers and tailors; (6) pizza delivery services and other services for off-site delivery of prepared food; (7) fast food restaurants without a drive through; (8) retail establishments limited to convenience stores, food stores, drug and cosmetic stores, liquor stores and specialty stores; and (9) service agencies, such as real estate agencies, insurance and financial services, security services, messenger services, computer services, travel agencies and mailing services.

Accessory uses include any normally and customarily incidental use permitted by right within the zoning district, private parks, swimming pools, exercise facilities, courts and similar non-commercial recreational uses, home occupations with conditions and building mounted small wind energy systems. In addition, personal service establishments, service agencies and certain retail establishments are permitted as accessory uses on a lot used primarily for multistory or professional offices, provided that the total gross floor area of all establishments shall not exceed 2,000 square feet and shall not exceed 10% of the total floor area of the principal use.

Public utility uses, home occupations and small wind energy systems on a freestanding tower are permitted with additional conditions in the zoning district.

Bulk Regulations

Maximum building height is limited to 60 feet for structures with a minimum setback from a public street right of way or to 100 feet for buildings with an additional one foot of setback from a public street right of way for the portion of the structure that exceeds 60 feet with two feet of additional height. Minimum setbacks of 20 feet are required for principal structures and 30 feet for all other structures from arterial roadways for development complying with the Route 1 Manual. The building setback is reduced to 10 feet for principal structures and 30 feet for all other structures from other public street rights of way. A setback of at least 30 feet is required from vicinal properties for all structures and uses from a residential district. A minimum setback of 30 feet is required from all other zoning district for structures containing residences; no setback is required for all other structures and uses. If a TOD district is separated from another zoning district by a public street right of way, only the setbacks from the public street right of way apply.

The minimum distance between buildings containing residences (even if the buildings include other uses) shall be 15 feet side to side and 30 feet for all other façade to façade relationships. Additional minimum setback requirements must be met for development that does not comply with the provisions of the TOD zoning district and the Route 1 Manual.

Requirements for TOD Development

Development in a TOD district requires an amenity area. In addition, residences are permitted only within a Route 1 Corridor development project encompassing at least three gross acres of TOD zoned land. Not more than 50% of the net acreage of a TOD zoned site within the development project shall be devoted to residential buildings and parking. At least 15% of the dwelling units shall be moderate income housing units.

Compliance with Route 1 Manual

Any new development in a TOD district shall comply with the standards of the Route 1 Manual. However, certain minor alterations or expansions are exempt from the requirements of the Route 1 Manual. Minor alterations and expansions include: (1) expansion of a building by 10% or less of the floor area of the building that existed on April 13, 2004, up to a maximum area of 5,000 square feet; (2) building repairs, repaving or restriping parking areas that does not increase the building area or use; (3) removal of parking areas, driveways or other paved areas; (4) change in the use of an existing building to a use permitted in the district, if there are not changes to the site improvements; and (5) other minor alterations to a developed site that do not require a site development plan or a revision to an approved site development plan.

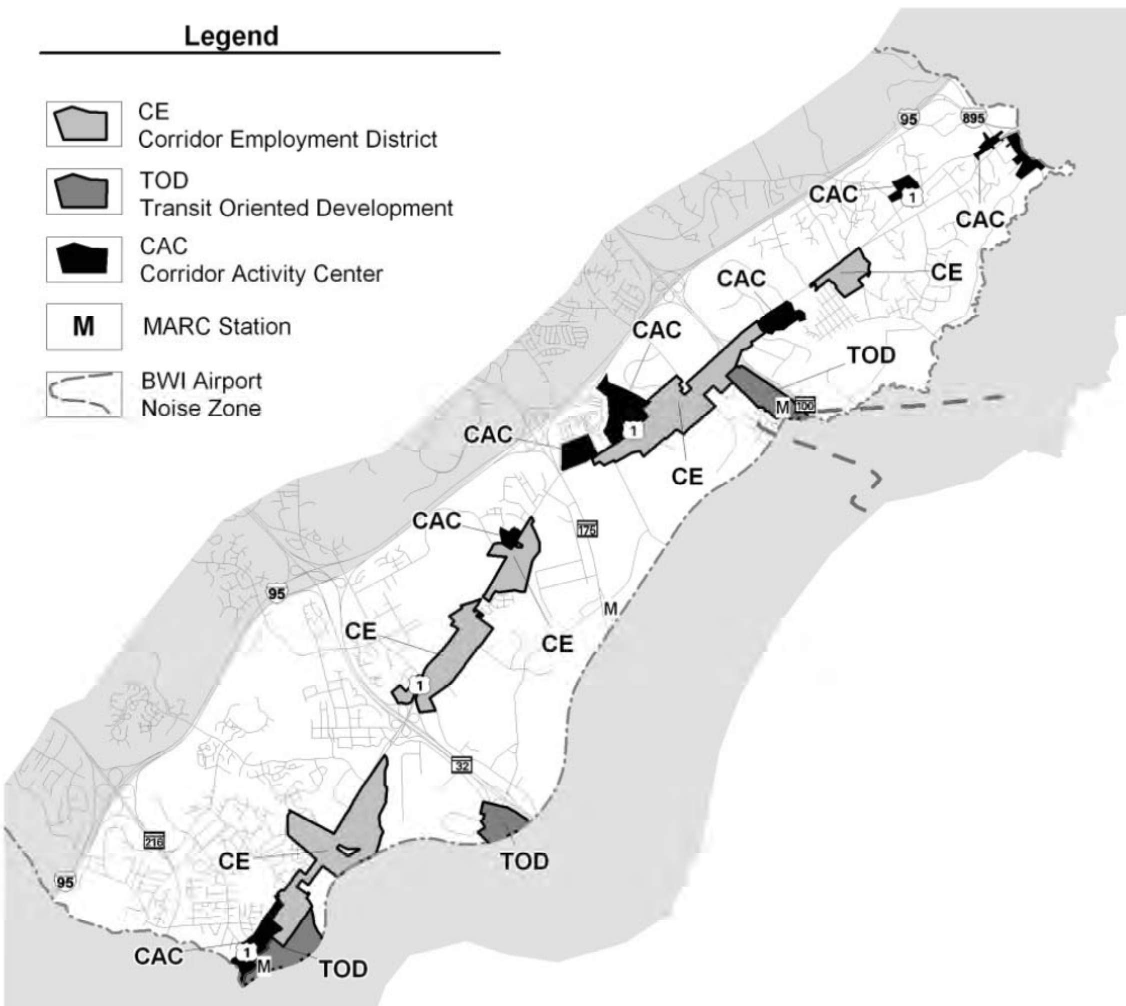
Other than the exemptions for minor alterations allowed, any alteration or enlargement of an existing use must be brought into compliance with the Route 1 Manual. For the expansion of existing buildings or site improvements, the site shall be brought into compliance with the Route 1 Manual in equal proportion to the percentage of the site impacted by the expansion. If alterations or enlargements are limited to site improvements that do not involve buildings, then the existing buildings are not required to be brought into compliance with the Route 1 Manual. Expanded buildings shall be brought into compliance to the extent possible, including design and location of the addition. Relocation or reconstruction of existing buildings is not required.

A site that does not fully comply with the Route 1 Manual must provide a 50 foot setback from an external public street right of way for structures and uses or 30 feet where parking uses and fencing adjoin parking uses. The setbacks required for structures and uses from an internal public street right of way include 50 feet for structures and uses and 10 feet for parking uses. In addition, all structures and uses must be setback a minimum of 100 feet from any residential district. If a residential district is separated from the TOD district by a public street right of way, only the public street setbacks apply.

Route 1 Manual

The current Route 1 Manual identifies design standards for development within the Corridor Employment (CE), Transit Oriented Development (TOD) and Corridor Activity Center (CAC) zoning districts as part of the Route 1 corridor revitalization area. The zoning and design regulations became effective on April 13, 2004 and were proposed to improve the appearance and character of new development along the Route 1 corridor through Howard County. The Route 1 Manual implements the zoning regulations and provides direction for preparing subdivision and site development plans in the CE, TOD and CAC districts. The purpose of the Route 1 Manual is to: (1) improve the visual appearance of the corridor's landscape; (2) enhance the appearance and value of the developments in the Route 1 corridor; (3) establish the desired design character for new developments in the CE, TOD and CAC zoning districts; (4) clarify how the Route 1 design requirements and recommendations affect the renovation and expansion of existing uses; (5) achieve better land use and function by using land more intensively and efficiently; (6) enhance and improve vehicular and pedestrian access to shopping, services, housing and employment; and (7) promote the use of transit and alternative modes of transportation.

The Route 1 Manual is applicable to properties along the Route 1 corridor and extending east from I-95 to Anne Arundel County and south from the Patapsco River and Baltimore County to Laurel and Prince George's County. Following is a map showing the limits of the Route 1 corridor. The subject property zoning is identified as TOD.



Development of properties consistent with the requirements of the Route 1 Manual is designed to achieve seven primary land use objectives. The primary land use objectives follow.

(1) Create opportunities for new economic development and for more concentrated multiuse development;

(2) Recognize the need for renovation and expansion of existing businesses;

(3) Institute County capital projects and economic development programs that support redevelopment and expansion;

(4) Encourage land assembly by allowing more commercial uses if parcels are consolidated;

(5) Encourage development for areas along Route 1 that will use land more efficiently and attractively for office, flex, technology oriented and light industrial uses while deemphasizing truck oriented and strip commercial uses for properties zoned CE;

(6) Offer opportunities in areas next to MARC stations for denser, more concentrated office, residential and related commercial development to capitalize on transit access for properties zoned TOD; and

(7) Concentrate areas of pedestrian oriented commercial, office and residential development in certain locations that complement nearby residential communities in CAC districts.

In addition to the primary land objectives, the Route 1 Manual also identifies land use goals and design concepts applicable to the CE, TOD and CAC zoning districts. The purpose of the Transit Oriented Development (TOD) district is to encourage development and redevelopment of key parcels within 3,500 feet of a MARC station. For sites containing areas of at least three acres, multiuse centers combining office and high density residential development with ground floor retail are encouraged. According to the Manual, land use goals include: (1) encouraging redevelopment on select sites near MARC stations so that workers and residents will use the commuting potential of the MARC line; (2) promoting multistory buildings by allowing certain retail and service commercial uses in multistory buildings; (3) precluding intensive truck oriented uses and highway oriented commercial uses; (4) encouraging land assembly by allowing more commercial uses for redevelopment projects that exceed 15 acres; and (6) allowing residential development on up to 50% of the TOD land with 15% of the units designated as moderate income housing units.

Some of the primary land use objectives are to be achieved through design of buildings and site improvements. For TOD zoned sites, the following design concepts are applicable: (1) orient buildings and sites to the major pedestrian oriented streets, especially those that give access to the MARC station; (2) construct buildings close to the street through 10 foot building setbacks along public and private circulation routes and along roadways that serve as major pedestrian access routes to MARC stations; (3) require wide sidewalks on main routes and encourage pedestrian oriented first floor retail uses; (4) encourage the development of attractive and comfortable public amenity areas for workers, residents and visitors; (5) use height, setback and parking regulations to limit density rather than establishing a maximum density; and (6) encourage safe and convenient pedestrian travel between the TOD uses and MARC station.

Conclusion:

The existing use of the subject property as surface parking lots is permitted with the TOD zoning district. The proposed residential, retail, office and hospitality uses are permitted in the zoning district and are designed consistent with the requirements of the Route 1 Manual.

CHESAPEAKE BAY CRITICAL AREA

The subject property is not located within the limits of the state defined Chesapeake Bay Critical Area.

UTILITIES

Public water, sewer, telephone and electricity are, or will be, available to the subject site.

PRESENT USE

The subject property presently exists as six lots that are to be part of the Annapolis Junction Town Center mixed use project based on the site development plan. The property is presently improved; with asphalt paved spaces, concrete curbing and gutter, storm water management facilities and several abandoned storage buildings in poor condition. The existing buildings and site improvements are of no contributing value and are to be razed; to allow for redevelopment of the subject property.

HIGHEST AND BEST USE

Highest and best use is defined in ***The Dictionary of Real Estate Appraisal***, (Fifth Edition, page 135) as:

> The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The analysis of the highest and best use of a property is the most important part of the appraisal process, for it is in terms of highest and best use that market value is estimated. This study and selection of highest and best use is based upon available data relative to what uses are legal, possible, appropriate and feasible for the subject property.

HIGHEST AND BEST USE, AS UNIMPROVED:

The highest and best use of the subject property, as unimproved, is selected from those uses that are physically possible, legally permissible and financially feasible and that provide the greatest return to the land. The subject property is appraised as unimproved land.

Physically Possible

The subject property presently exists as seven parcels of land that are to be re-subdivided and developed as the Annapolis Junction Town Center. The property is in Annapolis Junction in Howard County that is predominantly an industrial location at this time, but with significant existing and planned office development. The subject is located within the general area of the National Security Agency, Fort George G. Meade, the National Business Park, the ongoing development of National Business Parkway North and Annapolis Junction Business Park.

The site is across Dorsey Run Road from the Junction Industrial Park and north of the developing Annapolis Junction Business Park. The site is located at the Savage MARC commuter rail station and ridership is projected to increase dramatically during the next several years according to the Maryland Department of Transportation. The property is well located with respect to the rail line as well as the regional road network. The site is a short distance south of Maryland Route 32 and a short distance west of the Baltimore Washington Parkway, with I-95 and U.S. Route 1 to the west.

Together the parcels contain an area of 15.4072 acres with planned development to consist of a multistory apartment building and associated garage, a retail building, a Class A office building, a hotel and a structured garage. The dominant soil classifications may present some difficulties with development of the property; however, based on the surrounding development on similar soils, it is reasonable to project that the subject soils are capable of supporting large scale mixed use development. All public utilities are available. Given the surrounding development on similar soils, it is assumed that the subject property could support independent structures.

The area is convenient to an excellent regional road network that includes Maryland Routes 32 and 100, the Baltimore Washington Parkway (aka Route 295) as well as the Baltimore and Washington Beltways and I-95. All of the aforesaid highways are either freeways or Interstate highways. The subject site is located approximately one mile west of an interchange of Route 32 and the Baltimore Washington Parkway; and a similar distance from an interchange of Maryland Route 32 and U.S. Route 1 (a major regional highway with signalization along its northerly/southerly route). The property is less than three miles southeast of an interchange of Maryland Route 32 and I-95, a major north-south interstate serving the eastern seaboard of the United States. Based on the State of Maryland Traffic Volume Map for 2012, the average daily traffic count along Route 295 ranged from 95,681 vehicles per day just south of Maryland Route 32 and decreased slightly to 94,800 vehicles at the interchange with the Baltimore Beltway. The SHA reports an average traffic volume of 93,991 vehicles per day on Route 295 just south of Maryland Route 32 within the immediate vicinity of the subject property. Traffic counts along Route 32 ranged from 44,862 vehicles per day in Odenton and increased to 66,342 vehicles each day just east of Route 295. Counts on Route 32 increased to 67,752 vehicles per day just east of Route 1 and within the vicinity of the subject property. Counts along Maryland Route 32 increased to 73,092 vehicles east of Route 29 before decreasing to 73,092 just west of the roadway. Traffic counts on U.S. Route 1 ranged from 17,362 vehicles per day at the Prince George’s County line and increased to 35,972 vehicles per day just north of Route 32. Traffic counts on I-95 within the general vicinity of the subject property ranged from 193,240 south of Route 175 and decreased to 189,430 vehicles per day south of Route 216 in Prince George’s County.

Ease of visibility and accessibility (to/from) the roadway (and highway network) are of major consideration for commercial tenants that desire both a "presence" from the roadway as well as adequate access for both customers and employees. The subject property enjoys some visibility and has very good accessibility to/from Maryland Route 32 and is convenient to interchanges with Route 32, U.S. Route 1 and the Baltimore Washington Parkway. The project will be accessed by way of Junction Drive from Dorsey Run Road. Access to the site is considered good. A planned development of a mixed use complex with prime concentration on an apartment building would be physically possible for the subject property.

Legally Permissible

The subject property is zoned TOD, a mixed use zoning classification of Howard County that permits a wide variety of commercial uses including hotels and motels, restaurants as well as professional and business offices. Residential uses including apartments within developments encompassing an area of at least three gross acres and single family dwellings for sites of 50 acres or more are permitted within the zoning district. However, at least 15% of the units must be designated as moderate income dwelling units. Retail uses including banks, hair salons, gasoline stations, restaurants, business offices, department stores, medical stores and stationery stores are permitted in the zoning classification. The planned development of the subject property, consisting of an apartment building with integrated structured parking, a retail center, a bank/restaurant pad site, a kiosk building, an office building with a structured parking garage and a limited service hotel would be permitted in the zoning district. The subject property will be developed to a high FAR because of the structured parking and multilevel construction of the apartment, hotel and office buildings. Retail centers or commercial office buildings are typically developed to a floor area ratio in a range of 0.20 to 0.30 (for a one-story structure) that would provide the required parking and loading spaces. However, the trend for most recent retail or mixed use development includes clustering several buildings within close proximity to each other and providing shared parking on the periphery of the site. In addition, the clustering and shared parking permitted as part of a planned commercial complex or business park would allow a greater intensity of development. With regard to some of the free standing uses such as fast food restaurants, gas stations and convenience stores, most of these types of users typically require a site of at least one acre in size or larger in today's market and desire locations at signalized intersections. Retail use of the subject property would support office and residential uses as the location would not attract national chain department stores but would appeals to tenants like Starbucks. However, certain fast food restaurants and banks seek sites containing areas of less than one acre for development. In addition, the transit oriented zoning allows for a greater variety of uses, including residential uses, and office, retail or mixed use buildings would be legally permissible for the subject site given the maximum permitted floor area ratio for the subject property.

Financial Feasibility

A number of uses are possible on the subject property given the physical characteristics and current zoning. Typical uses of TOD zoned sites in the subject area include development with office buildings, apartments, neighborhood retail strip centers, hotels or free standing commercial buildings. Development of a mixture or retail, office or hotel uses would be feasible given the physical and legal status of the property, but would require additional subdivision review and approval. Retail and/or office and service use development on future sites would probably take the form of a neighborhood center that would take advantage of the location at a rail station and near a planned apartment building. However, the office vacancy rate within the subject area is higher than the retail vacancy rate suggesting that the construction of additional retail space is feasible because of the low vacancy and the potential for an increase from demand as the apartment units are leased. The vacancy rate for office space within the immediate area of the subject property is low in the National Business Park developments, but is higher for the remainder of the defined Annapolis Junction/Jessup neighborhood. Therefore, it is likely that office development would be delayed until the apartment and retail buildings are complete. In addition, the area hotel market continues to be soft and the construction of a hotel would likely be delayed until market conditions improve.

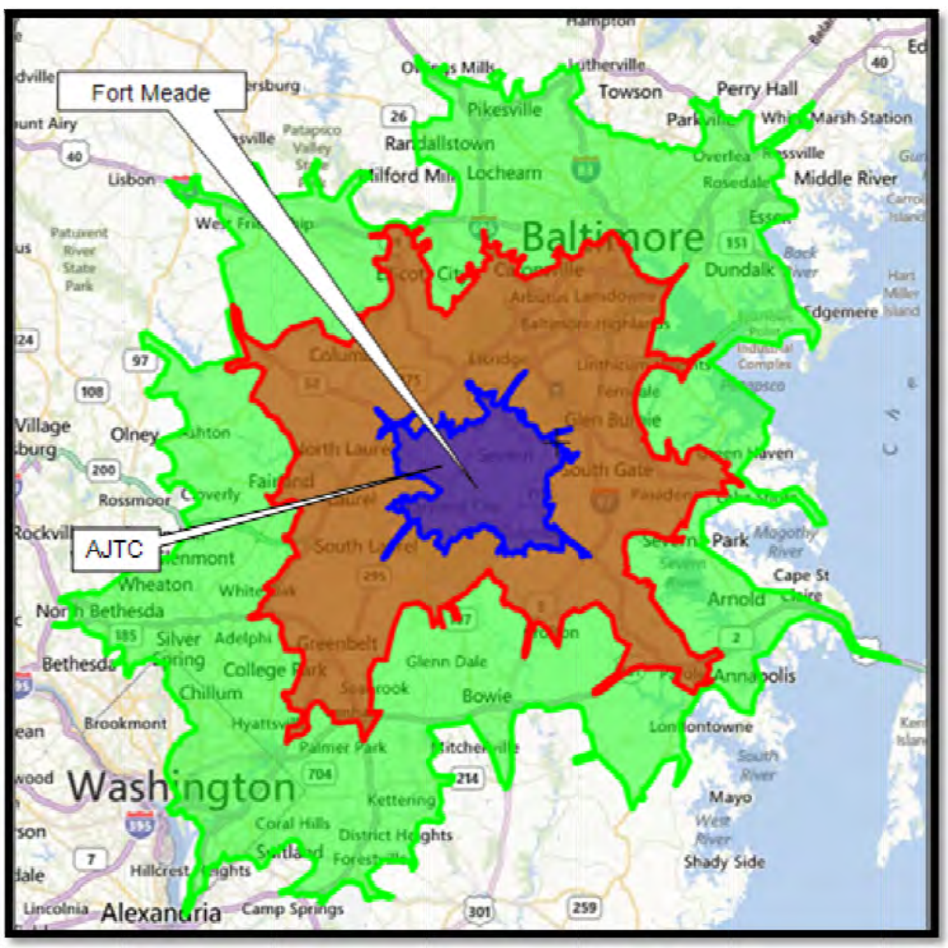
In the section of this appraisal report entitled "Neighborhood Description" Westholm & Associates has provided an overview of the office, retail, and residential markets.

Following is a market study for the apartment, retail, office and hospitality components planned for the Annapolis Junction Town Center.

APARTMENT COMPONENT MARKET ANALYSIS

Demographic analysis plays an important part in projecting demand for the residential component planned at the subject property.

In defining the primary and secondary residential markets for the Annapolis Junction Town Center project Westholm & Associates has considered typical commuting patterns; in order to determine where the majority of people live in relationship to their place of employment. Since Fort Meade and the National Security Agency Headquarters area is/are the primary employer location Westholm & Associates has focused on the Fort Meade/NSA location as the center point of our demographic analysis (note: the proposed Annapolis Junction Town Center mixed use project is located very close to both Fort Meade and the National Security Agency). Based on data from the U.S. Census (2000), 51.1% of workers commute 30 minutes or less to their place of employment and 8.7% commute less 10 minutes or less. A map defining the areas within a 10 minute, 20 minute and 30 minute drive time of the Fort Meade/NSA is shown below.



Within a 5 to 20 minute drive time from Annapolis Junction Town Center there are significant major employment centers: Fort Meade/NSA and the BWI Airport environs in Anne Arundel County and Columbia in Howard County. Prince George's County's employment centers are not as well defined and are scattered throughout the county, but the heaviest concentrations are found in the central and western portions of the county. Within a 30 minute drive of the proposed Annapolis Junction project, virtually the entire City of Baltimore is included, a large portion of Washington D.C. and portions of Montgomery County. Workers in the Baltimore City area tend to take up residence within, or near, the city itself since there are a variety of affordable housing options. However, many workers in the Washington D.C. area reside in the northeastern section of Prince George's County, Anne Arundel County and Howard County, as these areas offer attractive housing choices at relatively affordable prices when compared to the immediate Washington D.C. metro area.

Based on the commute times to the different areas given the placement of major employment centers, the primary market for the subject property's residential component is estimated to take in approximately 40% of Anne Arundel County, approximately 40% of Howard County and approximately 20% of Prince George's County. The secondary market area is estimated to take in approximately 60% to 70% of Howard County, approximately 60 to 70% of Anne Arundel County and approximately 30% to 35% of Prince George's County.

Population:

The subject's primary market area encompasses portions of Anne Arundel County, Howard County and Prince George's County. The tables below summarize the pertinent demographic information for Anne Arundel County, Howard County and Prince George's County between 1980 and 2020. Statistics for 1980 through 2010 are based on data obtained from the United State Bureau of the Census. Figures for 2015 through 2020 are based on projections made by the Maryland Department of Planning.

Anne Arundel County		
Date	Population	% Increase
1980	370,775	
1990	427,239	15.23%
2000	489,656	14.61%
2010	537,656	9.80%
2015	546,500	1.64%
2020	556,600	1.85%

Howard County		
Date	Population	% Increase
1980	118,572	
1990	187,328	57.99%
2000	247,842	32.30%
2010	287,085	15.83%
2015	298,800	4.08%
2020	312,200	4.48%

Prince George's County		
Date	Population	% Increase
1980	665,071	
1990	728,553	9.55%
2000	801,515	10.01%
2010	863,420	7.72%
2015	877,550	1.64%
2020	895,750	2.07%

The Anne Arundel County, Howard County and Prince George's County areas have experienced notable population growth over the past 30 years. Howard County's extraordinary growth between 1980 and 2000 is largely attributable to the development of Columbia. Accompanying the growth in population was growth in the number of households, which is summarized in the following tables.

Anne Arundel County		
Date	Households	% Increase
1980	121,028	
1990	149,114	23.21%
2000	178,670	19.82%
2010	199,378	11.59%
2015	210,900	5.78%
2020	217,800	3.27%

Howard County		
Date	Households	% Increase
1980	39,989	
1990	68,337	70.89%
2000	90,043	31.76%
2010	104,749	16.33%
2015	113,800	8.64%
2020	122,125	7.32%

Prince George's County		
Date	Households	% Increase
1980	224,789	
1990	258,011	14.78%
2000	286,610	11.08%
2010	304,042	6.08%
2015	320,725	5.49%
2020	331,125	3.24%

Households have grown more rapidly than the population in all three counties. This is the result of the steadily declining average household size, which is occurring nationwide; not just in the local area. This trend is expected to continue in the future. In Anne Arundel County, there were 2.95 persons per household in 1980. In 2010, persons per household dropped to 2.55. By 2020, the number of persons per household is projected to drop to 2.47. In Howard County, the number of persons per household was 2.94 in 1980. By 2020, the number of persons per household is projected to drop to 2.51. Prince George's County shows a similar trend with 2.89 persons per household in 1980 and a projected household size of 2.63 in 2020. As a result of the growth in population in conjunction with the shrinking average household size, over 37,000 new households are projected to be formed in Anne Arundel County, Howard County and Prince George's County between 2010 and 2015. Between 2010 and 2020, it is projected that almost 63,000 new households will be formed. Based on the defined market area for the Annapolis Junction Town Center project, there are projected to be approximately 11,600 new households formed in the primary market area and an additional 7,200 new households formed in the secondary market area between 2010 and 2015. There will be an estimated 19,700 new households formed within the primary market area and an additional 12,300 (+/-) new households formed in the secondary market area between 2010 and 2020.

Based on ESRI estimates for 2010, approximately 74.6% of the households in Anne Arundel County were owner occupied units while approximately 25.4% were in renter occupied units. In Howard County, approximately 72.9% of the households were in owner-occupied units while 27.1% of the households were in renter occupied units. In Prince George's County, 60.7% of the households were in owner-occupied units and 39.3% were in renter-occupied units. Based on ESRI projections, the ratio of owner-occupied to total households and renter-occupied units to total households is projected to fluctuate very little over the course of the next five years with slight increases (0.1%) in home ownership in Howard and Prince George's Counties and virtually no change in Anne Arundel County (which has the highest rate of home ownership among the 3 counties in the subject's the market area).

Based on the ESRI data for owner-occupied households v. renter-occupied households, owner occupied households in the three-county region will increase by approximately 25,300 units between 2010 and 2015 while renter-occupied households will increase by approximately 11,900 units over the time period. Between 2010 and 2020, owner-occupied households are projected to increase by approximately 42,900 units in the three county region and renter-occupied units are projected to increase by approximately 20,000. Owner occupied households in the primary market area of the Annapolis Junction Town Center project are projected to increase by 8,100 units between 2010 and 2015 while renter-occupied households will increase by approximately 3,500 units over the same five year period. Over the course of the next ten years owner-occupied households are projected to increase by approximately 13,900 households while renter-occupied households are projected to increase by approximately 5,900 household. Within the larger secondary market area, owner-occupied households are projected to increase by approximately 13,200 units between 2010 and 2015 while renter-occupied households are projected to increase by 5,600 households over the next five years. By 2020, owner-occupied units are projected to increase by approximately 22,500 households while renter-occupied households are projected to increase by approximately 9,600 households.

Additional housing stock will be needed to accommodate the projected growth in households over the next 5 to 10 years and the bulk of new housing stock will be concentrated within a reasonable commuting distance to the area's major employment centers.

Household Income:

Based on ESRI data, the average household income in Anne Arundel County was $93,048 in 2010; a 26% increase since 2000. In Howard County, the average household income was projected at $120,182 in 2010; a 36% increase since 2000. In Prince George's County the 2010 average household income was estimated at $78,286; a 22% increase since 2000. Statewide, the average household income in Maryland was estimated to have risen 23% to $83,182 between 2000 and 2010.

The following table summarizes the percentage of households in the various income brackets for each jurisdiction in the market area of the subject property, as well as the State of Maryland for comparison purposes. The data is based on ESRI projections for 2010.

Income	Anne Arundel	Howard	Prince George's	Maryland
<$15,000	4.8%	3.8%	6.2%	8.2%
$15,000 to $24,999	4.8%	3.1%	5.3%	7.0%
$25,000 to $34,999	5.3%	4.1%	7.3%	7.5%
$35,000 to $49,999	11.2%	8.5%	13.6%	12.7%
$50,000 to $74,999	20.5%	15.7%	22.2%	20.1%
$75,000 to $99,999	20.6%	14.1%	21.5%	17.9%
$100,000 to $149,999	20.9%	27.1%	16.3%	16.3%
$150,000 to $199,000	6.6%	12.5%	5.0%	5.6%
$200,000 plus	5.3%	11.1%	2.6%	4.7%
$50,000 and above	73.9%	80.5%	67.6%	64.6%
$75,000 and above	53.4%	64.8%	45.4%	44.5%
$100,000 and above	32.8%	50.7%	23.9%	26.6%

Anne Arundel County and Howard County have a higher average annual household income when compared to the statewide estimates. However, the average annual household income for Prince George's County is below the statewide estimates. In spite of the lower overall average income, Prince George's County does have a slightly higher ratio of incomes above $50,000 when compared to statewide statistics. Over 50% of the households in Anne Arundel County and Howard County have average annual incomes of $75,000 and higher while Prince George's County falls more in line with statewide averages with 45.4% of the households having average incomes of $75,000 and higher.

Based on the Consumer Expenditure Survey for 2010 (prepared by the U.S. Department of Labor, Bureau of Labor Statistics), the average household making $62,481 per annum spends 34.4% of their income for housing needs. Generally, this ratio escalates as income drops and declines as income rises. This equates to approximately $21,500 per year for housing expenses. It is noted that this estimate includes property taxes for owner-occupied units, insurance costs, maintenance and repairs. These items total approximately $3,800 per annum, leaving approximately $17,700 per annum directly attributable to the housing cost. The $50,000 to $74,999 income bracket in the above table would likely approximate the typical household profiled by the BLS ($62,481 average annual income). The middle to upper range of the $50,000 to $74,999 income bracket would represent a "floor" in terms of affordability for the residential component planned for the Annapolis Junction Town Center project. Given the "affordability floor"; taking into consideration the percentage of households with incomes above $75,000; and taking into consideration the estimated rent levels for the rental apartments planned as part of the development, it is estimated that between 60% to 70% of the households in the market area of the subject would have sufficient income to be considered part of the target market for the various residential component at the Annapolis Junction Town Center.

Employment Overview:

The job market in Anne Arundel County, Howard County and Prince George's County has experienced notable growth over the past 30 years and this trend is expected to continue in the future, albeit at a slower pace. The tables below summarize the number of jobs in Anne Arundel County, Howard County and Prince George's County between 1980 and 2020. Statistics for 1980 through 2000 are based on data from the United States Bureau of Labor Statistics. Figures for 2010 through 2020 are based on projections made by the Maryland Department of Planning.

Anne Arundel County		
Date	Jobs	% Increase
1980	176,042	
1990	251,726	43.00%
2000	297,317	18.10%
2010	359,300	20.80%
2015	386,600	7.60%
2020	409,200	5.80%

Howard County		
Date	Jobs	% Increase
1980	56,938	
1990	106,864	87.70%
2000	160,732	50.40%
2010	189,100	17.60%
2015	208,200	10.10%
2020	226,200	8.60%

Prince George's County		
Date	Jobs	% Increase
1980	264,670	
1990	375,347	41.80%
2000	393,969	5.00%
2010	423,600	7.50%
2015	449,100	6.00%
2020	443,800	-1.20%

The subject's primary market area comprises a portion of all of the above three counties. Anne Arundel County, Howard County and Prince George's County had approximately 24% of all jobs in the State of Maryland in 1980. In 2010, these counties comprised approximately 29% of the total jobs in the State of Maryland, underscoring the growing importance of these counties as employment centers. In percentage terms Anne Arundel County and Howard County (46,400 jobs) are projected to have the strongest job growth over the next five years but Anne Arundel County is projected to generate the largest number of jobs (27,300) over the course of the next five years. The major employment centers in Anne Arundel County are the area surrounding Baltimore–Washington International/Thurgood Marshall Airport, the area surrounding Fort Meade/NSA within the immediate environs of the subject property); and the Annapolis area (located 16 miles southeast of the subject property). Howard County's major employment center is the Columbia area; located close to six miles northwest of the subject property. Thus, a significant portion of the projected job growth in Anne Arundel County and Howard County shall most likely be located within the market area of the Annapolis Junction Town Center. Prince George's County's employment centers are not as well defined and are spread throughout the central and western portions of the county, but clearly a portion of Prince George's County's projected job growth will occur within the market area of the subject property.

In the larger subject area, one of the primary drivers of job growth recently has been the impact of the Base Realignment and Closure Act (BRAC). Fort Meade, which is located about two miles east of the subject project, was a major benefactor of BRAC. Over the course of the past two years the Defense Information Systems Agency (DISA), the Joint Network Management System Program Office, the Defense Office of Hearings and Appeals, the Defense Industrial Security Clearance Office, and the Washington Headquarters Service Central Adjudication Facility have located operations on-base at Fort Meade. Approximately 1.4 million square feet of space was constructed on Fort Meade over the past few years to house these new agencies at the base. In fiscal year 2011, total on-base employment at Fort Meade was 56,956 employees. Approximately 25% of the total employment was military personnel; 49% were civilian government employees and 26% were contractors. This is up significantly from 2007 (a 68% increase) when there were an estimated 34,000 on-base employees. Additional job growth is expected over the course of the next several years as relocation of the remaining positions under BRAC continues and additional expansions occur.

The U.S. Cyber Command Headquarters completed its construction within Fort Meade at the end of 2012. The Cyber Command operations are projected to bring approximately 3,100 jobs to Fort Meade by 2015 with 1,200 jobs created in 2012. Also bolstering job growth in the future will be the planned expansion of the National Security Agency (NSA). The expansion is planned to comprise 5.8 million square feet of new space on the base at Fort Meade and is expected to house 6,500 employees in the first phase (slated for completion by the end of 2014) and 11,000 employees in the second phase (slated for completion by 2020). It is estimated that approximately 1/3 of the projected employees are already located within the area in private buildings, but the remaining 2/3 will represent new jobs for the area. Based on projections from the Fort Meade Regional Growth Management Committee the total number of on-base jobs is projected to increase to 66,800 employees by 2015; an increase of approximately 10,000 jobs, or a 17% increase over the number of on-base jobs as of fiscal year 2011. In the addition to the job creation expected from the sources mentioned above, private sector employment should expand rapidly, also. Based on estimates from the Fort Meade Regional Growth Management Committee, for every on-base job created there are 2 private sector jobs created. Thus, by 2015, in addition to the 10,000 jobs increased on-base, an additional 20,000 jobs (indirect and induced) are reasonably anticipated to be created, many of which would be in, or reasonably proximate, to the market area of the subject.

Demographic Conclusion

In conclusion, the population in the market area of Annapolis Junction Town Center is projected to grow over the course of the next five years and accompanying the population growth will be an increase in the number of households. Households in the primary market area are projected to grow by 11,600 units by 2015 and an additional 7,200 new households are projected to be formed in the secondary market area of the subject property by 2015. By 2020 the number of households is projected to grow by 19,700 household units in the primary market area of the subject property while an additional 12,300 household units are projected to be formed in the secondary market area by 2020.

The market area of the subject has experienced a growth in jobs over the past five years, most recently due to BRAC and the relocation of numerous operations to Fort Meade. Based on projections by the Maryland Department of Planning, the number of jobs in Anne Arundel County and Howard County as combined is projected to increase by 46,000 employees by year 2015. Clearly, a major factor in this projected job growth will be the continued expansion of on-base jobs at Fort Meade and the indirect and induced jobs created as a result of the expansion. Although this projected job growth (46,000) is for the entire area of both counties and the subject's market area is only a portion of each county, two of three major employment centers in Anne Arundel County are located within the subject's defined market area and Howard County's major employment center (Columbia) is within the subject's defined market area. Therefore, the major portion of the projected job growth will likely occur in the market area of Annapolis Junction Town Center.

Based on an analysis of current income levels, it is estimated that 60% to 70% of the households in the market area of the subject would have sufficient income to be considered part of the target market for the residential component or apartments planned for the subject. Furthermore, as employment in the area continues to grow and the residential base expands, demand for commercial goods and services will expand creating additional demand for office and retail space in the market area of the subject property.

Apartment Market

Marcus & Millichap, a national real estate brokerage firm, reports on the state of national apartment market in its 2013 publication, *Real Estate Investment Research, National Apartment Report.* According to the brokerage, "the alignment of powerful demographic and economic trends continues to fortify national apartment performance, driving the sector into its fourth year of expansion." The U.S. apartment vacancy rate averaged 4.3% and the low vacancy rate resulted in gains in a range of 4-5% in effective rent growth. Demographic trends including the large number of echo boomers and immigrants forming households during the next few years would be logical apartment tenants.

The brokerage ranks various markets around the country using a National Apartment Index (NAI) that ranks markets based on a series of 12 month economic, supply and demand variables. Indicators include forecasted employment growth, vacancy levels, construction starts, housing affordability, and rent levels. The brokerage surveys a total of 44 markets. Locally, the brokerage surveys the Washington market, but excludes the Baltimore region. Washington ranked ninth in the index in 2012 but fell to 17th in the 2013 ranking. The ranking for the area decreased because of weaker vacancy rates and slower employment growth. The vacancy rate weakness is a result of adding 6,000 new units after typical deliveries of 4,500 apartments per year. Completions will exceed demand leading to a vacancy rate of 4.1% in 2013. Even though the vacancy rates will increase slightly, asking rents are projected to grow 4.6% to $1,527 per month and an increase of 4.9% to $1,465 in effective rents.

Marcus & Millichap analyzes the Washington market in their Apartment Research-Market Report for the 4th quarter of 2013. Marcus & Millichap indicates that a record number of units are underway throughout the region, and apartment stock will rise approximately 4.3% as these projects are completed over the next two years. Nearly half of this 2013's new inventory will come online in the fourth quarter, pushing vacancy to the highest level since early 2010 and slowing the pace of effective rent growth. Meanwhile, the condo market is tight with just an average of nine-and-a-half months of new inventory available, significantly down from pre-recession levels. They state that the majority of projects in the pipeline have less than 50 units and are not enough to meet the growing need for housing. This demand will likely spill into the rental market, as these would-be owners wait on the sidelines for new projects to pencil. An interesting observation by Marcus & Millichap is that some larger Class A apartment developments may be ripe for conversion to condos, lessening the impact on apartment operations and meeting the demands of the for-sale condo market. Marcus & MIlichap indicates that apartment vacancies shall reach 5% by the end of 2013. Furthermore, they indicate that, with more than half of additions to stock coming online in the fourth quarter of 2013, competition to attract tenants will slow effective rent growth in the fourth quarter and rents will reach $1,559 per month, a 2.6% growth from 2012 (note: effective rents grew 1.3% in 2012 in the Washington, D.C. metro market). More recently, Hessan Nadji (of Marcus & Millichap) indicated on CNBC that the apartment sector has now (December 2013) pre-recession metrics and that the apartment shall remain strong over the next decade. Mr. Nadji indicated that over the next five years an estimated 4.5 million people in the 18 to 34 age group shall enter the rental market and, as the economy continues to improve, a large percentage of the approximately 3.0 million young adults (versus before the recession commenced) who moved in with their families during the recessionary period shall, also, be entering the rental market.

The Howard County market is influenced somewhat by the Washington market because of the number of federal and defense workers in the county.

Real Property Research Group (RPRG) prepared a rental survey for the Howard County Department of Housing Community Development in August 2012. The purpose of the study was to determine the availability, distribution and affordability of the various rental units found in the Howard County market. The consulting company defined six major submarkets. The subject property is part of the Southeast Submarket. RPRG identified a total of 15 multifamily communities; however, two consist of age-restricted units. According to the consulting firm, three of the more recent developments in the Southeast market are part of the Route 1 revitalization corridor. Mission Place opened in 2010; Ashbury Courts opened in 2007 and Patuxent Square opened in 2008. For the most part, projects in the submarket are oriented toward Route 1 or Maryland Route 32. In addition, projects along the Route 1 corridor tend to be of more recent construction with an average construction date of 2004.

The stabilized vacancy rate in the area averaged 4.2% with a much lower vacancy rate of 1.8% for more luxury apartments. The Enclave at Emerson opened in March 2011 and was operating at a stabilized occupancy level of 95% as of September 2011 indicating an average absorption pace of 27 units per month. According to the consulting firm, the vacancy rate for the older properties in the submarket average 5% suggesting that tenants would prefer newer units even if slightly higher in price. For upper end units, the average effective rent for a one bedroom unit average $1,424 per month or $1.65 per square foot for an 866 square foot unit. Two bedroom units leased at a rate of $1,683 per month or $1.46 per square foot for apartments containing an average area of 1,156 square feet.

RPRG estimates that demand for Howard County rental units will outpace supply by 628 units throughout Howard County through 2015 and 475 units through 2017. According to the firm, “the greatest excess demand is in the Southeast market, with excess demand for 466 rental units over a three-year period and 638 rental units over a five year period.” The subject should benefit from this trend and the apartment units planned for the subject are projected to be in demand.

Local Market Competition

In April 2013 Valbridge/LF&M completed a market analysis as related to the subject Annapolis Junction Town Center mixed use project. Included in the market analysis was a survey of the local apartment rental market competition survey, including information on/of high-end and standard market rates multifamily projects. Valbridge/LF&M has recently (January 2014) updated the main findings of the April 2013 market analysis. Per the updated information and conclusions arrived at by Valbridge/LF&M (Mr. Joseph M. Cronyn, Senior Managing Director, signatory), their findings are that there have been no material changes in the subject's market which would cause Valbridge/LF&M to alter their April 2013 conclusions. The consultants recognize that vacancy rates have increased slightly and that rents have moderated; however (and Westholm & Associates agrees), that this is the competitive market's response due to increased inventory and that the increase in vacancy rates and moderating rents are temporary. Furthermore, while both Mr. Cronyn and the appraiser (Gary T. Westholm) recognize that there is ongoing apartment development in the region (especially in the Washington, D.C. metropolitan area), all reasonable forecasts indicate that even in the Washington market (where it is anticipated that vacancy levels shall increase) rents shall continue to increase; which shall more than offset increased vacancy levels.

The projects considered as being in the subject's competitive market/marketplace are located in both Howard and Anne Arundel Counties; and are summarized below. Importantly, with assistance some of the market information provided by owner representatives or by Valbridge/LF&M (January 2014), the following information is considered current (as of the effective date of this appraisal report).

Palisades at Arundel Preserve. This is the newest apartment rental complex in he subject's competitive market/marketplace. A high-rise apartment building, Palisades at Arundel Preserve is located just off the Baltimore-Washington Parkway at Arundel Mills Boulevard. The development consists of 330 units featuring upgraded kitchens, GE and Samsung stainless steel appliance, cashmere white granite counter tops, Kohler fixtures, and Brazil Ian cherry wood floors. Amenities include a fitness center equipped with television and I-pod docking stations, The Overlook Lounge with billiards, shuffle board and a caterers kitchen, business center with fax, print, copy and scan capability, swimming pool with sun deck, Wolf bar-b-cue kitchen grilling areas and an elevated green deck with an outdoor fireplace, controlled access entry and 24/7 front desk attendant/concierge. It is part of a mixed use development that includes restaurants, retail and a bank. There is free, access-controlled, garage parking. No amenity fee. Asking rentals ranges from $1,465 per month for an efficiency containing an area of 546 square feet to $2,585 per month for a two bedroom unit containing an area of 1,164 square feet, plus 8 townhomes containing 1,307 square feet to 1,461 square feet for $2,890 to $3,000 per month. Utilities are included in the rent. Palisades at Arundel Preserve commenced leasing in early April 2013 and, as of the effective date (December 2013) of this appraisal report, was 87% leased (with no concessions.]

Dorsey Ridge consists of 561 units that opened for leasing in July 2012 with units still under construction. Two unit types are offered and both feature upgraded interior finishes, granite counter tops, stainless steel appliances and washers and dryers, and fireplaces. Amenities include a gated entrance, clubhouses with fitness center, swimming pool, outdoor fireplace gathering area, business center with flat screen television, game salon with billiards, gourmet demonstration kitchen, movie theater, great room with piano, library and on-site concierge. Asking rentals (January 2014) range from $1,800 for a one bedroom, one bath unit containing 831 square feet, to $2,823 per month for a three bedroom, two bath unit containing 1,410 square feet. Based upon the April 2013 data rents have increased slightly over the past nine months.

Residences at Arundel Preserve The development consists of 242 units with units featuring upgraded kitchens, stainless steel appliances and granite counter tops. Amenities include a fitness center, billiards lounge, business center, swimming pool, controlled access entry and 24 hour front desk attendant. It is part of a mixed use development that includes luxury hotel and restaurants. There is free garage parking. No amenity fee. Asking rentals ranges from $1,375 per month in December 2013, up from $1,350 per month nine months earlier, for an efficiency containing an area of 489 square feet to $2,730 per month for a three bedroom units containing an area of 1,374 square feet. Utilities are included in the rent. Residences at Arundel Preserve is approximately 95% occupied, with no rent concessions, as of December 2013). This information was provided by an owner representative.

Arbors at Arundel Preserve The apartment development includes 496 units and includes both garden units and elevator units. Apartment units include standard kitchen, dishwasher, washer and dryer and gas fireplace in certain units. It is understood that the owners are currently (December 2013) in the process of upgrading kitchen countertops to granite and appliances to stainless steel. The development features a clubhouse, business center, sports lounge with billiard tables, theater room, fitness center, outdoor grills and fire pit. Asking rentals range from $1,414 per month for the 635 square foot one bedroom unit to $2,280 per month for a three bedroom, two bath units containing an area of 1,338 square feet. The base rent does not include utilities. Garage parking is available at $25.00 per month and $135.00 per month for a detached garage space. As of the end of December 2013 Arbors at Arundel Preserve was 94.56% occupied. This information was provided by an owner representative.

Belmont Station The project consists of 208 units. Community amenities consisting of upgraded appliances, swimming pool, clubhouse, conference room and playground. January 2014 rentals range from $1,423 per month for a one bedroom unit consisting of 766 square feet to $2,213 per month for a three bedroom, two bath apartment as of January 2014. Tenants are responsible for all utilities. Garage parking is available for an additional $160.00 per month. Based upon data from Valbridge/LF&M rents have decreased slightly over the past nine months.

Enclave at Emerson The Enclave offers 129 apartments and 35 townhomes. Units include 42 inch cabinets, washer and drying, balconies and sunrooms. Community amenities include a clubhouse, business center with Wi-Fi access, outdoor fireplace, grilling areas and security. A community swimming pool is available for use by apartment residents. Per Valbridge/LF&M, as of January 2014 rentals range from $1,508 per month for a one bedroom unit containing 807 square feet to $2,617 per month for a three bedroom, two bath townhome unit containing 1,580 square feet. Garage spaces are available at a premium of $160.00 per month.

The Lodge at Seven Oaks The development opened in early 2007 and consists of 396 units. Interior amenities include maple cabinets and slate floors. Community amenities include a pool, fitness center, clubhouse, private movie screening room, sports lounge with billiard tables and detached parking garages. Rentals range from $1,410 per month for a one bedroom unit containing 722 square feet to $1,781 per month for a larger three bedroom, two bath apartment containing 1,348 square feet as of January 2014. Tenants are responsible for utilities and garage parking is available at a rate of $150.00 per month.

Village at Odenton Station The project is a mixed use development consisting of 235 apartments in addition to 60,000 square feet of ground level retail. The property is located within the immediate area of the Odenton MARC Station. Units include part hardwood floors and a full size washer and dryer. Community amenities include fitness center, business center and theater room. Per Valbridge/LF&M, as of January 2014 rentals ranged from $1,460 per month for a one bedroom unit containing 757 square feet to $1,705 per month for a two bedroom, two bath unit containing an area of 1,245 square feet. Tenants are responsible for all utilities including water and sewer.

Mission Place Missions Place includes 262 units. Apartments are equipped with standard kitchen with community amenities consisting of a parking garage, swimming pool, 24-hour fitness center and first level retail space. Rentals range from $1,418 per month for a one bedroom unit consisting of 747 square feet to $1,953 per month for a two bedroom apartment consisting of 1,283 square feet as of January 2014. All units include one garage parking space. In general, rents are approximately the same as in April 2013.

Haven at Odenton Gateway This project consists of 252 units and opened in the fall of 2012. All units include fully equipped kitchens, granite counter tops, dishwasher and washer/dryer. Some units include screened porches and balconies. Community amenities include a 24-hour fitness center, swimming pool, theater, playground, and dog park. Per Valbridge/LF&M, as of January 2014 rentals range from $1,664 per month for a one bedroom unit containing 822 square feet to $2,255 for a three bedroom apartment consisting of 1,287 square feet. Tenants are responsible for utilities. Detached garages are leased at a rate of $200.00 per month while reserved parking spaces are available for $75.00 per month.

Conclusion

Based on the survey of existing projects, it is recognized that new developments are leasing quickly without an increase in overall vacancy rates. The projected market rentals for the subject units are within the range found in the market. The subject has a competitive advantage as it is the only project planned along the Route 32 corridor that is near Fort Meade, NSA, the National Business Park and commuter rail service. It is our projection that the subject property will be well received by the market and should achieve a lease up of approximately 35 units per month.

RETAIL COMPONENT MARKET ANALYSIS

The subject project is to include a 14,000 square foot retail center, a 3,200 square foot commercial or restaurant building in addition to a 250 square foot kiosk. The retail use is projected to be well received because of the number of apartments and occupants who will provide a ready market for services provided at the retail center. The retail market continues to perform well throughout the Howard County market because of the higher income levels, large population base and limited significant new construction.

Market Data and Retail Trends

Based on an analysis of CoStar statistics, the entire Baltimore metropolitan retail market consists of a total of 11,594 buildings that together contain a combined area of 134,298,494 square feet as of October 2013. The defined market also includes Queen Anne's and Kent Counties. Overall vacancy for these buildings totaled 6,885,071 square feet indicating a direct vacancy rate of 5.1%; however, the vacancy increases to 7,162,022 square feet, or 5.3%, if sublet and proposed space is included. Rental rates for retail space in the Baltimore metropolitan area range from $10.72 per square foot for the Kent County submarket to $31.82 per square foot in the southern Anne Arundel market which includes the Parole area of Annapolis; the rentals are on a triple net expense basis. Year to date absorption totals 562,199 square feet with a total of 356,802 square feet currently under construction.

Slightly more than one-third of the total retail space in the metropolitan market consists of shopping center space that is similar to the retail building planned for the subject property. The strip center submarket consists of a total of 813 buildings with a combined area of 45,931,753 square feet with a current direct vacancy rate of 7.1% with a sublet vacancy rate of 7.4% as of the end of the third quarter of 2013. Retail center rentals range from $9.24 to $27.02 per square foot on a triple net expense basis. The market absorbed a total of 237,151 square feet during the first three quarters of the year with approximately 325,000 square feet currently under construction.

The local and Howard County retail markets remain strong despite increasing rental rates and additional new construction. Based on the CoStar statistics, only two of the submarkets are located in Howard County and are identified as the Ellicott City/Columbia and Route 1/BWI Area markets. As combined these submarkets contain a total area of 15,185,267 square feet with the bulk of the space in the Ellicott City/Columbia market. Vacancy in the submarkets totals 344,206 square feet or 2.3%; the sublet vacancy increases to 421,164 square feet or 2.8%. Asking rentals are high in the submarkets averaging $24.66 per square foot in the Columbia market and $21.63 per square foot on a triple net basis for the Route 1 submarket.

Of the total retail area for Howard County, approximately 4,687,705 square feet consists of retail center space in the Ellicott City/Columbia and Route 1/BWI Area submarkets. As of the end of the third quarter of 2013, an estimated 222,923 square feet is available for rent, either as direct or sublet space; indicating a vacancy rate of a direct vacancy rate of 4.8% in the market. Rental rates for retail space average $24.14 per square foot in the Ellicott City market and $21.51 per square foot, triple net, for the Route 1 submarket. The Ellicott City/Columbia market is expected to remain the premier retail locations in Howard County.

However, the area competes with the Arundel Mills mixed use development in Hanover (located at the intersection of Maryland Route 100 and the Baltimore Washington Parkway). The mall contains more than 1.4 million square feet of retail space in the main mall building and construction is occurring on pad and ring properties that added three restaurants and two banks in addition to an existing hospitality component, membership warehouse shopping and typical convenience retail users, i.e., gas stations and fast food restaurants. Developed as part of the mall are a 24 screen Muvico movie theater and a Jillian's, both entertainment uses. A 7,000 square foot retail center was constructed at Arundel Mills along with additional space at Arundel Preserve. The new centers are clustered as the price of land is forcing developers to maximize development potential on vacant land parcels. Rentals range from $30.00 to $50.00 per square foot on a triple net basis with some tenants paying more than $50.00 per square foot because of escalators. The excellent road access and proximity to a large existing population base, as well as the probability of nearly 2,000 additional residential units over the next ten years, contributed to the location decision of the developer.

The second trend for retail development includes constructing centers that capture the "Main Street" feel with high quality exterior construction, variable roof lines and facades, and improved pedestrian flow. Residents are demanding more architectural controls and developer oversight from local governments that result in a trend away from typical construction of brick faced, rectangularly shaped retail strip centers to focusing on developing projects that are architecturally distinctive. The Village at Waugh Chapel is a multi-building project on the west side of Route 3 at Waugh Chapel Road in the Crofton/Gambrills area of western Anne Arundel County. In this project, the county, developer and residents collaborated to produce an acceptable building design. The project has been well received with rapid absorption paces, higher rental rates than obtainable at existing centers, and a balanced tenant mix. The project is anchored by a Safeway food store and a day spa. Bank and restaurants are on pads along the Route 3 frontage and there is a small residential component as part of the development. In addition, a Class A office building was also completed at the center and is a good fit with the surrounding retail uses.

The project was so well received that the same developers developed the Waugh Chapel Town Center (Waugh Chapel South). Pad rentals range from $190,000 to $375,000 annually with the higher rates paid by banks. Rentals for in-line space at the development are reported in a range of about $40.00 to $55.00 per square foot, triple net. The larger anchor or big box spaces are leased at rates of $17.00-$24.50 per square foot. The center is nearly 100% leased or committed to tenants, according to the leasing agent for the project. Anchor tenants include Wegman's. Marketing for the project began approximately five years ago.

Another trend in the area market for retail uses in general is to cluster complementary uses to allow for the sharing of drive aisles, entrances and parking. For new retail development throughout the county, buildings are clustered around a shared parking lot that enhances foot traffic to stores and eliminates the need for individual parking lots for each of the buildings. Anchored centers continue to experience lower vacancy rates, higher rental rates and more interest from institutional investors than non-anchored centers. A number of recently constructed retail centers throughout the general area were constructed with a grocery store as the anchor tenant. The size of the planned subject building would eliminate a grocery anchor due to the small size of the retail building.

The anchor tenant not only provides a draw to the center, but lends stability to the tenant roster and income level. As the scarcity of appropriately zoned land makes acquisition and development of a suitable retail site difficult, it also drives up the price of acceptable sites. In addition to higher land costs, the developer of a retail project would likely be constructing an architecturally distinctive building with varying façade treatments and roof lines that also increases the construction cost. In addition, the recent increase in impact fees may cause some potential developers to purchase an existing building and renovate, rather than starting from scratch and paying the much higher impact fees. The cost of developing a retail center is escalating and results in increasing rental levels for tenants. With higher rent levels, tenant viability will become increasingly more important. In the area market, retail rental rates are on a triple net basis; with the tenant responsible for all operating expenses in addition to installing interior improvements beyond a cold dark or warm lit shell. Therefore, the credit worthiness of lessees is important, as tenants would still be subject to economic downturns even in anchored centers.

Successful retail projects must locate in areas with growing population and income levels or where high barriers to entry exist for competitive facilities. CB Richard Ellis reports that the subject market consists of a total of 1,493,483 square feet with an overall vacancy of 1.9% as of the first quarter of 2013 (unfortunately, dated information but the latest available from CB Richard Ellis). The Laurel/Jessup retail market posted positive net absorption of 3,723 square feet with an average asking rental rate of $25.00 per square foot, triple net. Per CB Richard Ellis the asking rental is on the higher end of the range of rates for the Baltimore metropolitan area. By comparison, the entire Baltimore market consists of a total of approximately 66.5+ million square feet with an overall vacancy rate of 6.4% as of March 2013. The asking rental rate for the larger Baltimore metropolitan market averaged $20.47 per square foot on a triple net basis as of March 2013.

According to CoStar, a regional database, the Annapolis Junction/Jessup retail market (based on 20701 and 20794 zip code areas) consists of a total of 50 buildings that together contain a combined area of 501,991 square feet as of December 2013. Vacancy for these buildings totals 45,043 square feet indicating a direct vacancy rate of approximately 9%. There is no sublet retail space available for lease. Leasing activity totals 21,937 square feet with positive net absorption of 16,875 square feet within the submarket for the year 2013. Asking rental rates for area retail space average $22.25 per square foot on a triple net basis.

In conclusion, the architectural design planned for the subject retail building is consistent with more recently constructed facilities. The development of retail space as part of the Annapolis Junction Town Center would be well positioned given the number of apartments planned for the site. In addition, the retail vacancy rates in the larger Howard County market and the subject submarket are low suggesting that additional retail space is needed.

Restaurant Trends

Restaurants are prime retail tenants. The National Restaurant Association reports on the state of the restaurant industry in its publication, *2010 Restaurant Industry Operations Report*. The publication reports on sales for 2010 in addition to survey information for the 2008 and 2009 operating years. According to the report, restaurant industry sales are projected to total $580.1 billion in 2010 indicating an increase of 2.5% over a 2009 total of approximately $565.8 billion. Commercial restaurant services are projected to comprise 91.4% of total industry sales in 2010 with limited service (fast food) restaurants accounting for $164.8 billion in sales up from $160.0 billion for 2009, an increase of 3.0% over the period. Full service restaurant sales are forecast to increase to more than $184.1 billion in 2010 from nearly $182.0 billion for the prior year indicating an increase of 1.2%. In inflation adjusted terms, sales at fast food restaurants are projected to decrease at a rate of 0.4% in 2010; a slightly larger decrease of 0.7% occurred for 2009 as compared to 2008. Approximately 35% of limited service operators reported higher sales in 2009 than in 2008, but more than 50% reported decreased sales in 2009 as compared to 2008. Even though this segment posted a relatively small decrease in real terms, the quick service segment still faces stiff competition from grocery and convenience stores and from increasing takeout and casual dining offerings from full service restaurants. Full service restaurants, experienced inflation adjusted declines of 1.5% in 2010 over 2009 levels; the decline between 2009 and 2008 averaged 6.2% in real inflation adjusted dollars.

More than 650 questionnaires were received for the survey for establishments that includes typical quick service restaurants as well as fast casual restaurants. This is the most recent compilation available. As reported in the *2010 Restaurant Industry Operations Report*, median food sales for limited service restaurants averaged $10,000 per seat with average beverage sales of $1,197 per seat and median total sales of $314.69 per square foot. About 47.9% of limited service restaurants are single units, i.e., independents, with the remaining 52.1% comprised of multi-unit company operated or franchised locations. More than one-third (37.1%) of the respondents had a sales volume that exceeded $1,000,000 annually. Finally, 47.1% of the respondents reported operating restaurants occupying less than 2,500 square feet and 66.4% reported fewer than 100 seats. Maryland is part of the South region for purposes of the survey and this region accounted for 35.7% of all limited service restaurants included in the survey. Most (79.2%) of the respondents reported earning a profit. Approximately 37.1% of the restaurants contained areas of 2,500 to 4,999 square feet with 15% occupying restaurants containing areas of more than 5,000 square feet. Only 20% of respondents reported owning both the land and the building with more than twice as many (50.7%) of respondents reporting leasing the land and the building.

The sales and expense figures are reported for all restaurants and then segregated by a variety of categories that include affiliation, i.e., independent versus a multi-unit company store, sales volume and location, i.e., metropolitan/non-metropolitan. The sales and expenses are reported for the lower and upper quartiles as well as the median, and these ranges follow. Operators reported that food sales comprised 93.7 to 100% of total revenue with the cost of goods sold accounting for 27.6-36.6% according to the operations report for a gross profit margin ranging between 63.6-72.4% based on food sales only. Total operating expenses comprised 54.4-68.6% for independent operators and included costs for salaries and wages, employee benefits, direct operating costs, music and entertainment, marketing, utility services, restaurant occupancy costs, repairs and maintenance, depreciation, other expenses, general and administrative charges, and corporate overhead. Operating expenses ranged from 18.1-61.6% for single units and 55.1-68.4% for multi-unit company or franchise operated locations. Restaurant occupancy costs ranged from 4.3-9.3% of sales for independent restaurants and 7.8-12.2% for chain affiliated restaurants.

As reported in the *2010 Restaurant Industry Operations Report*, median food sales for full service restaurants with checks of under $15.00 per guest averaged $7,698 per seat with average beverage sales of $1,716 per seat and median total sales of $275.50 per square foot. About 66.3% of full service restaurants with checks under $15.00 per person are single units, i.e., independents, with the remaining 32.5% comprised of multi-unit company operated or franchised locations. More than half (57.7%) of the respondents had a sales volume that exceeded $1,000,000 annually. Finally, 44.6% of the 175 respondents reported operating restaurants occupying between 2,500 and 4,999 square feet and 29.1% reported fewer than 100 seats. Maryland is part of the South region for purposes of the survey and this region accounted for 25.1% of all full service restaurants with checks of less than $15.00 per guest included in the survey. Most (68.1%) of the respondents reported earning a profit. Approximately 14.9% of the restaurants contained areas of less than 2,500 with 15.4% occupying restaurants containing areas of more 7,500 square feet. Only 37.7% of respondents reported owning both the land and the building with a comparable number (36.6%) of respondents reporting leasing the land and building.

Operators reported that food sales comprised 75.6 to 100% of total revenue with the cost of goods sold accounting for 29.2-37.2% according to the operations report for a gross profit ranging between 62.8-70.8%. Total operating expenses comprised 48.9-69% for independent operators and included costs for salaries and wages, employee benefits, direct operating costs, music and entertainment, marketing, utility services, restaurant occupancy costs, repairs and maintenance, depreciation, other expenses, general and administrative charges, and corporate overhead. Operating expenses ranged from 33.9-66.6% for multi-unit company or franchise operated locations. Restaurant occupancy costs ranged from 3.8-7.4% of sales for independent restaurants and 5.2-7.6% for chain affiliated restaurants.

Restaurant Projections

The National Restaurant Association also makes projections about the state of the restaurant industry in its publication, *2013 Restaurant Industry Forecast*. Restaurant industry sales are projected at a total of $660.5 billion for 2013 with a total market consisting of 980,000 restaurants and employing 13.1 million workers. Total sales are forecast to increase by 3.8% over 2012 levels, but increase only 0.8% after adjusting for inflation. The projected increase for 2013 lags the 2011 increase of 4.1% over 2010 and 4.2% between 2011 and 2012. National and local economic conditions will continue to affect consumer (and restaurant) spending as consumers express concerns about finances and the uneven, but improving, job market. On the positive side, disposable income continues to grow and the NRA projects a 1.5% growth rate for 2013 that is a slight improvement over the 1.4% growth in 2012 and vast improvement over the 1.0% growth for 2009. Restaurant operators continue to cut costs and rethink menu pricing in the interim until restaurant spending levels improve. The top trends for 2013 by full service restaurateurs is the focus on locally grown or sourced meat and produce while limited service restaurants are focused on adding gluten free items and also using local foods. Other trends will focus on healthier food and menu options as well as more concern for the environment.

Total restaurant industry sales increased by 35.3% from $488.2 billion in 2005 to a projected level of nearly $660.5 billion today. The commercial restaurant services segment represents more than 90% of total industry sales. For 2013, the commercial restaurant services segment is projected to account for $602.5 billion of total industry sales divided between eating places with a forecasted volume of approximately $461.3 million followed by noncommercial restaurant services (hospitals, colleges, universities, etc.) at $55.4 billion and with military restaurant services accounting for the remaining $2.5 billion in annual sales. The bulk of the commercial restaurant services segment is comprised of eating places consisting of full service restaurants, quick service restaurants, cafeterias and buffets, social caterers and snack and nonalcoholic beverage bars and of bars and taverns.

Eating and drinking places posted a 2012 sales volume of $425.6 billion that is projected to increase 3.8% to $441.9 billion for 2013. Full service restaurants accounted for $202.2 billion in volume in 2012 that is projected to increase by 2.9% to $208.1 billion for 2013. However, in real terms the volume is projected to increase 0.2%. Limited service (quick service) restaurants had a volume of $179.3 billion in 2012 that is forecast to increase by 4.9% (or 1.7% in real terms) to $188.1 billion for 2013. The cafeteria and snack segments are projected to post increases in year over year sales, but declines when adjusted for inflation. The sales volume for bars and taverns is projected to increase 3.1% (0.1% in real terms) to $19.5 billion in 2013 over the 2012 level of $18.9 billion.

Sales increases are projected to remain constrained for restaurants through the year because of economic conditions, but with growth accelerating in the near term. Real GDP is projected to increase at a rate of 2.2% in 2013 and would represent no change over 2012 levels. Despite the strong projected growth in GDP, disposable personal income is projected to grow by 1.5%; disposable personal income is a key indicator to restaurant sales growth. Job growth is projected for 2013, although unemployment levels will remain at more than 7% as prospective employees reenter the job market. However, consumers generally feel more confident about economic conditions at this time as compared to 2008 and 2009. Restaurant operators report higher food costs, difficulty in obtaining credit and retaining customers. To offset higher costs and fewer customers, restaurants are offering value driven menus to attract patrons and increase sales.

Maryland is part of the South Atlantic region that is projected to outperform the national average for population increases, income growth and job creation. Restaurant sales for 2013 are projected at 4% over 2012 levels while national restaurant sales are projected to increase 3.8%. More recent statistics project total restaurant sales in Maryland at a total of $10.3 billion in 2013 indicating an increase of 3.7% over 2012 totals. The number of workers is expected to increase at a rate of 0.7% annually for the 2013-2023 period according to the National Restaurant Association. Given the improving conditions of the restaurant industry and the local economy, a restaurant use of at least a portion of the subject building is financially feasible.

Retail Market Analysis Conclusion

Given the low vacancy rates throughout Howard County and the subject markets, it our opinion that retail development of Parcels D, E and G would be financially feasible. In addition, the construction of 416 apartment units would provide a ready customer base for potential service and restaurant uses at the subject property. Finally, the projected increase in ridership for the MARC line would also provide another source of potential customers for the retail uses projected for the Annapolis Junction Town Center. Therefore, development of Parcels D, E and G is financially feasible and represents the highest and best use of these sites.

OFFICE COMPONENT MARKET ANALYSIS

Due to the current market conditions as related to the Class A office market (currently high vacancies in general and the need to “draw down” currently vacant space) and the potential of an “overbuild” situation in the hospitality industry in the subject’s general competitive market (especially in the Full Service category), since the market does not necessarily support immediate office development in the subject’s competitive marketplace a more exhaustive market study was completed for the larger area for the office component. It is, however, recognized that, versus the general office market, the proposed office building at the subject location (within a mixed use project) may well benefit from the combination of the other uses envisioned at the subject location and, as well, proximity to the rail station. Importantly, due to the retail market having been previously discussed within this appraisal report, the fact that the retail market is far more "stable" than the office and hospitality components, and the retail components lack of magnitude (it is highly likely that less than 5% of the overall square footage which would be developed on the composite subject site would be for retail) it is not further discussed herein.

Office Component Market Analysis:

Based upon the following analysis of the market, it is our opinion that eventual development of the subject property with a mixed use project and having office space development as a secondary use shall have a long term positive market response. However, due to the following facts/factors, it is our opinion that development of this space shall be of some risk in the very near future, but more likely once the market competition has significantly reduced their inventory of both improved space and land.

In the immediate area of the subject one of the primary drivers of job growth in the future will be the impact from the Base Realignment and Closure Act (BRAC) and the ongoing expansion of the National Security Agency (NSA). Fort Meade, which is located approximately two miles east of the subject, is a major benefactor of BRAC. The headquarters for the Defense Information Systems Agency (DISA) are located in a new facility at Fort Meade. This facility comprises a total of approximately 1,000,000 square feet in five buildings. Construction of the DISA campus is understood to have been completed. The co-location of Defense/Military Department Adjudication Activities are to be housed in a new headquarters facility containing 152,000 square feet of space. The third major facility that will be developed as a result of BRAC will house the Defense Media Activity (DMA) center. The DMA facilities will housed in a new 186,000 square foot multi-story building. This facility has been completed.

Based on a study prepared by Sage Policy Group, Inc. in October 2009, the total number of new direct jobs on the base is projected to be 5,400. In addition to the direct on-base jobs, there are projected to be between approximately 10,660 to 12,310 additional jobs created in the form of off-base defense contractors (3,780 to 4,720 new jobs), suppliers (2,020 to 2,230 new jobs) and consumer businesses (4,860 to 5,360 new jobs) to support the new workforce. The off-base defense contractors typically maintain relatively close proximity to the primary agencies they deal with. Thus, the bulk of the jobs generated by BRAC will be located within the primary market area of the subject. These jobs initially went in place in 2010 and are expected to be fully in place by 2015. It is estimated that 300 of the direct positions to be added to Fort Meade are already located within Anne Arundel County and would have little overall impact on the market. However, the vast majority of the jobs will come from the Northern Virginia and Washington D.C. areas, while some of the positions are expected to come from as far away as Texas and California.

Although the total impact from BRAC is expected to be approximately 16,000 to 17,700 jobs (direct on base, as well as off-base, indirect and induced employment), a portion of these new positions will likely be filled by local residents, particularly the indirect and induced jobs (suppliers and consumer businesses to support the new workforce). The indirect and induced jobs account for approximately 6,880 to 7,590 of the total projected employment impact from BRAC.

It is recognized that much of the market analysis herein discusses the historic and current market conditions for Class A office space (note: while part of the discussion is relative to Class B office space, the historic demand and future office projection needs as represented by office space growth and tenant user demands [responded to by the market] are far more conducive for the development of Class A office space at the subject location). While current conditions are certainly important to understand as a "basis" for projecting absorption, the combination of reasonably projected future market demand, as well as the timing of office development on the subject site will be critical to the success of office space development at Annapolis Junction Town Center. Thus, it is imperative to consider all of the information gathered and make reasonable projections of the future office demand.

To understand the future market for office space, it is important to understand both the current and historical development in the subject's nearby competitive neighborhood as well as the primary, secondary and general (countywide) market areas. Utilizing data available from the marketplace, Westholm & Associates has researched the current market conditions, as well as, the historic information available in order to develop an opinion of the suitability and feasibility of the placement of a Class A type office building in consort with other uses (some residential, some retail) at the subject location. While CoStar is the only data service which provides the ability to focus on clearly defined primary and secondary market/market competition, there are several other relevant data sources which provide information concerning market conditions. This data information tends to concentrate on the more commonly accepted office market areas and is "generalized". Examples would be such areas as Baltimore/Central Business District, Baltimore City North, Hunt Valley, etc.; areas in which office markets are clearly interconnected. In the subject case there are several generalized areas also (BWI Corridor, Annapolis and Columbia are illustrative examples).

The following information is derived from said data sources (note: as the geographic area considered decreases data from CoStar is primarily used). Within this analysis the market analysis is presented in reverse geographic order; going from describing/analyzing the larger market first then, analyzing smaller markets, eventually describing the smallest geographically competitive market (in the subject's near immediate environs), which is the subject's most competitive office market and, thus, the most important in understanding the reasonableness of developing office space as envisioned at the subject location. First, the larger, more generalized, office market at the countywide level is presented. Importantly, as previously discussed the subject's locational characteristics (proximity to BWI, Fort Meade, NSA, and an excellent regional highway network) are intertwined with the general Anne Arundel County and Howard County office markets, especially within the areas of those counties which are in reasonable driving distance of the aforesaid locational facts/factors which affect the subject. Westholm & Associates recognizes that, geographically, Prince George's County is close by; however, the historic development of the entire county is far less relevant than either Anne Arundel or Howard Counties in analyzing this type of market. Importantly, however, the northeasterly tier (“outside” the Washington Beltway) is considered in the Secondary and Primary market information included herein; thus, the portion of Prince George’s County closest to the subject property is actually included.

Countywide Office Markets:

The subject property is located in the easternmost portion of Howard County. In that Anne Arundel County, a major competitor to Howard County for Class A office space users, is close by; the Countywide Office market analysis includes data from Anne Arundel County also.

Cushman & Wakefield, a major international real estate brokerage and services entity, periodically analyzes the Baltimore regional office market. In their most recent publication (3rd Quarter, 2013) the following generalized office survey for Anne Arundel and Howard Counties (the two most relevant to the subject’s office market) indicated the following:

3 QTR 2013							
LOCATION	**INVENTORY (Square Feet)**	**No. of Bldgs.**	**Overall Vac. Rate**	**Direct Vac. Rate**	**SF/under Constr.**	**A YTD Net Overall Absorption/SF**	**Average Cl. A Gross Rent/Yr. (asking)**
Anne Arundel County	11,392,666	NA	13.3%	12.9%	255,351	(110,248)	$29.61
Howard County	11,788,794	NA	12.0%	10.7%	194,700	415,656	$27.52
Total	**23,181,460**	**NA**			**450,051**	**305,408**	

Although quite generalized due to the geographic area included in the above analysis, it is important to note the total amount of Class A (only) office space in the two counties which most benefit from being in reasonable locational proximity to BWI, Fort Meade, the National Security Agency and the regional highway network. Of further note is that on a countywide basis, then considering the two counties combined, the current amount of vacant Class A office space based upon CoStar statistics is approximately 2,108,887 square feet, which reflects an overall vacancy rate of 13.0% (down from 14.3% in the third quarter of 2012).

CB Richard Ellis, another major international real estate brokerage/services firm, also studies the Baltimore market and provides quarterly updates as related to the office market. Third Quarter 2013 data from CB Richard Ellis indicates that for the entire Baltimore metropolitan area (which has an inventory of approximately 64,657,361 square feet of office) the overall vacancy rate is approximately 16.5% in the third quarter of 2013. One major negative geographic factor affecting the vacancy rate is Baltimore City, which has an estimated 20,369,180 square feet of office space (down from 20,714,326 square feet of office space in the third quarter of 2012 due to conversions from office space to other uses) and currently (third quarter of 2013) has a 15.1% vacancy rate (down from 17.7% overall vacancy rate in the third quarter of 2012 and which is down from 21.0%, mid 2010 vacancy rate). Examining, based upon CB Richard Ellis third quarter 2013 information the office market closer to the subject property indicates the following:

Location	Inventory/SF	Overall Vac Rate	Under Construction	Ave. Asking Rent ($/sf/yr)
Annapolis	2,450,145	13.4%		$28.90
BWI Corridor	8,195,264	14.7%		$26.84
Columbia	11,807,300	13.9%	250,000	$23.92
Ellicott City	487,181	4.9%		$22.26
Route 2/3	900,913	16.7%		$23.56
Lower Suburban Total	**23,840,803**	**12.7%**	**250,000**	**$25.10**

Class A average asking rents; average rentals for overall classes of buildings, are slightly lower

CBRE reported that construction activity decreased as there was where no new deliveries or ground breakings in the third quarter of 2013. Currently, CBRE reports that approximately 487,400 square feet is expected to deliver in the Columbia, Baltimore City East and Reisterstown Road Corridor submarkets by year-end 2013, with approximately 50.3% of these buildings already preleased. As of the third quarter 2013, CBRE reports approximately 1.2 million square feet of office space, is currently in the development pipeline and expected to deliver in 2014. Larger tenants, those seeking to occupy 50,000 square feet and greater, do not have many options due to the lack of existing large blocks of Class A space. These users are choosing to renew rather than incur moving costs. However, per CBRE there are a number of Class B options available; renovated buildings with moderate lease rates that appealed to the cost-conscious tenant.

Another important data source is from CoStar Informational Systems, which through their CoStar Properties database provides market data on all types of non-residential real property. Currently, for the Anne Arundel and Howard County Class A and Class B office markets the following information is indicated for the amount of office space, direct and total vacancy rates and average full service rents.

End of Year 2013 LOCATION	INVENTORY (Square Feet)	No. of Bldgs.	Overall Vac.Rate	Direct Vac. Rate	Average fs Gross Rent/Yr.
A.A. County/Class A	8,866,964	95	11.3%	10.8%	$27.26
A.A. County/Class B	9,036,408	471	14.0%	13.8%	$22.41
A.A. Total (SF)	**17,903,372**	**566**		**12.4%**	
Howard Cty/Class A	7,314,205	71	15.2%	13.2%	$25.51
Howard Cty/Class B	9,182,352	323	12.8%	12.8%	$22.79
Howard Total (SF)	**16,496,557**	**394**		**13.5%**	
Total	**34,399,929**	**960**		**12.9%**	

Closer examination of the direct vacancy rates as applied to Class A space only, indicates that there is 959,882 square feet of Class A office space vacant in Anne Arundel County and there is 1,048,117 square feet of Class A office space vacant in Howard County. When one considers only Class B office space the indicated amount of direct vacant office space in Anne Arundel County currently is 1,266,199 square feet while in Howard County it is 1,174,198 square feet. When combined, the direct vacancy rate for Class B office space currently averages 12.9%.

14 Year Growth	First Qtr. 2000	14 Yr. Growth End Yr. 2013	14 Yr. Growth SF/Annum	Total Growth (Percentage)
A.A. County	**Amount SF**	**Amount SF**		
Class A	3,483,358	5,383,606	384,543	154.55%
Class B	6,375,312	2,661,096	190,078	41.74%
Total	9,858,670	8,044,702	574,622	81.60%
Howard County	**Amount SF**	**Amount SF**		
Class A	4,197,887	3,116,318	222,594	74.24%
Class B	5,531,935	3,650,417	260,744	65.99%
Total	9,729,822	6,766,735	483,338	69.55%
Overall Total	**19,588,492**	**14,811,437**	**1,057,960**	**75.61%**

The above information provided by CoStar indicates an average market driven office development of approximately 574,622 square feet per annum in Anne Arundel County with clearly the dominant type of office development being considered Class A office space. For what is described as the general market, the indicated amount of Class A and Class B office space which has come onto the market over the past 14 years has been significant. In fact, per CoStar, when considering the overall inventory of Class A and Class B space in existence 14 years ago in the combined Anne Arundel/Howard County markets and then comparing the Class A and Class B office space inventory through the end of year of 2013, the overall increase is equivalent to over 75% of the beginning year 2000 inventory. Reviewing the statistics herein, including information from CB Richard Ellis (somewhat fragmented due to their differing of defined market areas), one can see that there have been areas which experienced growth and, in the recent past, there are other areas which have been more adversely affected than others (the Annapolis market and the BWI market being examples while the Columbia market is faring far better).

Another important market indicator, driven by office developers' perception of market demand and then driven by users, is the change in the percentage of Class A office space versus Class B office space. A review of the CoStar data immediately preceding indicates that far more Class A office space (versus Class B office space) was constructed, i.e., came "on line" during the past 14 years. In fact in Anne Arundel County the amount of Class A office space which was developed during this fourteen year period changed the percentage of Class A versus Class B office space from approximately 35% (of the overall inventory of Class A and B office space) to approximately 52.6%; conversely the percentage of Class B office space decreased from 64.7% of the Class A/B office inventory in year 2000 to approximately 47.4%. The Howard County Class A/B office market experienced a different change in office inventory; the percentage of Class A office space (versus Class B) essentially remained the same at approximately 43% to 47% during the same time. Indeed, as shown in the preceding table, Class A office space grew by more than 154% in the preceding 14 years in Anne Arundel County and by over 74% in Howard County during the same time period.

Primary (Competitive) Office Market:

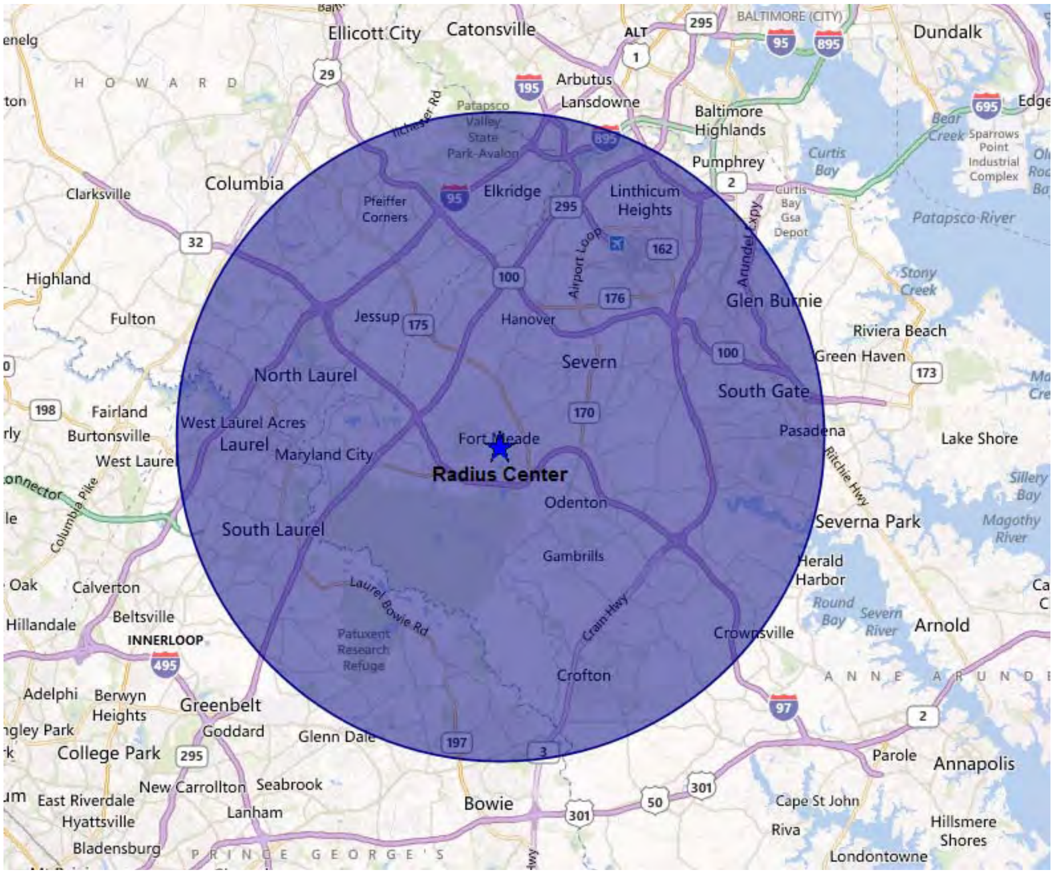
As part of this assignment, it is necessary to determine both the primary competitive market of the subject office space. Since the countywide market (including both Anne Arundel County and Howard County) has been presented first, the format used herein is to consider the subject's primary market.

Comment:

> It is noted that previously Westholm & Associates also considered a "secondary" market (using a fourteen mile radius based upon Fort Meade being the center point). However, there is a significant amount of redundancy between analyzing the countywide markets and the secondary market previously considered. Therefore, for purposes of this current appraisal assignment the "secondary" market analysis is not included; the primary market is far more relevant to the analysis herein and shall be considered.
>
> The primary office market analysis follows below.

Primary Office Market:

Before this subsection of the office market study/analysis both the general/ countywide and secondary office market condition(s) and absorption(s) have been presented. In a reverse telescoping of the market analysis, this subsection concentrates on the primary office market where the dominant percentage of the subject's most direct competition for office space users would be located (or be seeking office space). After consideration of the geographic areas in which this competitive market is located for purposes of this primary market analysis, the most reasonable geographic area to consider is based upon a nine (9) mile radius again using the center point of Fort Meade (military base) for determining the radius. The following shows the nine mile radius.



Subject Primary Office Market Area = 9 Mile Radius from Fort Meade

The nine mile radius used herein includes consideration for the I-95/Maryland Route 295 corridor, going southwesterly toward, but does not include, the Washington Beltway (I-495), westward to Route 29, which would include the eastern part of the Columbia office market (the area most accessible to Fort Meade/NSA), north/northeast to include the BWI office market but excluding consideration for southwesterly areas of metropolitan Baltimore, east/southeast to include the I-97 corridor but totally excluding consideration for the Parole (area of Annapolis) office market, and southerly to include the Crofton area of Anne Arundel County but only the northerly fringes of the Bowie Prince George's County. These are considered areas which will be impacted, primarily due to "drive times," either directly or indirectly by the infusion of BRAC. Indeed, a review of the above map would indicate that under normal driving conditions all of the areas within the nine mile radius are within a fifteen to twenty minute drive from the boundaries of Fort Meade and/or the National Security Agency (NSA).

Based upon the above geographic parameters, the following inventory of Class A and Class B office space within the nine mile radius is estimated (per CoStar):

Dec-13 LOCATION	INVENTORY (Square Feet)	No. of Bldgs.	Overall Vac.Rate	Existing Vacant SF	Average fs Gross Rent/Yr.
Primary Market	**9 mile radius**				
Class A	12,613,491	116	13.6%	1,716,603	$26.05
Class B	13,564,548	431	17.0%	2,307,070	$21.71
Total	**26,178,039**	**547**	**15.4%**	**4,023,673**	**$23.80**

Of note is the significant amount of Class A office space, much of which is considered well located (highway network, proximity to BWI, etc.). Based upon historical physical inspections of the nine mile radius area, it is recognized that much of the Class A space is located either in the Columbia area (east of Route 29) or in the general environs of BWI Airport; while (excluding National Business Park) there is little office development in the close environs of Fort Meade or NSA. Furthermore, a review of the Class A development patterns during the course of this analysis indicated that some geographic areas are overbuilt – with higher than average vacancy levels.

GROWTH 9 Mile Radius	4th Qtr. 2013	1st Qtr. 2000	Growth Q1 2000 – Q4 2013	Annualized Growth Rate	Total Growth (Percentage)
	Amount SF		**Amount SF**		
CLASS A	12,613,491	4,145,150	8,468,341	604,882	204.30%
CLASS B	13,564,548	8,911,761	4,652,787	332,342	52.21%
Total	**26,178,039**	**13,056,911**	**13,121,128**	**937,223**	**100.49%**

The above information provided by CoStar, indicates an average market driven office development within the primary market area of close to 937,000 square feet per annum with the dominant type of office development being considered Class A office space. Like the data for the countywide market the indicated amount of Class A and Class B office space which has come onto the primary office market over the past 13 years has been significant. Per CoStar, when considering the overall inventory of Class A and B space in existence in 2000 in the primary market area and then comparing the Class A and B office space inventory in the spring of 2013, the overall increase is equivalent to over 100% of the year 2000 inventory.

Another important market indicator is the change in the percentage of Class A office space versus Class B office space. Like the indications from the larger geographic study areas, a review of the CoStar data immediately preceding indicates that far more Class A office space versus Class B office space was constructed and came "on line" during the past 13 years. In fact, the amount of Class A office space which was developed within the primary market area during this 14 year period changed the percentage of Class A (versus Class B) office space from approximately 32% of the overall inventory to approximately 48.2%; conversely, the percentage of Class B office space dropped from approximately 68% of the Class A/B office inventory to approximately 46.5%. As shown in the preceding table, Class A office space grew by approximately 204% in the preceding 14 years while Class B office space development clearly lagged behind; having grown 52.2% during the same time period. Excluding office development at National Business Park, all of the Class A space constructed over the past 13 years within the primary market occurred in locations further removed from either Fort Meade or the National Security Agency. Both Fort Meade and the adjacent National Security Agency are considered "Ground Zero" for the BRAC changes which have occurred in the subject's office market.

Competitive Market:

Within the Primary market described above is the mixed use project often referred to as Konterra and/or Konterra Town Center. Covering several hundred acres and having a transportation-oriented zoning (Prince George's County), Konterra has the potential to be developed with a regional shopping center as well as over 3,000,000 square feet of Class A office space. Konterra is still in the planning stages; however, for purposes of this analysis, it is considered in both the Secondary and Primary market areas when compared to the subject property. However, Konterra is not considered either part of the immediate market or as a significant future competitor for BRAC oriented office space (which is extremely important to the subject office future potential).

National Business Park and National Business Park- North

Another major office park development, in fact the single most successful office park in the nine mile radius considered the subject's primary market, is the National Business Park, which is located on the same side of Fort Meade (from the subject property) and just across the Baltimore-Washington Parkway from the National Security Agency headquarters. In fact the following aerial shows the location of the proposed Annapolis Junction Town Center, the National Business Park in relation to the National Security Agency headquarters and the western part of Fort Meade.

The National Business Park came into being in the late 1980's when the property was rezoned from a low density residential district to a park industrial district. Several facts/factors caused the rezoning to occur; not the least of which was the fact that Maryland Route 32 was being constructed and that NSA placed new requirements for contractors relative to travel expenses. Thus, National Business Park was born and located directly across the Baltimore-Washington Parkway from the National Security Agency's headquarters at Fort Meade.

As of May 2013 National Business Park is improved by twenty three office buildings and additional hotel component(s). Accordingly to CoStar the overall rentable building area is 3,085,830 square feet and the current vacancy rate is at approximately 1.0%". Since early year 2003 the build out has averaged over 200,000 net rentable square feet per annum.

Clearly, National Business Park has dominated the market and shall continue to dominate the market (location, location, location) until total build out is reached. As of the end of year 2013 the second section of the park (National Business Park-North has commenced construction (close to 300,000 square feet already completed over the past two years). When completed National Business Park- North (only) shall be a mixed use project with office, research and development, retail and residential uses. Full development is projected to include 1,219,830 square feet of tenant occupied office buildings, 406,610 square feet of research and development buildings, 203,305 square feet of retail and hotel space, and 148 residential condominium units that contain a combined area of 203,305 square feet for a total build out of 2,033,050 square feet.

At the current rate of absorption within NBP-N it shall take at least four to six to seven years before total absorption shall occur.

There are several other proposed developments which are reasonably expected to be developing Class A office space in the "nearby area" (i.e., close to Fort Meade and to the National Security Agency), including Odenton Town Center,, the Fort Meade Technology Center, the Corporate Center at Arundel Preserve, Arundel Gateway and Annapolis Junction Business Park. The following is a short description of the major competitors in this market/marketplace.

Annapolis Junction Business Park:

Located in the southwesterly quadrant of the Baltimore-Washington Parkway (Maryland Route 295) and Maryland Route 32, Annapolis Junction Business Park is on a site which has a gross size of approximately 400 acres, of which approximately 200 acres are developable. This site is very close to the subject property and to National Business Park, thus close to the headquarters of the National Security Agency and to Fort Meade. Government furnished van services provide transportation to/from Annapolis Junction Business Park, the Savage MARC rail commuter station, National Business Park and Fort Meade.

When fully developed this business park is envisioned to have approximately 2,300,000 square feet of Class A office space. It is understood that two buildings, with approximately 237,600 square feet of space, are currently completed. The developer (a joint venture between Konterra Realty and Boston Properties) plans on having only Class A office buildings with sizes ranging from 125,000 to 150,000 square feet. Building One was delivered in June 2008. The second building was completed in 2012. A third building is anticipated to be completed by early 2014.

In spite of the historical record of absorption (per CoStar) Westholm & Associates recognizes the locational characteristics of Annapolis Junction Business Park are such that, considering the current market conditions and the reasonably anticipated growth in office space need, that this project is fully capable of developing 125,000 to 150,000 square feet of office space per annum to meet said market demands. Moreover, in our opinion, some, but not all of this absorption shall be Department of Defense and Cyber oriented.

Corporate Center at Arundel Preserve:

The Corporate Center at Arundel Preserve is located northwest of the subject, to the west/southwest of and in the vicinity of the Arundel Mills regional mall. This office center covers an estimated 63 acres (Arundel Preserve in total has over 270 acres but part is being developed with residential uses and part is being developed with commercial uses) and, when totally built out, will have eleven Class A office buildings with an estimated 1,800,000 square feet of offices. The first building, approximately 153,000 square feet in area, was constructed and completed in 2008; leasing has been slow. This project is located approximately 3.5 miles north of NSA and would be directly competitive with the subject for office space users.

This project is another office project being developed in conjunction with Corporate Office Properties Trust and partners. As the market has appeared to stabilize and the market is now reacting to BRAC needs, user activity is now being experienced at this location. Based upon projected office space need, Westholm & Associates is of the opinion that it is reasonable to project one building being constructed at this project per year over the next ten to twelve years. At that rate it is our opinion that this project is reasonably capable of delivering approximately 125,000 to 150,000 square feet of office space per annum and, based upon estimated office space need, lease up the space in a reasonable time period. While not as well located as NBP-N, this project can reasonably anticipate having office tenants due to BRAC, Department of Defense, NSA cyber activities, etc., the proximity to BWI and the general environs of the Baltimore metropolitan area.

Columbia Gateway:

Columbia Gateway is located in Howard County just to the west of I-95 and near the I-95/Maryland Route 175 interchange. Columbia Gateway is located approximately seven miles, point to point, from NSA/Fort Meade. Columbia Gateway is a large (630 acre campus) master planned corporate office community developed by General Growth Properties; with several office builders/developers, including COPT, having either developed or are developing sites within the office park. Columbia Gateway has a wide mix of uses, including Class A office buildings, flex space, and high end technology space. The office park opened in 1986 and, per CoStar, has approximately 2,000,000 square feet of Class A office space located in the park. Per CoStar the total amount of Class A and Class B office space at Columbia Gateway exceeds 4,100,000 square feet. Office development at this location is an excellent example of Class A office space growth, having nearly doubled in space over the past six years or so. Numerous major corporations are represented at Columbia Gateway, including Motorola, CareFirst Blue Cross Blue Shield, TRW, Sun MicroSystems, Northrop Grumman, John Hopkins University, and Kaiser Permanente.

Rapid growth and its negative impacts can be shown by examining the Class A market at this location. Between the third quarter of 2005 and the second quarter of 2009 approximately 1,150,000 square feet of Class A office space was constructed at Columbia Gateway. While having an estimated vacancy rate of approximately 9.0% during the third quarter of 2005 by the time the rapid construction growth ended in early 2009 the combination of rapid growth/development and, as well, the slowdown in the office market, had caused the vacancy rate to go above 22% at Columbia Gateway (note: at the end of the fourth quarter of 2013, between direct and sublet space the vacancy rate was at just below 14% but has varied between 10.0% to as high as the current vacancy rate over this time period).

Columbia Gateway is reasonably anticipated to get its pro rata share of users as the market demand dictates. Importantly, there is an estimated 1.5 million square feet of vacant Class A office space in the Primary market area, of which over 20% is located at Columbia Gateway. The positive news is that with the estimated market demand which is forecasted (partially from historical absorption, partly from office space demands due to BRAC, etc., which are new facts/factors affecting the "demand side" of the equation) the vacant space at this location should reasonably come down and that, overall, vacancy rates will come down over the next two years partly due to the absorption of existing space and partially due to time requirements of future construction.

Though not in the defined immediate market of the subject, due to the need for the absorption of existing vacant office space at Columbia Gateway, it has been included in this analysis.

Fort Meade Technology Center:

Located just to the east of Maryland Route 175 and actually within the physical/legal boundaries of Fort Meade (albeit most of the military facility is located to the west of Route 175) is the proposed Fort Meade Technology Center. In an agreement with the U.S. Army Corps of Engineers wherein the U.S. Government has leased approximately 170 acres of land within the confines of Fort Meade to the Trammell Crow Company for 50 years, the developer is proposing to develop a 1,700,000 to 1,800,000 square foot office park. This project is a result of the government's ability to lease government owned land (the Enhanced Use Lease method) which is considered excess land wherein the developer typically gets prime secure land on military installations and the opportunity to provide services/products in lieu of rent for the ground lease. Importantly, the development is not to be directly tied to any program requirements of the military installation. The developer (Trammell Crow Company) is allowed to make improvements to the property and lease out (in this case offices) space at market rents to any interested tenants.

Thus, the office space at this location is openly available to the open market, as are the other office projects discussed within this analysis.

As of mid 2013, in spite of the fact that Trammell Crow Company was chosen as the developer (there was an open bid process) in 2006, it is our understanding that a final agreement between the government and the developer is still not completed.

Be that as it may, for purposes of this market analysis the Fort Meade Technology Center is considered as part of the equation of future office development. Timing of development, though, is uncertain but in all probability this Class A office project will have office product ready for tenancy within the next two to three years (partially dependent upon having adequate public facilities). Westholm & Associates would note that while this site is "within the fence" at Fort Meade its actual locational characteristics are not the best; being somewhat removed from the active areas of Fort Meade itself.

Arundel Gateway:

Arundel Gateway is a proposed mixed use project by Greenberg Gibbons and Ribera Development. The proposed Arundel Gateway project shall be located on the southerly side of Maryland Route 198, just east of the Baltimore Washington Parkway; thus it is located within minutes of the subject and has many similar locational attributes, including having good proximity to Fort Meade and to NSA. This project is in its conceptual stages and still needs sufficient public facilities in order to be developed as the mixed use project currently contemplated.

Covering over 200 acres the primary use shall be for residential (townhouses, condominiums and rental apartments). The total number of units proposed is in excess of 1,600. Outside of the residential component the developers are currently planning on having a 150 room hotel, over 100,000 square feet of retail space, and approximately 300,000 square feet of Class A office space. As previously noted within this appraisal report the exact quantity of the various mix of uses, including square footages, etc., for Arundel Gateway has not been determined and, thus, could change in the future.

Timing of development is uncertain at this time.

Odenton Town Center at Seven Oaks

Odenton Town Center at Seven Oaks is a proposed mixed use project (offices, residential, nominal commercial, and with multi-level parking facilities) located to the north of Maryland Route 174, to the east/southeast of Maryland Route 32 and to the west of the Amtrak rail line. Having approximately 126 acres, gross, of land the mixed use project is, effectively, in its early stages. Currently the composite property is going through the development engineering process. When finally completed and recorded the it property shall be known at Odenton Town Center at Seven Oaks, a mixed use project with the legal potential to be developed with as much as 3,500,000 gross square feet of building improvements (mostly office space). When finally approved by Anne Arundel County the property shall be subdivided into five smaller acreage parcels, each requiring significant additional civil engineering before any legal/physical development can actually occur (illustratively, in order to actually reach the densities preliminarily envisioned and which are the basis for the 3,500,000 square feet of development, it shall be necessary to have multi-level parking facilities on all parcels). Westholm & Associates is of the opinion that it shall take several years before this project becomes reality. Furthermore, the economic feasibility of developing this composite site with multi-level parking facilities could be considered premature. If, in fact multi-level parking facilities are not constructed then the proposed development of over 3,000,000 improved square feet is questionable.

Timing of development is uncertain at this time.

Competitive Office Market Conclusion:

Dependent upon how large of a geographic area one selects the actual primary Class A office market competition to the proposed 100,000 square feet of office building improvements at Annapolis Junction Town Center either expands or contracts. Factors to consider which make the subject a site for Class A office space include proximity to an excellent regional highway network, proximity to Fort Meade and its future development due to DoD, Cyber Command, and proximity to the headquarters of the National Security Agency.

When factoring the above into the equation then to understand the supply side (what shall reasonably be coming into the market, when this competition will be coming into the market) one should concentrate on understanding the true competition which, in our opinion, are the projects in close proximity to all the same facts/factors that the subject is. Indeed, focusing on locational proximity to Fort Meade/NSA is critical because office space at the subject property will be trying to attract tenants who are, also, considering these other office parks/projects. Furthermore, tenants attract additional tenants, even considering proximity to those tenants (example: by having offices at National Business Park North one will be less than three minutes driving time from almost all current National Business Park tenants).

Included in the list of the truly direct future competition to the proposed office space at Annapolis Junction Town Center is the existing National Business Park, National Business Park- North, Annapolis Junction Business Park, Corporate Center at Arundel Preserve (by COPT), and the Fort Meade Technology Center. Locationally, considering "drive time" only, of all the geographically close-by Class A office projects, both the existing National Business Park and the recently commenced National Business Park–North are the closest to the National Security Agency. This is considered a major positive aspect of these office parks; all of the other future developments, and including the Odenton Town Center at Seven Oaks, described are some distance removed, i.e., on the opposite side of the Fort Meade military reservation or, in the case of Annapolis Junction, both somewhat "hidden" and having only one means of accessibility.

It is important to understand the flow of development which one can reasonably anticipate in the market. With the ongoing absorption of the remaining developable land at the existing National Business Park and the recently commenced development of National Business Park-North the two developers best situated to develop are COPT (who is the developer of National Business Park) and Halle Companies; both have been historically successful partially due to not over-reaching (developing too much space at one time) and not over-extending their positions. Both entities shall go forward with Class A office development while Jon Halle will certainly go forward with the first two buildings at Odenton Town Center (not part of the Odenton Town Center at Seven Oaks but immediately adjacent). Our opinion is that others will follow the lead of COPT and Halle. Our opinion is that not all BRAC related office will locate to these office parks but we are very confident that 80%, possibly closer to 90% or more of the tenants locating to this area due to BRAC will find themselves so located. Furthermore, albeit most of the tenants at these locations will be very BRAC oriented one cannot preclude other types of tenants; tenants from the general market who desire to be in successful office park locations (this is true at the existing National Business Park and can reasonably be anticipated to happen at most of the competitive office parks).

In our opinion the timing for commencement with physical development of Class A office buildings at Annapolis Junction Town Center shall, also, be consistent with the time period necessary to reduce the existing inventory of vacant Class A office space. Within this market analysis it was indicated that, per CoStar, there is currently over 4,000,000 square feet of vacant Class A and B office available within the nine mile (Primary) office market. Based upon the 14 year average absorption rate, in order to get to an acceptable vacancy level (with a trend line showing decreasing vacancy levels) and without further development, it shall take approximately a year (absorption of approximately 600,000 square feet of Class A office space would accomplish lowering the vacancy rate to the 10.0% range); furthermore showing the necessary rate of decline which would reasonably attract lenders to lend on projects based upon the ten year rate amount of absorption. However, since the concept of “no additional” development is totally unrealistic and taking into consideration that some development will occur, we are forecasting the reasonable amount of time to reach this level of vacancy (thus an average occupancy level of 90%) at three to four years.

Importantly, the absorption rate at the very competitive National Business Park has been close to 200,000 square feet per annum for the past several years, even during the current recession. It is reasonable to conclude that this rate of development/absorption can be sustained; however, if NBP and NBP-N are able to build this much space, then one questions how long it shall take to get the vacancy levels to a point sufficiently attractive to see other builders become more active.

Office Market Analysis Conclusion:

The market analyses of the countywide market (including both Anne Arundel and Howard Counties but excluding Prince George’s County [which has had far less office development]) and the Primary market indicate that the office market has significantly expanded/grown over the past decade. However, with expansion and with the downturn in both the national and regional economies, the vacancy rates have generally increased--- to levels which make construction of speculative office space generally unacceptable to the market today especially for borrowing purposes. Even though there are now (the end of year 2013) indications that the vacancy rates are dropping, the combination of lower rents and fewer prospective tenants is anticipated to support a general slowdown in the office development market in the subject's general market/marketplace. Another fact/factor is that, without securing tenants for a reasonable percentage of a proposed office building, there is little likelihood of lenders participating; thus, lending by banks has significantly dropped off over the past three or years or so. Without major sources of funds, office development has significantly slowed down and the current conditions are not reasonably anticipated to change until such time as the office vacancy levels drop to close to 10% and are showing positive long term trends of remaining at lower vacancy levels.

Interestingly, and as shown by the market analysis, the "big gorilla" in the subject's competitive market is the existing National Business Park and its ongoing development to its north (National Business Park- North). NBP has more than held its own; to a point that NBP seems to be in an entirely different market than most, if not all, of its competition. Our opinion is that this is almost entirely due to its proximity to Fort Meade and, most especially, to the headquarters of the National Security Agency. A second factor is that NBP has secure communication(s) lines to NSA. NBP has near direct accessibility to NSA due to there being a vehicular "fly over" from the National Business Park to NSA.

The subject's office location is considered inferior to National Business Park but, being part of a mixed use project that is "transit oriented", shall be very competitive with other/aforesaid noted future Class A office developments anticipated to be in competition for Class A office tenants in the Fort Meade environs (including the Fort Meade Technology Center, the Corporate Center at Arundel Preserve, Arundel Gateway, Odenton Town Center at Seven Oaks, and the Annapolis Junction Business Park).

In conclusion, based upon the preceding office market analysis it is our opinion that development of the subject property with office space shall take a considerable amount of time and, most likely, occur subsequent to commencement of development of the subject mixed use apartment and retail buildings. The completion of these use components are reasonably anticipated to have a positive impact upon the subject office development.

HOTEL MARKET COMPONENT ANALYSIS

The Annapolis Junction Town Center project is proposed to include a five story limited service hotel. The proposed facility is planned to contain a gross building area of 84,000 gross square feet divided into 150 rooms.

When considering a hotel use it is recognized that the subject's location (i.e.: being part of a proposed mixed development, the property's proximity to an excellent road network and MARC line, its location midway between Baltimore and Washington D.C., and its proximity to BWI, Fort Meade and the National Security Agency) and with the ongoing and future office requirements caused by the implementation of BRAC at Fort Meade and its immediate environs, development of a limited service hotel is feasible at the subject location.

The following is our analysis of the market/market feasibility for a proposed 150 room, limited service hotel at the subject location.

National Lodging Industry

"Even as economic clouds have darkened, the U.S. lodging sector continues to benefit from an ongoing recovery in travel activity" according to *Hospitality Directions U.S.*, dated August 2012 and published by PriceWaterhouseCoopers (PwC). According to information obtained from the *PwC Real Estate Investor Survey* published by PwC for the third quarter of 2013, the hotel industry forecasts an average occupancy rate of 62.8% at the end of 2013 that followed a rate 61.4% at the end of 2012, of 58.9% at the end of 2011, and represents a 3.9% increase over year end 2011 levels. Smith Travel Research (STR) reports that occupancy increased across all hotel segments with the greatest gains in the luxury chain scale segment with the smallest occupancy gains found in the economy segment. According to STR, occupancy across all sectors of the U.S. lodging market is projected to increase 1% in 2013 over prior year levels. Overall occupancy for the lodging industry averaged 57.6% at the end of 2010 and is 5.7% greater than at year end 2009. Occupancy levels increased for all lodging properties with the luxury chain segment posting the largest gain of 3.1% while the economy segment posted an increase of 1.8%.

Average occupancy rates (AOR) for luxury hotels ranged from approximately 65% in 2003, peaked at 72% in 2007 and ended 2012 with an occupancy rate of about 73% based on information obtained from the *PwC Investor Survey*. For year 2013 the PwC, third quarter of 2013 report, indicated that the rate is projected to increase to 71.5% for 2013. Occupancy rates in upscale properties ranged from 65-66% in 2003 before peaking at approximately 68-72% in 2007 and decreasing to a level of 71-72% as of year-end 2012 and 2013. Occupancy levels for the upper scale segments are forecast in a range of 71-72% for 2013. Occupancy rates exhibited a similar trend for the remaining hotel segments. Mid-price occupancy levels ranged from 55-62% in 2003, peaked in 2005 through 2007, and decreased to rates of 52-58% at the end of 2009 before increasing to a range of 53-54% at year-end 2012. Projected 2013 occupancy levels are in a range of 63.7% for mid-scale lodging properties with food and beverage facilities at the low end of the range. Economy properties had occupancy rates of 54% in 2003 and of approximately 54-55% (one of the lowest of all segments) as of year-end 2012 and 2013.

According to STR, the U.S. lodging industry posted an average daily rate (ADR) of $109.09 at midyear 2013 and is a 4.0% increase from the same period for 2012. The national lodging industry posted an ADR of $101.64 for 2011, an increase of 3.7% over 2010 levels according to STR. ADRs increased for all segments with the upscale chain scale segment reporting the highest yearly increase of 4.6% in ADR. Average daily room rates for luxury hotels were approximately $245.00 per night in 2005, increased to a rate of $295.00 per night for 2007-2008 before returning to 2005 levels in 2009-2010. Luxury rates increased for 2011 and 2012 to a rate of about $275.00 per night; the ADR was projected to increase to $295.00 per night for luxury rooms in 2013. Room rates for upscale properties ranged between $97.00 and $143.00 per night in 2005 and peaked at rates of $120.00-$160.00 per night in 2007 and 2008 before decreasing to a range of $95.00 to $145.00 for 2009, 2010, 2011 and 2012. ADRs for the upscale segment are forecast to average approximately $162.00 per night by the end of 2013. Mid-price properties rented for about $75.00-$80.00 per night for the 2005 through 2012 period. The mid-scale rate average for year 2013 is projected to be approximately $76.75 per night. There has been some variability in room rates for economy hotel projects with rates of approximately $46.00 per night in 2005 with an average rate of about $54.33 per night for 2013.

According to PwC, 2012 RevPAR (revenue per available room) was a result of higher ADRs and better occupancy rates as compared to 2011 when growth resulted from increases in average rates. RevPAR (Revenue per Available Room) is projected to increase 5.9% in 2013 as a result of increases to ADRs and average rates according to PwC; for 2012 RevPAR increased 4.8% over the prior year.

The ratio of new hotel construction starts to existing supply fell to the lowest level in 20 years or 0.6% of existing supply during 2010 according to PwC. Supply increases are projected at a net increase of 2.6% of existing supply for 2013 because of the low rates of construction starts, project delays and closures of existing lodging facilities. The growth pace for the past 15 years averaged 2.1% annually. While more hotels are presently under construction, net supply growth reached a trough in the first quarter of 2010 and is expected to accelerate gradually through 2013. According to PwC, overall room supply is expected to increase 0.8% for 2013. Construction starts are constrained as many investors are purchasing existing facilities at prices less than replacement cost.

Hotel investment activity remained flat in 2012 with a total transaction volume of $19.6 billion according to Real Capital Analytics. Of the total number of transactions, full service hotel assets accounted for 71.4% of 2012 transactions, but the total transaction volume was down 9% as compared to 2011 volume. Limited service hotel properties accounted for 28.5% of all sales and exhibited an increase of 9% over the prior year. For 2011, sales of hotel assets totaled $19.3 billion indicating an increase of 45% over 2010 levels.

In December 2013 PKF Hospitality Research forecasted very strong gains in revenues and profits for the U.S. lodging industry in 2014 and 2015. According to the December 2013 edition of *Hotel Horizons*®, national revenue per available room (RevPAR) is projected to increase by 6.6% in 2014, followed by another 7.5% increase in 2015. Concurrently, hotel profits should enjoy growth of 12.8% and 14.5% respectively over the next two years. RevPAR growth slowed down a bit in 2013 compared to the previous three years. PKF-HR estimated that by year-end 2013, lodging demand will grow by 2.1%. This is greater than the projected 0.8% increase in supply, thus resulting in a 1.3% gain in occupancy. The 62.1% occupancy level estimated for the year surpassed the long-run average of 61.9% as reported by Smith Travel Research (STR). PKF is of the opinion that the strong outlook for U.S. lodging performance, investment and development interest is high. The relatively strong recovery of luxury, upper-upscale and upscale hotels located within the nation's major markets has been well documented.

Therefore, it has not been surprising that these property types are attracting the greatest interest. Now we are seeing our clients starting to focus on what areas to invest and/or build their upper-priced hotels within these strong markets. Among the locational categories, PKF forecasted that hotels located in airport, resort and suburban areas are forecast to achieve the greatest gains in RevPAR in 2014.

National Full Service Hotel Market

According to the *PwC Real Estate Investor Survey*, the national full service market segment continued to show a strong ability to rebuild occupancy level after the recession and after absorbing a 29.3% increase in new rooms between 2006 and the end of 2011. However, PwC notes that this the upper-midscale segment maintained room rates during the recession better than the lodging industry as a whole, but experienced more volatility in occupancy rates. According to *Hospitality Directions U.S. January 2013* published by PriceWaterhouseCoopers LLP, occupancy levels are projected to increase 1% over 2012 levels to 73.9% for 2012 for the luxury segment. In addition, ADR is forecast to increase 6% to $291.01 per night with an increase in RevPAR of 7% to $215.11 per night for luxury hotels. The AOR for upper upscale facilities is projected to increase 0.9% to 71.5% while ADR is forecast to increase 5.4% to $162.76 per night. RevPAR is projected to increase 6.4% to an average of $116.42 per night largely as a result of rate increases.

According to *PwC*, economic indicators for this market segment include discount rates ranging from 9-13% with an average rate of 10.5% for the first quarter of 2013, down slightly from an average rate of 10.6% that characterized the market one year ago. Overall capitalization rates ranged from 6-10% with an average rate of 8.03% for the first quarter of 2013, virtually unchanged from an average rate of 8.05% one year earlier. Changes in ADRs ranged from 0 to 7% with an average increase of 3.31% down from an average rate increase of 4.46% one year earlier. Operating expenses remain largely unchanged with a range of 0-4% and an average increase of 2.63%. Residual capitalization rates are in a range of 6-12% with an average of 8.72% for the first quarter of 2013, up slightly from an average rate of 8.66% for the first quarter of 2012.

National Economy/Limited-Service Hotel Market

PwC reports investor interest in limited service mid-scale and economy properties because of solid performance. According to *Hospitality Directions U.S. August 2013*, occupancy and daily rates are forecast to increase for both the limited service and national economy market segments. Based on the publication, occupancy levels are projected to increase 1.2% for economy hotels and 1.7% for limited service-mid scale hotels; with increases in ADR for economy hotels of 3.4% and 2.9% for limited service-mid scale hotels respectively. Average RevPAR of projected to increase 4.7% and 4.7%, respectively. The survey results revealed that investors are projecting property values to rise between 0 and 6% with an average increase of 3.4% over the next 12 months. For mid-scale lodging properties, PwC projects a 2013 occupancy level of 55.5% that would represent a 1% increase over 2012 levels. For limited service-mid scale hotels ADR is forecast to increase to an average rate of $76.75 per night for 2013; for economy hotels the average ADR is projected to increase to $54.33 per room per night.

Investors project discount rates (IRRs) in a range of 9-12% with an average rate of 10.56% for the third quarter of 2013. The average daily rate is projected to vary between 2 and 7% with an average increase of 3.8% for the period. ADRs were projected to range from 0 to 6% with an average increase of 3.4% for the third quarter of 2013. Overall capitalization rates ranged from 8-12% with an average rate of 9.6%, slightly lower than the average rate of 9.70% that characterized the market one year earlier. Operating expenses are projected to increase at an average rate of 2.75% on a range of 1-3%. Terminal capitalization rates ranged from 8-11% with an average rate of 9.5% and is lower than the rate of 9.65% that characterized the market one year earlier.

Local Hospitality Market (BWI Airport Submarket)

The BWI Airport submarket includes the geography bounded more or less by US Route 1 on the west, US Route 50 on the south, Baltimore City on the north and by the Chesapeake Bay on the east. Though the submarket area is focused on BWI Marshall Airport and its hotels certainly receive airport-generated visitor business, they also receive the significant business and government traffic generated by Fort Meade, NSA, etc. The submarket's central location on the regional highway network (MD 295, MD 100, MD 32, I-95, etc.) and proximity to major employment/tourism centers are key factors in the area's identity and drawing power as a hospitality location.

The STR survey statistics cover 58 hotels with 7,942 total rooms in the submarket. The survey includes the TownePlace Suites (95 rooms) and Courtyard Fort Meade (140 rooms) properties located in National Business Park proximate to the Development. All of the Arundel Mills/Arundel Preserve hotel properties (totaling 1,287 rooms) are also included: Hotel at Arundel Preserve, Candlewood Suites, aloft, Homewood Suites, Hampton Inn, Element, TownePlace Suites, Springhill Suites, Residence Inn and Hilton Garden Inn.

As of the first quarter of 2013, STR characterized the Development's competitive hospitality market as follows:

- Supply Trends - The submarket supply has increased by 26.7% over the past six years, increasing from 6,267 rooms in 2007. The area's competitive supply is up-to-date, with 25 properties having opened since 2000. The National Business Park hotels opened in 2000 and 2004. Six out of the ten Arundel Mills hotels have opened since 2009.

- Occupancy - Over the past six years, occupancies in the submarket have increased from an average of 68.6% in 2007 up to 71.5% in 2012. Room night demand expanded over the same period from 1.7 million room nights up to 2.1 million.

- Average Daily Rate - The Average Daily Rate (ADR) is an indicator of "top line" revenue, calculated by dividing total room revenue by the number of room nights sold. The area's ADR declined from $109.02 in 2007 to $96.34 in 2012, though it is on a rebound from its lowest point in 2010 at $91.32. In that year the market was affected by both the Great Recession economy as well as the absorption of significant new supply.

Day of Week Analysis - Occupancies and ADR's are highest within the supply on weekdays, indicative of a strongly business-driven guest base. Over the past three years, Monday-Thursday occupancy has averaged approximately 76.8% while occupancy has averaged approximately 63.9% on the other three days. Similarly, the weekday ADR has averaged approximately $98.96 while the weekend ADR has averaged $85.39. Business occupancy at National Business Park hotels in particular has a significant share of guests asking for the federal discount rate for their stay.

Conclusion Hotel Component Analysis

For the subject Westholm & Associates considers the above data supports our opinion that a 150 room limited service hotel is economically feasible. It will benefit from all the previous general factors discussed within this report (BRAC, proximity to NSA) and, as well, being part of a mixed use development and on a MARC line, and near a successful office park (National Business Park now and National Business Park North in the future). With RevPars going up (now over $86.00 per room), reflective of the combination of room rates and occupancy, were there a new, limited service, hotel at the subject site today we would reasonably anticipate RevPars in the high $80's. However, the construction of a hotel would be delayed until the apartment and retail buildings are complete. Nonetheless, development with a 150 room limited service hotel is economically feasible, although it is our opinion that actual construction would be delayed for at least two years; to occur subsequent to construction completion of the proposed apartments and retail uses proposed at Annapolis Junction Town Center.

Conclusion: Highest and Best Use, As Unimproved

The highest and best use of the subject property is for mixed use development consisting of retail, office, hospitality and residential uses. This use is physically possible, legally permissible, financially feasible, and provides the greatest return to the land.

APPROACH TO VALUE

There are three approaches to value commonly used in the appraisal of real estate, the cost approach, the sales comparison approach and the income capitalization approach.

Under the cost approach, the land is valued as if vacant and available for development to its highest and best use. The replacement cost new of the improvements is then estimated and depreciated for physical wear and tear, functional (design) deficiencies, and external (locational) problems, if any. The sum of the depreciated replacement cost of the improvements and the land value is the estimated property value by the cost approach.

Under the sales comparison approach several recent sales of similar properties are compared to the subject and adjusted for differences. Collectively, the adjusted comparable sales reflect the current market for the subject property. This approach is also used to estimate the raw land value under the cost approach.

The income capitalization approach involves an analysis of the income producing capability of the property under consideration. After deduction of expenses, the projected annual net income is converted into a present day value by means of a capitalization process.

Market Value, As Is:

The fee simple market value of the subject property, as land only, is estimated by the sales comparison approach.

Prospective Market Value, As Completed:

In addition, the fee simple market value of the subject, as land only with all public and private sites improvements completed, is also projected as of a future date by the sales comparison approach.

Prospective Market Value, As Completed, of the Apartment and Retail Buildings:

The fee simple market value of the subject property, assuming that the apartment and retail buildings are complete, as a future date is also estimated. The valuation also includes the market value of the remaining sites. The values of the apartment and retail buildings are estimated by the cost, sales comparison and income capitalization approaches.

MARKET VALUE, AS IS, LAND ONLY, BY THE SALES COMPARISON APPROACH

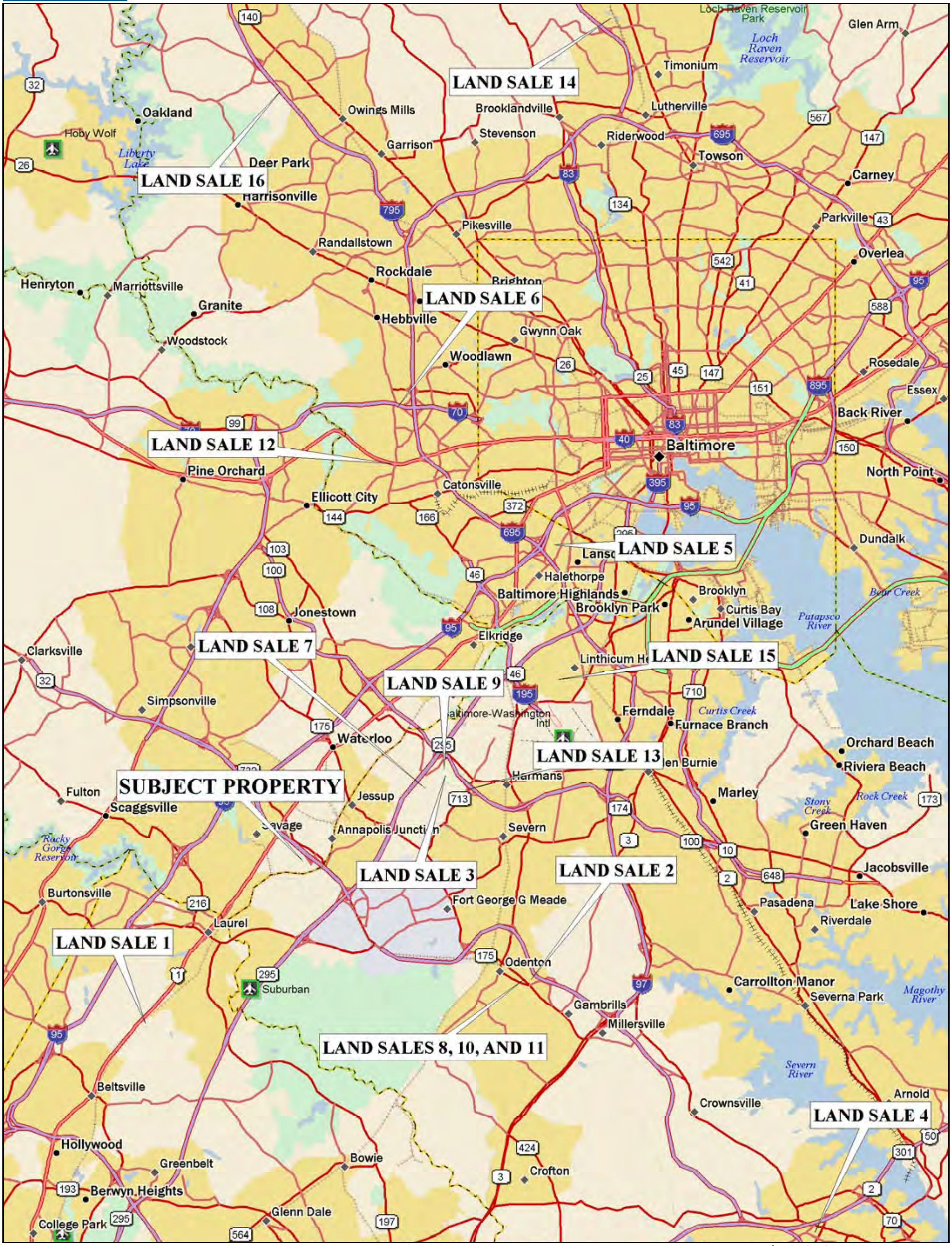
(As of December 21st, 2013)

The sales comparison approach is a method of comparing recent sales of similar properties to the subject for an indication of value. Often called the "market data approach", this method represents an interpretation of the reactions of typical purchasers in the market. Basic to this approach is the principle of substitution, implying that a prudent person will pay no more to buy a property than it will cost for a comparable substitute property.

Application involves a comparative analysis of the important attributes of the sale properties to those of the subject under the general divisions, location, physical characteristics, conditions of sale and the change in the market over time. Consideration of the dissimilarities in terms of their probable effect upon the sales price of the subject gives an indication of market value.

The subject property presently exists as Parcels A-1 through A-6 and as Parcel B that is to be re-subdivided and developed as the Annapolis Junction Town Center as Parcels B through G. Parcel A, not part of the defined subject property, is an existing commuter rail parcel which is to be improved with a 700+ space, multi-level parking facility. Parcel B is to be improved with an apartment building consisting of 416 units with a parking garage containing 624 parking spaces. Parcel C is planned to support an office building containing an area of 100,000 square feet in addition to a two story garage with 400 parking spaces. Parcel D is proposed to be improved with a retail center containing and area of 14,000 square feet. Parcel E is planned to support a 3,200 square foot restaurant or bank building when complete. Parcel F is to be improved with a five story, 150 room hotel. Parcel G is to be developed with a 250 square foot kiosk most likely used for coffee sales.

In the valuation, Sales 1 through 4 are considered in the valuation of Parcel B. The unit of comparison is the rate per potential apartment unit. Sales 5 through 8 are purchases of site for the development with office buildings and are compared to Parcel C of the subject. Sales 9 through 12, inclusive, are considered in the projecting the land value for Parcels D, E and G. Sales 13 through 16 are purchases of sites to be developed with hotels and are considered in the valuation of Parcel F. The unit of comparison is the rate per room foot that is considered most pertinent to this analysis for hospitality uses. No sales could be found of sites with a similar development potential as Parcel G. Therefore, the same rate for the bank/restaurant use is applied to this parcel. The analysis is based on a rate per FAR foot considered most pertinent to the subject property because of the lack of an adequate number of sales of sites purchased for mixed use development with a similar development plan as proposed for the subject. Following are the comparable sales.



MN (11.0°W) TN

Scale 1 : 225,000

1" = 3.55 mi Data Zoom 9-7

Land Sale 1

Location:	12401 Brickyard Boulevard; Beltsville, Maryland, 20705. Property further identified on Prince George's County Tax Map 9, Block E4, as Parcel B; in the Tenth Assessment District.
Grantor:	Jackson-Shaw/ Brickyard Limited Partnership, LLLP
Grantees:	Brickyard Apartments, LLC
Recorded:	33731/316
Sale Date:	June 22nd, 2012
Land Area:	7.37 acres (or 321,037 square feet)
Frontage:	657 feet on Cedarhurst Drive; 553 feet on Muirkirk Road
Zoning:	I-2, Heavy Industrial (Prince George's County, Maryland). Sale property part of a mixed use project which received Special Exception approval.
Utilities:	All public
Improvements:	Property is presently being improved as the Mark at Brickyard Apartments. When completed the project shall be comprised of approximately 433 apartment units and 7,000 sq. ft. of retail/flex space.
Sale Price:	$13,000,000.00
Financing:	$66,187,500.00 deed of trust, assignment of rents and leases and security agreement with Bank of America, N.A. at undisclosed terms (assumed to be at market)
Unit Rates:	$40.49 per square foot (or $1,763,907.73 per acre)
	$30,023.00 per potential apartment unit
Comments:	The proposed apartment complex to be built shall be known as The Mark at Brickyard. The property was purchased for redevelopment with a total of 433 rental units, plus 7,000 sq. ft. of retail/flex space. The site was improved with infrastructure when sold, due to the development of townhouses in a prior development phase. Property is located in close proximity to the new Intercounty Connector and

adjacent to the Muirkirk MARC station. For purposes of this analysis this property is considered a finished site.

Marketing Period: 545 days on the market

Verified: CoStar, land records, deed and inspection

Land Sale 2

Location: Gateway Boulevard; Anne Arundel County TM 29, Block 6 as part of Parcel 112 in the Fourth Assessment District; also identified as Lot 1 of Odenton Gateway as recorded among the land records of Anne Arundel County as Plats 15977-15979; Odenton, Maryland 21113

Grantors: John H. Otto and Patricia A. Otto

Grantee: The Haven at Odenton Gateway

Recorded: 23011/259; re-recorded to correct an error 23337/65

Sale Dates: 12/16/10; 12/20/10 original recording; 3/11/11; 3/25/11 re-recording

Zoning: O-EOD, Odenton Town Center - East Odenton (Anne Arundel County, Maryland)

Utilities: All public available

Land Area: 10.037 acres or 437,228 square feet of land area

Improvements: None of value to the purchaser

Sale Price: $5,700,000.00 as stated in the deed

Adjustment: $5,000,000 for assignment of contract from Elm Street to The Haven at Odenton Gateway; Elm Street representative confirmed the assignment price of $10,700,000.00.

Unit Rates: $567,899 per acre or $13.04 per square foot of land area before adjustment
$1,066,056 per acre or $24.47 per square foot of land area after adjustment
$42,460 per apartment unit based on the adjusted price

Financing: $33,113,174 indemnity deed of trust, assignment and security agreement with Manufacturers and Traders Trust Company at undisclosed terms (all financing assumed to be at market)

Comments: Sale of an irregularly shaped lot that is generally level, partially wooded and at grade with Odenton Road on the south and Sappington Station Road on the north. The property is part of Odenton Gateway that consists of four lots that will also include an office building and a retail site. The sale property is to be developed with a total of 252 luxury rental apartments. According to a party to the transaction, the assignment of the property included all approvals in place with the seller constructing a spine road. The apartments are to contain an average area of 970 square feet and a pro forma rental rate of $1.52 per square foot or $1,474 per month.

Comment: Property subsequently improved, then sold. See Improved Apartment Sale No. 6 as contained within this appraisal report.

Marketing Period: Projected at approximately 1.5 years

Verified: Broker, Assignor, land records and inspection

Land Sale 3

Location: Arundel Mills Boulevard; Anne Arundel County TM 8, Block 20 as part of Parcel 293 in the Fourth Assessment District; also identified as Reserve Parcel E as shown on a plat entitled, AAdministrative Plat Regional Commercial Complex Arundel Mills Block A, Lot 1, Block B, Lot 1, Block D, Lots 2 and 6, Block E, Lots 2 and 5, Block F, Lots 1 and 2, Block G, Lot 1 and Reserve Parcels A through H as recorded among the land records of Anne Arundel County in Plat Book 232, pages 31 through 41, inclusive; Hanover, Maryland 21076

Grantor: Preston Patagonia - AM, LLC

Grantee: Dorsey Ridge Associates LLC

Recorded: 22953/5

Sale Dates: 12/3/10; 12/7/10

Zoning: C-2, Commercial Office District (Anne Arundel County, Maryland)

Utilities: All public available

Land Area: 25.777 acres or 1,122,836 square feet of land area

Improvements: Unimproved

Sale Price: $23,860,000.00

Unit Rates: $925,631 per acre or $21.25 per square foot of land area
$42,531 per rental unit

Financing: $9,092,776 amendment to indemnity deed of trust, assignment of rents and security agreement with Corporate Office Properties, L.P. at undisclosed terms (financing assumed to be at market)

Comments: Sale of two non-contiguous and regularly shaped sites on the northeast side of Maryland Route 100, the north side of Maryland Route 713 and the southwest side of Dorsey Road. The property is opposite Route 100 from the Arundel Mills Mall and convenient to the metropolitan road network. The site is heavily wooded, mostly level and enjoys excellent road visibility. The property is to be developed as Dorsey Ridge, a residential development planned to consist of 323 luxury mid-rise apartments and 238 luxury one, two and three bedroom villa style townhomes. Amenities are to include a pool, clubhouse, business center, library with computer stations and on-site concierge. The purchaser, Questar, hopes to break ground in the third quarter of 2011 and deliver finished units in May 2012. The project is expected to cost between $110 and $120 million. Rentals are projected in a range of $1,350 per month for the apartments to $2,600 per month for the towns.

Marketing Period: Unknown marketing period; Seller acquired the property in 2006 for $7.9 million and envisioned constructing office space on the site. However, the seller changed the proposed development plan to apartments in 2008 because of changing (slowing) economic conditions and glut of office space

Verified: Broker, COMPS, land records and inspection

Land Sale 4

Location: 1903 Towne Centre Boulevard; Anne Arundel County TM 51A, Block 11 as part of Parcel 269 in the Second Assessment District; also identified as Parcel 15B of the Annapolis Towne Centre at Parole

	Land Condominium as recorded among the land records of Anne Arundel County in Plat Book 126, pages 39-40; Annapolis, Maryland 21401
Grantor:	ATC at Parole Business Trust
Grantee:	ATC II Land Bay 15 Apartments, LLC
Recorded:	24402/259
Sale Dates:	3/1/12; 3/7/12
Zoning:	TC, Town Center District (Anne Arundel County, Maryland)
Utilities:	All public
Land Area:	1.8155 acres or 79,084 square feet
Improvements:	None at date of sale
Sale Price:	$7,500,000.00
Unit Rates:	$4,131,093 per acre or $94.84 per square foot of land area $34,884 per potential apartment unit
Financing:	$32,400,000 indemnity deed of trust, assignments of rents and security agreement with PNC Bank, National Association at undisclosed terms (assumed to be at market)
Comments:	The property was acquired by the buyer for development with Crosswinds, an apartment project consisting of 215 units with underground parking. The site was level, cleared and at road grade when sold. The project is expected to open later this summer.
Marketing Period:	Projected at less than one year; no additional recorded transfers of the property within the three years preceding the sale
Verified:	Seller representative, land records and inspection

Land Sale 5

Location:	1701 Twin Springs Road; Baltimore County TM 102, Block 19 as part of Parcel 120 in the Thirteenth Assessment District; also identified as Lot 7A as shown on the final subdivision plat of Lots 7A & 7B of the

	Beltway Business Center as recorded in Plat Book 79, page 136 of the Baltimore County land records; Halethorpe, Maryland 21227
Grantor:	Merritt-EC, LLC
Grantee:	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Recorded:	30357/182
Sale Dates:	12/30/10; 1/7/11
Zoning:	ML, Manufacturing, Light and BM, Business, Major (Baltimore County, Maryland)
Land Size:	9.60 acres or 418,176 square feet
Utilities:	All public
Improvements:	None at time of sale
Sale Price:	$5,381,280.00
Unit Rates:	$12.87 per square foot or $560,550 per acre $41.39 per FAR foot
FAR:	0.31 based on the ratio of the proposed building area to the land size
Financing:	Cash to the seller
Comments:	The property is located near the intersection of the Baltimore Beltway and I-95 in Halethorpe in Baltimore County. The site is accessed from Twin Springs Road through the adjoining flex business park and enjoys good visibility from I-95. The property sold as a finished site with the buyer responsible for the costs of extending the road and utilities to the site, grading and similar expenses with the seller to complete all site development work for the buyer. The site is being developed with a 130,000 square foot office building that will be owner occupied by Kaiser Permanente.
Marketing Period:	Property not specifically listed for sale as the buyer's broker approached the seller about acquiring the site; the seller did not want to sell the property and commanded a premium to convey the site
Verification:	Broker, land records and inspection

Land Sale 6

Location:	1 Rolling Cross Road; Baltimore County TM 94, Block 12 as part of Parcel 35 in the First Assessment District; also identified as Parcel D as shown on a plat entitled, First Amendment of Parcel A and Second Amendment of Parcel D, Subdivision Plat, Rolling Cross Roads Professional Park, Previously Recorded in Plat Book 55, Folio 87 and in Plat Book 75, Folio 90" as recorded in Plat Book 79, page 165 of the Baltimore County land records; Catonsville, Maryland 21228
Grantor:	Whalen Properties Limited Partnership, Catonsville, Series VIII
Grantee:	State of Maryland
Recorded:	30768/58
Sale Dates:	4/27/11; 5/2/11
Zoning:	OR2, Office Building - Residential (Baltimore County, Maryland)
Land Size:	5.9981 acres or 261,277 square feet
Utilities:	All public
Improvements:	None at time of sale
Sale Price:	$2,800,000.00
Unit Rates:	$10.72 per square foot or $466,814 per acre $22.05 per FAR foot
FAR:	0.49 based on the ratio of the proposed building area to the land size
Financing:	Cash to the seller
Comments:	The property is located near the intersection of the Baltimore Beltway and Security Boulevard in Catonsville in Baltimore County, although the site is accessed from Rolling Cross Road off of Johnnycake Road and has limited visibility. The property is wooded, generally at grade with the frontage roads and regularly shaped. The site is encumbered by 100 year flood plain along the frontage on Johnnycake Road and additional easements for drainage and utilities. The sale property is to support a new district court facility proposed to contain an area of approximately 127,000 square feet.

Marketing Period: The property was reportedly under contract for three years with a price negotiated about one year into the process. There was no threat of condemnation.

Verification: COMPS, Area Broker, land records and inspection

Land Sale 7

Location: Two properties sold jointly:

Lot 1: 7880 Milestone Parkway, Hanover, Maryland, 21046. Property further identified on Anne Arundel County Tax Map 13, Block 6, Parcel 137, as Lot 1, Milestone Parkway, Arundel Preserve PH 2; in the Fourth Assessment District.

Bulk Parcel B: 7878 Milestone Parkway, Hanover, Maryland, 21046. Property further identified on Anne Arundel County Tax Map 13, Block 6, Parcel 137, as Bulk Parcel B, Milestone Parkway, Arundel Preserve PH 2; in the Fourth Assessment District.

Grantor: Arundel Preserve #9a, LLC

Grantees: Lot 1: 7880 Milestone Parkway, LLC as to Lot 1
Bulk Parcel B: 7878 Milestone Parkway, LLC as to Parcel B

Recorded: 26640/92 as to Lot 1
26640/98 as to Parcel B

Sale Date: September 17th, 2013 (both properties)

Land Areas: Lot 1: 5.6830 acres (or 247,551 square feet)
Parcel B: 7.8450 acres (or 341,728 square feet)

Total: 13.528 acres (or 589,279 square feet)

Frontage: Approximately 800' on the west side of Milestone Parkway

Zoning: MXD-E, Mixed Use District (Anne Arundel County, Maryland)

Utilities: All public

Improvements: Unimproved at time of sale.

Sale Price:	Lot 1:	$ 2,625,000.00
	Bulk Parcel B:	$ 1,375,000.00
	Total Sale Price:	$ 4,000,000.00

Financing: All Cash Transaction

Unit Rates: $6.79 per square foot or $295,683.03 per acre

$33.33 per FAR Foot

Comments: The property was purchased for development with a four story office building and on-site parking. Proposed office building shall be approximately 120,000 gross square feet in area.

Marketing Period: Not exposed to the open market

Verified: Seller representative, deed, and land records

Land Sale 8

Location: 1106 Annapolis Road; Anne Arundel County TM 29, Block 6 as part of Parcel 214 in the Fourth Assessment District; also identified as Lot 3 of Odenton Gateway as recorded among the land records of Anne Arundel County as Plats 15977-15979 and amended Plat 16255; Odenton, Maryland 21113

Grantor: Odenton Gateway, LLC

Grantee: West County Medical, LLC

Recorded: 23337/79

Sale Dates: 3/11/11; 4/1/11

Zoning: O-EOD, Odenton Town Center - East Odenton (Anne Arundel County, Maryland)

Utilities: All public available

Land Area: 3.918 acres or 170,678 square feet of land area

Improvements: None as of the sale date

Sale Price: $2,130,000.00

Unit Rates: $543,645 per acre or $12.48 per square foot of land area
$35.50 per FAR foot

Financing: Cash to the seller

Comments: Sale of a regularly shaped lot that is level, cleared and located at the un-signalized intersection of Annapolis Road and Gateway Boulevard in Odenton. The site adjoins an urgent care building now complete and abuts an apartment project to the rear. The site was purchased for development with a three story medical office building that contains an area of 60,000 square feet. Basic construction of the building is brick with a membrane roof cover. The seller reports that the site was not finished, but had record plat status and engineering complete for the proposed building. Seller reports site development costs of $1,000,000 as a prorated share of infrastructure expenses in addition to $650,000 for on-site improvements.

Marketing Period: Projected at less than one year

Verified: Broker, land records and inspection

Land Sale 9

Location: 7063 Arundel Mills Circle; Anne Arundel County TM 8, Block 20 as part of Parcel 293 in the Fourth Assessment District; also identified as Lot 7 in Block E as shown on a plat entitled, “Amended Plat, Regional Commercial Complex, Arundel Mills, Block >E= Lots 3, 4, 6, 7, 8 and 9, Formerly Reserve Parcel G” as recorded among the land records of Anne Arundel County in Plat Book 301, pages 2-3; Hanover, Maryland 21076

Grantor: Arundel Mills Residual Limited Partnership

Grantee: GMRI, Inc.

Recorded: 22858/156

Sale Dates: 11/9/10; 11/12/10

Land Area: 2.088 acres or 90,955 square feet

Zoning: W1, Industrial Park District (Anne Arundel County, Maryland)

Utilities: All public

Improvements: Finished, level and slightly irregularly shaped site that is part of Arundel Mills. The site was purchased for the construction of a Red Lobster restaurant that will contain an area of approximately 7,040 square feet and 119 parking spaces. As of April 2011, construction is nearly complete on the restaurant.

Sale Price: $1,750,000.00

Financing: Cash to the seller

Unit Rates: $19.24 per square foot or $838,107 per acre
$248.58 per FAR foot

Comments: The property sold subject to the Master Declaration of Easements, Covenants, Conditions and Restrictions dated May 9, 2000. Grantee also purchased two adjoining sites for development with an Olive Garden and a Longhorn Steakhouse. The three sites were purchased at an aggregate price of $5,000,000 for the lots that contain a combined area of 5.482 acres indicating an average price of $20.94 per square foot of combined area. Subdivision of the sites occurred in November 2009. Interior site with frontage on Arundel Mills Circle.

Marketing Period: Minimal marketing period as the sites were placed under contract within one year prior to the settlement date. No additional recorded transfers of the sale property within the preceding three years.

Verified: Representative of Seller, land records and inspection

Land Sale 10

Location: 1102 Annapolis Road; Anne Arundel County TM 29, Block 6 as part of Parcel 214 in the Fourth Assessment District; also identified as Lot 4 of Odenton Gateway as recorded among the land records of Anne Arundel County as Plats 15977-15979; Odenton, Maryland 21113

Grantor: Sappington Station, L.P.

Grantee: Maryland CVS Pharmacy, L.L.C.

Recorded: 24940/229

Sale Dates: 8/1/12; 8/1/12

Zoning: O-EOD, Odenton Town Center - East Odenton (Anne Arundel County, Maryland)

Utilities: All public available

Land Area: 1.621 acres or 70,601 square feet of land area

Improvements: None as of the sale date

Sale Price: $2,650,000.00

Unit Rates: $1,634,793 per acre or $37.53 per square foot of land area
$194.05 per FAR foot

Financing: Cash to the seller

Comments: Sale of a regularly shaped lot that is level, cleared and located at the un-signalized intersection of Annapolis Road and Sappington Station Road in Odenton. The lot has a corner location, but lacks direct access from either frontage road as access is by way of a shared access easement to the rear of the site. The site adjoins a medical office building that is now complete and abuts an apartment project to the rear. The site is now improved with a CVS drugstore and related site improvements; the building contains an area of 13,656 square feet. Basic construction of the building is brick and split face block with a built up roof. CVS recently opened.

Marketing Period: Projected at less than one year; larger property sold within three years prior to the current lot sale

Verified: Seller, land records and inspection

Land Sale 11

Location: 1110 Annapolis Road; Anne Arundel County TM 29, Block 6 as part of Parcel 214 in the Fourth Assessment District; also identified as Lot 2 of Odenton Gateway as recorded among the land records of Anne Arundel County as Plats 15977-15979 and amended Plat 16254; Odenton, Maryland 21113

Grantor: Odenton Gateway, LLC

Grantee: The Johns Hopkins Health System Corporation

Recorded: 23337/90

Sale Dates: 3/11/11; 4/1/11

Zoning: O-EOD, Odenton Town Center - East Odenton (Anne Arundel County, Maryland)

Utilities: All public available

Land Area: 0.960 acres or 41,832 square feet of land area

Improvements: None as of the sale date

Sale Price: $670,000.00

Unit Rates: $697,917 per acre or $16.02 per square foot of land area
$96.74 per FAR foot

Financing: Cash to the seller

Comments: Sale of a regularly shaped lot that is level, cleared and located at the un-signalized intersection of Annapolis Road and Gateway Boulevard in Odenton. The site adjoins a medical office building now complete and abuts an apartment project to the rear. The site is now improved with a Patient First facility that contains an approximate area of 6,926 square feet. Basic construction of the building is split face block with a standing seam roof cover. The seller reports that the site was not finished, but had record plat status and engineering complete for the proposed building. Seller reportedly spent more than $100,000 for fees and approvals.

Marketing Period: Projected at less than one year; larger property sold within three years prior to the current lot sale

Verified: Seller, land records and inspection

Land Sale 12

Location: 6333 Baltimore National Pike; Baltimore County TM 94, Block 23 as part of Parcel 231 in the First Assessment District; Catonsville, Maryland 21228

Grantor: 6333 Baltimore National Pike, LLC

Grantee: Patient First Corporation

Recorded: 29621/288

Sale Dates: 6/21/10; 6/24/10

Land Area: 0.6562 acres or 28,584 square feet

Zoning: BR-CCC, Business Roadside with Commercial, Community Core Overlay (Baltimore County, Maryland)

Utilities: All public

Improvements: None at time of sale

Sale Price: $1,060,000.00

Financing: Cash to the seller

Unit Rates: $37.08 per square foot or $1,615,365 per acre
$166.14 per FAR foot

Comments: The property was purchased for development with a one story medical office building containing a gross improvement area of approximately 6,380 square feet. The site has frontage along the south side of Baltimore National Pike and the west side of Geipe Road and is located in a heavily developed commercial area. At the time of sale, the site was cleared and rough graded. The property is now developed to a FAR of 0.22 based on the ratio of the gross projected building size to the land area.

Marketing Period: Property marketed for about two years at a price of $2,000,000

Verified: Broker, land records and inspection

Land Sale 13

Location: 7522 Teague Road; Anne Arundel County Tax Map 8, Block 21 as Parcel 247 in the Fourth Assessment District; also identified on a minor subdivision plat of the Nancy Murray, et al, Property as recorded in Liber 3439, page 215 of the Anne Arundel County land records; Hanover, Maryland 21076

Grantors:	Michael G. Miller and Cheryl E. Miller
Grantee:	Arundel Mills Hotel Partners, LLC
Recorded:	18363/183
Sale Date:	October 11th, 2006
Record Date:	October 12th, 2006
Zoning:	C2, Commercial Office District (Anne Arundel County, Maryland)
Utilities:	All public
Land Area:	4.4575 acres (or 194,169 square feet)
Improvements:	Single family dwelling that is of no contributing value to purchaser
Sale Price:	$6,000,000.00
Unit Rates:	$1,346,046 per acre (or $30.90 per square foot) $15,000 per potential room
Financing:	$4,875,000 deed of trust, assignment of leases and rents and security agreement with Specialty Finance Group LLC due 10/31/08 at undisclosed rate (assumed to be at market)
Comments:	The sale property is in the vicinity of Arundel Mills but is not part of the regional mall. The sale site enjoys excellent visibility from Maryland Route 100; however, access is from Teague Road. The site was improved and used as a private residence when purchased, but is developed with hotels. Property is also improved with a cell tower that was subject to a prepaid long-term lease that did not affect the purchase price according to the broker. The sale property was purchased for development with two hotels, an Aloft and an Element, that will together contain approximately 400 rooms divided between the two flags.
Marketing Period:	Property was not listed with a broker, but the sellers had an initial price of $8 million on the site. The selling broker contacted the sellers a number of times over the two to three years prior to the contract date.
Verified:	Broker, representative of sellers, COMPS, land records and inspection

Land Sale 14

Location:	(a) 11 Texas Station Court and 228 Old Padonia Road, Baltimore County (Tax Map 51, Block 16, Parcel 123 and 710) (b) 204 Old Padonia Road, Baltimore County (Tax Map 51, Parcel 131) (c) 216 Old Padonia Road, Baltimore County (Tax Map 51, Parcel 134)
Grantors:	(a) Ferdinand H. Onnem, Jr. (b) Guy B. Letendre and Mary E. Letendre (c.) Richard W. Opfer, Jr.
Grantee:	Texas Station Court, LLC as to all
Recorded:	(a) 25585/658 (b) 27200/692 (c) 27200/697
Sale/Record Dates:	(a) 4/18/2007 (b) 7/24/2008 (c) 7/17/2008
Zoning:	BM, Business Major (Baltimore County, Maryland)
Utilities:	All public
Land Size:	(a) 3.0737 ± acres (133,890 square feet), per SDAT (b) 0.2622 acres (11,421 square feet), per SDAT (c) 0.3880 acres (16,900 square feet), per SDAT Total: 3.652 acres (159,059 square feet, more or less), per survey Note: SDAT calculations total 3.724 acres, higher than survey
Improvements:	(a) Parcels 123 and 710 are presently unimproved. (b) Two story detached dwelling containing an enclosed area of approximately 1,246 square feet, based on assessment records, and a detached frame garage. (c) Two story frame dwelling and attached corrugated metal storage warehouse containing an enclosed area of 3,107 square feet based on assessment records. Note: all existing improvements are considered noncontributory to highest and best use/proposed use of property.

Sale Price:	(a) $3,950,000.00* (b) $ 650,000.00 (c) $ 750,000.00 $5,350,000.00 as combined
	* No consideration is stated on the deed as the conveyance represents the purchase of a limited liability company. The current owner provided the settlement sheet for the transaction that indicated a contract sales price of $2,750,000, commissions of $387,000 paid by the buyer and an assignment fee of $813,000 paid to TS Texas Station, LLC by the purchaser. An additional commission of $68,750 is included on the settlement sheet, but is assumed to be a seller expense, as settlement charges to and from the seller are omitted from the HUD-1.
Unit Rates:	(a) $1,285,000.00 per acre ($29.50 per square foot) (b) $67.57 per square foot (c) $48.26 per square foot
Sale Price Rate (Overall):	$1,464,950.00/acre $33.64 per square foot $42,460 per potential room
Financing:	(a) Cash to the seller (b and c) $1,400,000 purchase money deed of trust with Branch Banking & Trust Company at undisclosed rates (assumed to be at market)
Comments:	The sale represents the purchase of three contiguous lots in the I-83/York Road corridor. The dwellings and improvements are in good to average condition, but are of no long-term contributing value and are to be razed to allow redevelopment of the property. The property is to be improved with a Hampton Inn consisting of 126 rooms along with a pad for a full service restaurant.
Marketing Period:	Projected at less than one year
Verified:	Purchaser, COMPS, land records and inspection

Land Sale 15

Location:	(a) 1015 Andover and 6605 Harrison, Linthicum (Anne Arundel County Tax Map 4, Block 13, Parcel 100) (b) 6623 Harrison Avenue/Road, Linthicum (Tax Map 4, Block 13, Parcels 432 and 1079) (c) 6616 and 6619 Andover Road, Linthicum (Parcels 866 and 108)
Grantors:	(a) Evon E. Morris, et al (b) James G. Mason (c) Elaine Chambers
Grantees:	(all) Om Jai Devi Ma LLC
Recorded:	(a) 19878/180 (b) 20199/247 (c) 20199/231
Sale Dates:	(a) January 31st, 2008 (b) May 29th, 2008 (c) May 29th, 2008
Record Dates:	(a) February 13th, 2008 (b) June 4th, 2008 (c) June 4th, 2008
Zoning:	W1, Industrial Park District (Anne Arundel County, Maryland)
Utilities:	All public available
Land Sizes:	(a) 4.5076 ± acres (196,353 square feet) (b) 0.6301 ± acres (27,472 square feet) (c.) 2.3600 + acres (102,800 square feet) Total: 7.4977 acres (326,600 square feet)
Improvements:	(a) Two detached dwellings and additional frame outbuildings. 1015 Andover Road is improved with a partial two story detached frame dwelling (approximately 50 years old), approximately 1,410 square feet (w/ full basement). 6605 Harrison Road is improved with a one story dwelling, 1,130 square feet in area. (b) Dwelling, 1,260 square feet in area, fair condition. (c) Ranch style dwelling, 974 square feet in area.

Sale Price:	(a) $3,200,000.00 (b) $ 210,000.00 (c) $ 710,000.00 $4,120,000.00 as combined
Unit Rates	$549,502.00 per acre or $12.61 per square foot) as a combined site $20,600 per potential room
Financing	(a) $2,400,000 purchase money deed of trust with PNC Bank, National Association (b) $213,000 purchase money deed of trust with PNC Bank, National Association (c) $613,000 purchase money deed of trust with PNC Bank, National Association All financing at undisclosed rates (assumed to be at market)
Comments	The sale represents the purchase of five contiguous parcels in the BWI office/hotel market/marketplace. The dwellings are in fair good condition and do not contribute to the overall long-term property value. However, any rental income derived from leasing the buildings could offset demolition costs. The sites were purchased for development with two hotels with a total of 200 rooms and a restaurant.
Marketing Period:	Projected at less than six months
Verified:	Purchaser, COMPS, land records and inspection

Land Sale 16

Location:	10600 Red Run Boulevard; Baltimore County TM 67, Block 2 as part of Parcel 545 in the Fourth Assessment District; also identified as Lot 2 of Red Run Commons, as recorded in Plat Book 78, Page 336 among the Baltimore County land records; Owings Mills, Maryland 21117
Grantor:	Owings Mills Investment Properties, LLC.
Grantee:	Columbia Hospitality, Inc.
Recorded:	27180/389
Sale Date:	July 9th, 2008

Record Date:	July 17th, 2008
Zoning:	ML-IM, Manufacturing Light, Industrial Major Overlay (Baltimore County, Maryland)
Utilities:	All public
Land Areas:	5.49 acres (239,144 square feet, gross, per SDAT) 3.94 acres (171,626 square feet, gross, per Comps) 3.00 net usable acres (130,680 square feet, per Comps) 5.487 acres (per record plat, subject to 1.44 acres being on 99 year lease) 4.047 acres (176,287 square feet), after deducting for 1.44 acres discussed below)
Improvements:	None at time of sale
Sale Price:	$3,000,000.00
Unit Rates:	$761,421.32 per acre ($17.48 per square foot of gross land area) per COMPS $22.96 per square foot of net usable land area $24,590 per potential hotel room
Financing:	Cash to the seller
Comments:	Sale of an unimproved site with public utilities and road to the site; property is to be improved with a hotel. According to the purchaser representative, an area of 1.5 acres is to be sold from the sale property. Sale is of a 487 acre lot (Lot 2, Red Run Commons), subject to 99 year lease to Grantor herein. Thus, gross usable land purchased by Grantee is estimated at 4.04 acres (176,287 square feet) which is used within this analysis.
Marketing Period:	Unknown
Verified:	Purchaser representative, COMPS, land records and inspection

LAND VALUE CONCLUSION:

SALE	DATE	SIZE/SF	SALE PRICE	PRICE/SF	PRICE/FAR*
APARTMENT					
1	6/12	321,037	$13,000,000	$40.49	$30,023
2	12/10	437,228	$5,700,000	$13.04	$22,619
3	12/10	1,122,836	$23,860,000	$21.25	$42,531
4	3/12	79,084	$7,500,000	$94.84	$34,884
SUBJECT	12/13	389,004	Not Applicable	Not Applicable	Not Applicable
OFFICE					
5	12/10	418,176	$5,381,280	$12.87	$41.39
6	4/11	261,277	$2,800,000	$10.72	$22.05
7	9/13	589,279	$4,000,000	$``6.79	$33.33
8	3/11	170,678	$2,130,000	$12.48	$35.50
SUBJECT	12/13	156,350	Not Applicable	Not Applicable	Not Applicable
RETAIL					
9	11/10	90,955	$1,750,000	$19.24	$248.58
10	8/12	70,601	$2,650,000	$37.53	$194.05
11	3/11	41,832	$670,000	$16.02	$96.74
12	6/10	28,584	$1,060,000	$37.08	$166.14
SUBJECT	12/13	34,739	Not Applicable	Not Applicable	Not Applicable
HOTEL					
13	10/06	194,169	$6,000,000	$30.90	$15,000
14	4/07-7/08	159,059	$5,350,000	$33.64	$42,460
15	9/06	437,891	$6,580,000	$15.03	$18,177
16	1/08-5/08	326,600	$4,120,000	$12.61	$20,600
SUBJECT	12/13	65,122	Not Applicable	Not Applicable	Not Applicable

- For apartment properties, the analysis is based on a rate per potential apartment unit.
- For hotel properties, the analysis is based on a rate per potential room.

Adjustments

Sales are normally adjusted to reflect the property rights conveyed, the conditions surrounding the sale, financing, changes in market conditions and physical characteristics, including location, zoning and land area. The comparison of the sale properties to the office and retail uses proposed for the subject property is based on a rate per FAR foot that is considered most pertinent to this analysis. The comparison of the sales purchased for hotel development is based on a rate per potential room and the comparison of the apartment sites is rate per apartment unit. Sales 1 through 4 are purchases of sites planned to be improved with apartment buildings; these sales are compared to the 416 apartments and garage planned for Parcel B of the subject property. Sales 5 through 8 are considered in valuing the office building planned for Parcel C. Sales 9 through 12 are used in the valuation of the Parcel D that will support the 14,000 square foot retail building. Sales 13 through 16 are compared to the 150 room hotel proposed for the subject project.

Property Rights Conveyed

This adjustment reflects differences between the legal status of the subject site and property rights conveyed with the sale. Each of the sale properties was sold in fee simple and no adjustment is needed for property rights conveyed in projecting a rate for the subject the various components of the subject property.

Conditions of Sale

The conditions of sale adjustment reflects the difference in the actual sale price and the probable selling price if the transaction was not arm's-length or if the sale represents a foreclosure or distress sale. All of the sales reflect arm's-length transactions; therefore, no adjustment is made to any of the sales to reflect the conditions surrounding the sales.

Apartment

No adjustments are made to Sales 1 through 4 for conditions surrounding the sales.

Office

No adjustments are made to Sales 5 through 8 for conditions surrounding the sales.

Retail

No adjustments are made to Sales 9 through 12 for conditions surrounding the sales.

Hotel

With respect to the hotel component, slight upward adjustments are made to Sales 13 through 15 to reflect the razing costs paid by the purchaser. No other adjustments are made to the sales.

Financing

The financing adjustment reflects the cash equivalent price or market rate terms. None of the sales received below market financing from the sellers and no adjustments are made for financing

Market Conditions

The market conditions or date of sale adjustment reflects changes in the prices paid for real estate because of the changes in the market over time. In the valuation of the subject property, in fact for all the comparable properties, adjustments for consideration of market conditions and their changes over time, is a critical element that requires a careful review when adjusting for market conditions. Westholm & Associates has previously analyzed the subject property in the “as is”, the “as finished”, and the “at completion” physical/legal states and made nominal adjustments relative to market conditions. For this December 2013 valuation analysis (as well that the prospective value analyses included within this appraisal report) Westholm & Associates has revisited the fact/factor of market conditions. In doing so, the appraisers have made and extensive review of market data base information; the results of this recent analysis are shown in the adjustments made for each subject component, whether in the “as is”, the “as finished” or in the “at completion” physical/legal state(s) and as of each respective effective date. The results follow below.

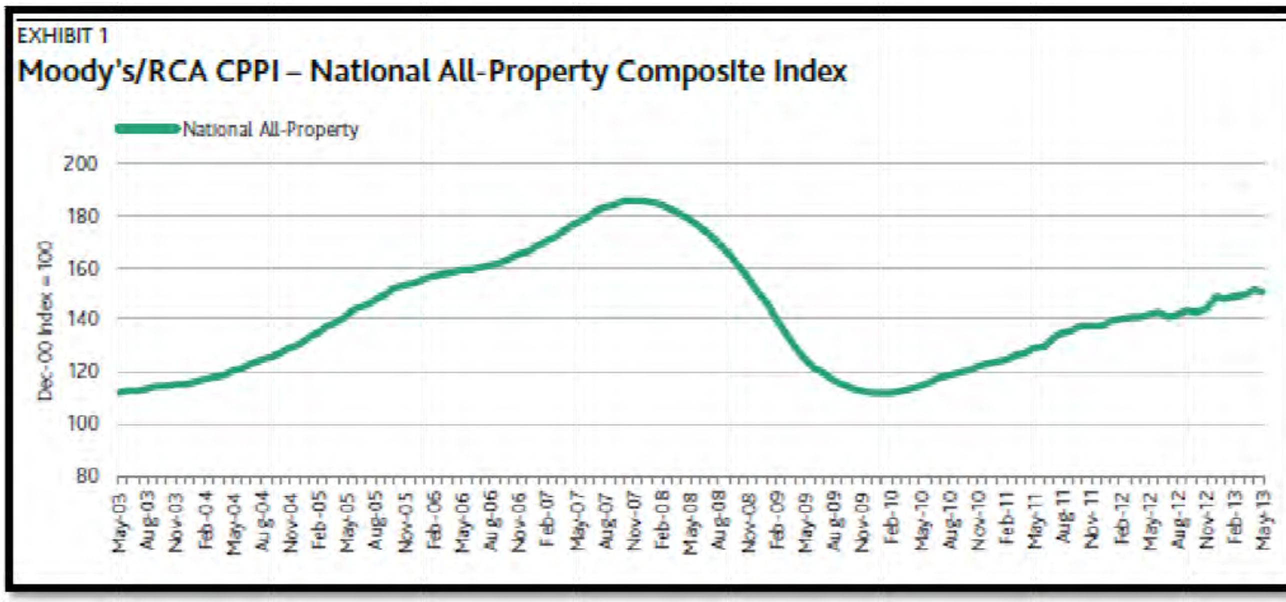
Subject to the comments above, due to the volatility of market sales/re-sales occurring (or not occurring) in the Baltimore or Washington metropolitan area markets, Westholm & Associates reviewed the Moody’s/RCA CPPI National All Properties Composite Index in order to conclude to adjustments for market conditions. The index is a periodic same-property round-trip investment price-change index of the US commercial investment property market based on data from MIT Center for Real Estate (MIT/CRE) and its industry partner Real Capital Analytics, Inc (RCA). Moody’s CPPI Indices are owned by RCA and provide the only investable, transaction-based commercial real estate benchmarks available in the United States showing value changes over time.

MIT/CRE developed the initial methodology for index construction through a project undertaken in cooperation with a consortium of firms including RCA and Real Estate Analytics, LLC (REAL). The Moody’s/REAL CPPI index tracked same-property realized round-trip price changes based purely on the documented prices in completed, contemporary property transactions. The methodology employed to construct the index was a repeat-sales regression (RSR) method. The set of indices developed included a monthly national all-property index; quarterly national indices for each of the four major property type sectors (office, apartment, industrial, and retail), selected annual indices for specific property sectors in specific metropolitan areas, and quarterly indices the major property types for the primary markets in the top 10 metropolitan areas. The indices were produced in four versions, beginning in January, April, July, and October of each year. The commercial property index was based on a database that attempted to collect, on a timely basis, price information for every commercial property transaction in the US priced over $2,500,000. It represented one of the most extensive and intensively documented national databases of commercial property prices ever developed in the United States. Moody’s terminated publication of its Moody’s/REAL CPPI index in February 2012.

Beginning in 2007, Moody’s published the first RSR index for commercial real estate, the Moody’s/REAL CPPI, which was designed for derivatives trading. Derivatives trading failed to develop, and REAL discontinued the series in 2011. Moody’s has enhanced the methodology for the Moody's/RCA CPPI and made important advances allowing for greater accuracy and transparency. It also has a long-term agreement in place to publish it.[1]

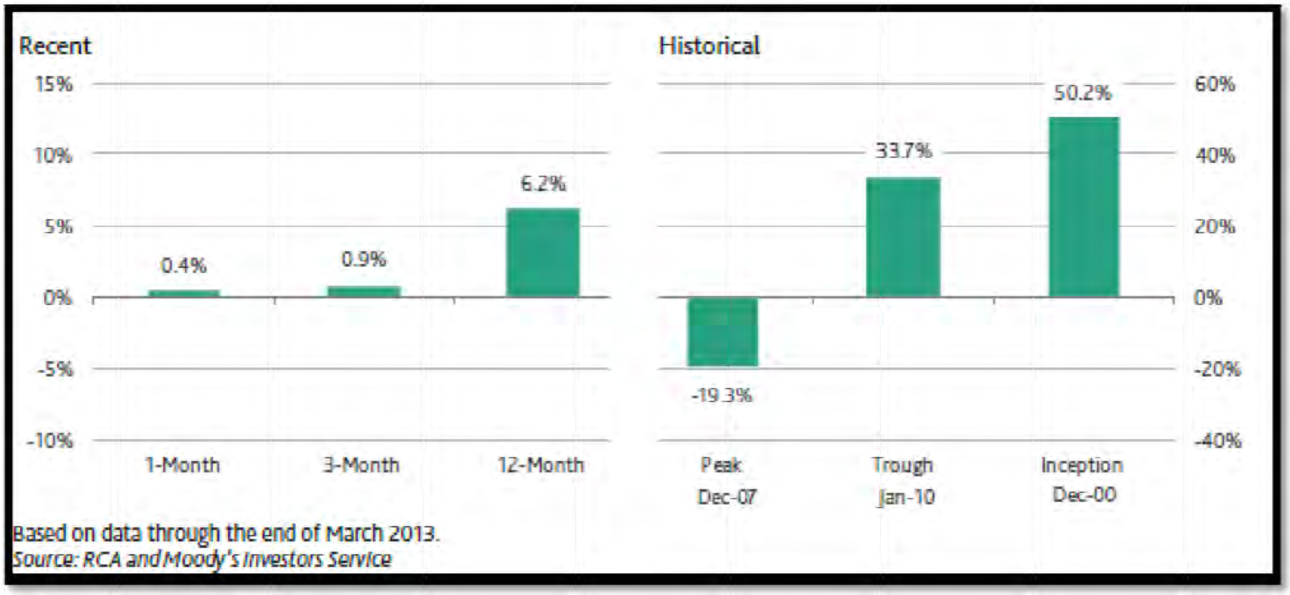
On May 24, 2012, Moody's began publishing the Moody's/RCA Commercial Property Price Indices (CPPI). This CPPI uses advanced repeat-sale regression (RSR) analytics to measure price changes in US commercial real estate. It uses transaction data from Real Capital Analytics (RCA) and a methodology developed by a team headed by MIT Professor David Geltner working in conjunction with Moody's and RCA.

The following charts show the "All Properties – National Index". The charts show changes in the various indices from January 2001 through May 2013. It is noted that the information below is slightly dated; however, Westholm & Associates has further reviewed the base data contained within the Moody's/RCA CPPI-Composite Indices (updated December 2013), which is further discussed within this subsection of the appraisal report.



As is evidenced by the chart above (there are no analyses for the Baltimore or Washington, D.C. regions available), the market prices steadily rose, up until the later part of 2007/early 2008, when prices commenced a steady drop in price/value. Indeed, dependent upon the type of use, by the end of 2009 the average prices for the different types of properties identified above were at early 2003 (National-All Properties) levels. To think that the average retail property is now worth what it was worth approximately seven to eight years ago, having first experience major value appreciation, then major value depreciation, then experience steady value appreciation, is unknown territory to the average real estate investor of the past forty years or so.

[1] Information and descriptions of the improvements contained in the Moody's/RCA Commercial Property Price Indices (CPPI) are contained in Moody's RCA CPPI Release Paper, dated May 15, 2012, and available at www.moodys.com.



Importantly, and as shown on the preceding chart, based upon our interpretation of the information from Moody's, as of March 2013 for National-All Commercial Properties the average price has changed:

National- All Commercial Properties	=	Downward 19.9% since December 2007
		Upward 32.6% since January 2010
		Upward 50.2% since December 2000.

The good news is that the rapid value depreciation leveled off in late-2009, then started to show value appreciation. In fact, since the beginning of 2010 the rate of value appreciation has been at a rate of over 9% per annum in general. Of note is that a lot of this appreciation is influenced by the apartment sector, which has been the most significant gain(s). However, and as shown in the following chart (covers the past year) other types of uses are experiencing reasonable value appreciation also.

EXHIBIT 2

Price Changes by Sector and Market Type: Value-Weighted Composite Tiers

Tier	Index	Month	3-Month	12-Month	Higher Tier Composite*	Share of Higher Tier Composite**
1	National All-Property	-0.6%	1.0%	6.0%	N/A	100%
2	Apartment	1.3%	3.0%	12.9%	National / T1	27.6%
2	Core Commercial	-1.3%	0.2%	3.4%	National / T1	72.4%
3	Retail	1.4%	3.1%	7.9%	Core Comm / T2	26.8%
3	Industrial	-1.3%	-2.7%	-4.5%	Core Comm / T2	20.5%
3	Office CBD	-3.1%	-1.7%	7.8%	Core Comm / T2	26.7%
3	Office Suburban	-2.3%	1.6%	0.2%	Core Comm / T2	26.0%
3	Office***	-2.7%	-0.1%	4.2%	Standalone	N/A
5	Major Markets****	-1.1%	0.9%	6.0%	Standalone	46.4%
5	Non-Major Markets	-0.1%	1.1%	5.9%	Standalone	53.6%

Notes to exhibit:

* The "tier" is the hierarchical level of the index, with the National All-Property CPPI defined as Tier 1. Tiers 1-3 and 5 are value-weighted composite indices. Tier 4 consists of the underlying, "building block" indices, which we estimate as equal-weighted regressions of sector repeat sales.

** We weigh composite indices in the Moody's/RCA CPPI system by value, based on the segments' long-term, 10-year rolling average dollar share of the defined composite market, similarly to typical stock market indices, which we weigh by the market capitalization of the constituent stocks. We adjust the weights monthly according to relative returns and rebalance them yearly. The weights here are the most recently rebalanced as of the end of the prior year.

*** The office segmentation is a mezzanine level index tier; in other words, the core commercial composite comprises both CBD and suburban segments.

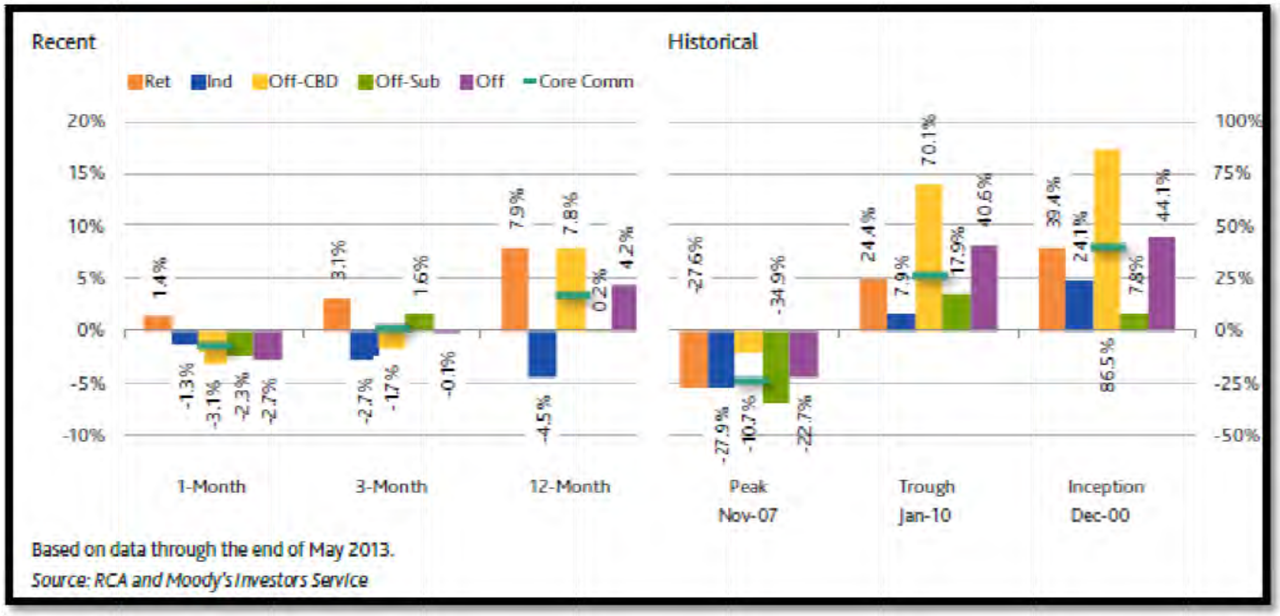
**** The major markets (MM) are the six gateway metropolitan areas: Boston, Chicago, Los Angeles, New York, San Francisco and Washington, DC. For composite Tier 5, we show major and non-major markets (NMM) as a percentage of national, for reference only. They do not contribute directly to the calculation of the National All-Property Composite Index; however, when combined at their weighted averages they produce the same Tier 1 result.

Source: RCA and Moody's Investors Service

The apartment market posted the second largest appreciation rate for the past 12 months at 12.9%. Moody's indicated that, as of May 2013, as measured from the lowest point in the market (January 2010), the suburban office and industrial markets had experienced the following value appreciation/depreciation:

National Industrial Properties	Upward 7.9% (close to 2.5% per annum)
National Suburban Office Properties	Upward 17.9% (close to 5% per annum)
National Retail Properties	Upward 24.4% (close to 7% per annum)

This is shown in the chart below.



Westholm & Associates recognizes the importance of the general information above, yet also recognizes that recent resales may have been influenced by other than market factors (overly motivated sellers being just one example). Furthermore, the subject's regional market has several positive facts/factors which have helped reduce the overall value depreciation, including the ongoing BRAC job and population growth in both the Fort Meade and Aberdeen, Maryland environs. Consideration for this is given when selecting adjustments made to the comparable sales for market conditions.

Importantly, other than the hotel land sales (Sale Nos. 13-16) all of the other comparable sales occurred subsequent to the beginning of year 2010. Outside of the apartment market/marketplace, it is our opinion that the market has reasonably stabilized; furthermore, based upon the review of base data by Moody's, there is supporting data that the apartment market, the office market, and the retail market have been experiencing value enhancement over the past three years or so. Therefore, it is our opinion that it is reasonable to make adjustments for market conditions to Sales 5 through 12. As to Sales 13 through 16, we are of the opinion that the market conditions (sale price rates) which occurred in the 2006-2008 are not reflective of current market rates; that the market conditions have gone downward. Therefore, downward adjustments are made for market conditions to Sales 13 through 16, accordingly.

In support of making adjustments for market conditions as stated above (and as stated previously within this subsection of the appraisal report) Westholm & Associates recognizes that much of the information provided over the past few pages of the appraisal report is slightly dated; however, Westholm & Associates has further reviewed the base data contained within the Moody's/RCA CPPI-Composite Indices (updated to December 2013), which is further discussed within this section of the appraisal report.

Relative to market condition adjustments for apartment land (and improved apartment sales, also), Westholm & Associates is of the opinion that this is one market segment which has experienced significant value enhancement over the past three years or so (note: Land Sale Nos. 1 through 4, used for direct comparison of the subject apartment land, occurred subsequent to November 2010). First, market information indicates that average rents for apartments have been steadily rising throughout the Baltimore-Washington metropolitan region over the past five years (and greater). Combined with Overall Capitalization Rates actually dropping during this time period is directly indicative of value appreciation. The supporting evidence for value appreciation is best shown by reviewing market information for Overall Capitalization Rates over this time period. First, Westholm & Associates has reviewed relevant data (OAR rate information) as provided by PwC in their *PwC Real Estate Investor Survey-Third Quarter 2013)* which indicates the following average Overall Capitalization Rates for the Mid-Atlantic region for the following time periods:

Time Period	Average OAR
Third Quarter 2012	7.15%
Third Quarter 2012	5.67%
First Quarter 2013	5.67%
Third Quarter 2013	5.67%
Fourth Quarter 2013	5.77%

Note: The average overall capitalization rates over the past year are close to, and support, the OAR rate selected in the valuation of the subject improved apartment component in the income approach analysis contained within this appraisal report)

While the difference in Overall Capitalization Rates over the past year has not been dramatic, for the three year period cited, the OAR has actually dropped approximately 21% which would, in turn, reflect value appreciation using the same NOI (net operating income per annum) of approximately 26% over the three year period cited. Therefore, for both unimproved apartment land, "finished" apartment land, and in the Improved Sales Comparison approach valuation of the subject apartment component comparable sales are adjusted upward at a rate of 8% per annum from date of sale to the effective date (December 21st, 2013).

As a final fact/factor of consideration relative to the adjustment for changing market conditions, Westholm & Associates has reviewed the Moody's/RCA CPPI Composite Indices -National All Properties Composite Indices (www.rcanalytics.com/Public/rca_aspx), updated to December 2013 in order to conclude to adjustments for market conditions based upon individual use types, taking into consideration the date of sale (for each sale used in this valuation) versus the most current index number for each specific type (note:

information was available for apartment property, suburban office property and retail property; however information was not available for hotel property, thus we have used the index category for “major markets, all properties” as a unit of measurement.

Based upon the above formula and using the comparable sales used within this appraisal report the following is shown.

SALE	DATE	SALE PRICE	CPPI-INDEX on SALE DATE	CPPI-INDEX OCTOBER 2013	PERCENTAGE ADJUSTMENT	PER ANNUM CHANGE (%)
APARTMENT			**APARTMENT**	**APARTMENT**		**(Straight Line)**
1	6/12	$13,000,000.00	161.21	190.39	18.1%	12.1%
2	12/10	$5,700,000.00	128.80	190.39	47.8%	15.9%
3	12/10	$23,860,000.00	128.80	190.39	47.8%	15.9%
4	3/12	$7,500,000.00	157.16	190.39	21.1%	12.1%
SUBJECT	12/13	N/A			**Average/Yr/SL**	**14.0%**
OFFICE			**OFFICE**	**OFFICE**		
5	12/10	$5,381,280.00	97.06	119.36	23.0%	7.7%
6	4/11	$2,800,000.00	101.76	119.36	17.3%	6.5%
7	9/13	$4,000,000.00	118.07	119.36	nominal	nominal
8	3/11	$2,130,000.00	100.47	119.36	18.8%	6.8%
SUBJECT	12/13	N/A			**Average/Yr/SL**	**7.0%**
RETAIL			**RETAIL**	**RETAIL**		
9	11/10	$1,750,000.00	112.55	158.22	40.6%	13.2%
10	8/12	$2,650,000.00	125.80	158.22	25.8%	19.4%
11	3/11	$670,000.00	118.01	158.22	34.1%	12.4%
12	6/10	$1,060,000.00	114.05	158.22	38.7%	15.5%
SUBJECT	12/13	N/A			**Average/Yr/SL**	**15.1%**
HOTEL			**HOTEL**	**HOTEL**		
13	10/6	$6,000,000.00	168.48	199.54	18.4%	2.5%
14	4/07-7/08	$5,350,000.00	193.97	199.54	2.9%	0.5%
15	9/06	$6,580,000.00	157.05	199.54	27.1%	3.7%
16	1/08-5/08	$4,120,000.00	199.58	199.54	0.0%	0.0%
					Average/Yr/SL	**1.7%**
SUBJECT	12/13	N/A				

Of note is that the indices indicate that, for National-All Property the straight-line change in appreciation/depreciation for the time period October 2009 to October 13 was upward 46.8%, which equates to a per annum change of positive 11.75%, straight-line.

Subject to the above the following adjustments are made to each subject property component based upon its proposed “use”.

Apartment

Adjustments are made to Sales 1 through 4 to reflect current market conditions when comparing these properties to the apartment component planned for the subject property. As noted, the straight line market condition adjustment is made based upon an adjustment factor of 8% per annum, straight-line which, in light of the market information above, is considered conservative.

Note: For future value projection (as of January 1st, 2015 and January 1st, 2017 stabilized analysis) Westholm & Associates shall make a market condition equivalent to 50% of the per annum adjustment made for apartment land; thus a 4% upward adjustment shall be made. The reduced rate of future increase for changing market conditions is due to uncertainties within the market/marketplace.

Office

Based upon the preceding analysis, including taking into consideration the sale-resale data as analyzed by use of the Moody’s/RCA CPPI National All Properties Composite Index, an adjustment factor of 4% per annum, straight-line, is made to reflect the changing market conditions between date of sale and the effective date of this appraisal report for the office component planned for the subject property. As in the case of the adjustment made to the apartment land sales, in light of the market information above, is considered conservative.

Note: For future value projection (as of January 1st, 2015 analysis) Westholm & Associates shall make a market condition equivalent to 50% of the per annum adjustment made for office land; thus a 2% upward adjustment shall be made. The reduced rate of future increase for changing market conditions is due to uncertainties within the market/marketplace.

Retail

With respect to the retail component, based upon the preceding analysis, including taking into consideration the sale-resale data as analyzed by use of Moody’s/RCA CPPI National All Properties Composite Index, an adjustment factor of 6% per annum, straight-line, is made to reflect the changing market conditions between date of sale and the effective date of this appraisal report for the retail component planned for the subject property.

Note: For future value projection (as of January 1st, 2015 analysis) Westholm & Associates shall make a market condition equivalent to 50% of the per annum adjustment made for retail land; thus a 3% upward adjustment shall be made. The reduced rate of future increase for changing market conditions is due to uncertainties within the market/marketplace.

Hotel

With respect to the hotel component, downward adjustments are made to each of the sales to reflect current market conditions.

Note: For future value projection (as of January 1st, 2015 analysis) Westholm & Associates does not further change the adjustments made to the “as is” valuation for market conditions for the hotel land component. This is due to uncertainties within the market/marketplace.

Size/FAR or Rate per Potential Room

Apartment

The sale properties were proposed for apartment development with between 215 to 561 apartment units. Typically, projects that contain a smaller number of units sell at higher unit rates than larger developments. However, in interviews with apartment owners/developers they have indicated that they find that selling of either apartment land or as developed properties there is no significant adjustment for projects which have either the potential or have been developed with between 200 to 400 units. Therefore, no adjustments are made in consideration of size.

Office

Upward adjustments are made to Sales 5 and 6 to reflect the larger building area planned for the sale sites as purchasers tend to pay lower rates for sites to be developed with larger buildings. A downward adjustment is made to Sale 8 to reflect the smaller building area planned for this site.

Retail

A total of 14,000 square feet of retail area in one building is planned for the subject project. Downward adjustments are made to Sales 9, 11 and 12 to reflect the smaller retail area planned for these sites as compared to the composite area planned for the subject. No adjustment is made to Sale 10 because of the similar size.

Hotel

With respect to the hotel component, upward adjustments are made to Sales 13 and 15 to reflect the greater number of rooms. The remaining properties are to be developed with hotels containing a similar room count as the subject and no adjustments are made to these sales.

Frontage/Access

Apartment

No adjustment is made to any of the sales in comparing the sites to the apartment component planned for the subject property.

Office

An upward adjustment is made to Sale 6 to reflect the more limited road visibility as compared to the subject site. The remaining sales are considered comparable for frontage and no adjustment is made.

Retail

The road visibility of the subject is considered inferior to Sale 12 and a downward adjustment is made; no additional adjustments are made.

Hotel

Sale 13 is considered superior for road visibility and a downward adjustment is made to this sale as compared to the hotel component of the subject property. Sale 15 is considered inferior to the subject and an upward adjustment is made. The remaining sales are considered comparable for frontage and access and no adjustments are made to these sales.

Shape

The shapes of the sale properties are considered comparable to the subject parcel and no adjustments are made to any of the sales.

Zoning

Apartment

Sales 1 through 4 were purchased for apartment development, similar to the subject, and no adjustments are made to reflect the individual zoning classifications.

Office

Sales 5 through 8 are considered comparable to the subject site for zoning as each site was purchased for office development similar to the subject property.

Retail

Sales 9 through 12 represent purchases of retail sites, considered comparable to the subject for use, and no adjustment are made to any of the sales to reflect differences in the zoning classifications.

Hotel

Sales 13 through 16 are to be developed with hotels and the use is considered comparable to the subject hotel component. No adjustments are made to any of the sales for zoning.

Topography

Each of the sales included for comparison to the various subject components is comparable to the subject for topography. Therefore, no adjustments are made to any of the sale properties for topography as compared to the various use components planned for the subject property.

Finished Site

Apartment

Sales 1 and 4 are considered to be finished sites, superior to the subject, and a downward adjustment is made to each. Of note is that the adjustment to Sale 4 is more significant than the adjustment to Sale 1. The remaining sales are considered comparable to the subject and no adjustments are made.

Office

A downward adjustment is made to Sale 5 to reflect the finished site status that is superior to the subject. The remaining sales are considered comparable for site status and no adjustments are made to these sales.

Retail

Sales 9, 10 and 12 are considered superior to the subject for site finish and a downward adjustment is made to each of these sales in comparing the sales to the retail component of the subject property.

Hotel

Sales 13 and 14 are finished or partially finished sites, superior to the subject, and a downward adjustment is made to each. The remaining sales are considered comparable and no adjustments are made.

Utilities

The subject property is to be served by public water and sewer, considered comparable to the sales properties. Therefore, no adjustment is made for utility availability in comparing the sales to the subject components.

Location

Apartment

When Sale 1 is compared to the subject property for location, it is considered significantly inferior to the subject. Therefore, Sale 1 is adjusted upward for this factor. The location of the subject property is considered inferior to Sales 3 and 4 and a downward adjustment is made to each. Sale 2 is considered comparable for location and no adjustment is made.

Office

An upward adjustment is made to Sale 6 to reflect the inferior general location of this property as compared to the subject. Sales 7 and 8 are considered superior for location and a downward adjustment is made to each.

Retail

Sales 9, 10 and 11 are considered superior for location to the retail component of the subject property and a downward adjustment is made to each.

Hotel

With respect to the hotel component, Sales 13 through 16 are considered comparable for location. No adjustments are made to any of the sales.

Other

Several of the sales used for direct comparison purposes are located in Anne Arundel County. Over the past several years Anne Arundel County has raised its development impact fees; to a point wherein it has to be reasonably recognized that purchasers are paying less than in other jurisdictions (i.e., in Howard County, where the subject property is located). Due to this fact sales used for direct comparison which are of unimproved property located in Anne Arundel County are adjusted upward for this fact/factor. Of note is that only Anne Arundel County sales which occurred subsequent to mid 2011 are adjusted for this factor.

In addition, it is noted that there is one apartment land sale which is located in Prince George's County. Prince George's County impact fees, etc. are even higher than in Anne Arundel County; thus this sale is adjusted for this fact/factor of consideration, also

Conclusion

The subject property is planned to be developed as a mixed use project consisting of a total of 416 apartment units and 624 space, private parking garage, 100,000 square feet of offices, a total of 17,450 square feet of retail uses in three buildings and a hotel containing 150 rooms. The analysis is based on a rate per apartment for the proposed apartment building and a rate per FAR foot applied to the projected office and retail areas. The hospitality component is based on a rate per potential room. Sales 1 through 4 are compared to the subject to project a rate per apartment unit that is applied to the apartment component of the project. Sales 5 through 8 are analyzed based on a rate per FAR foot that is applied to the office component planned for the subject. Sales 9 through 12 are considered in projecting a rate per FAR foot of proposed retail area. Sales 13 through 16 are considered in projecting a rate per room for the hotel component planned for the subject site.

Apartment Component

A table showing the adjustments considered in estimating a rate for the apartment component planned for the subject property is shown below.

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
DATE OF SALE	12/13	6/12	12/10	12/10	3/12
SIZE/ACRES	8.930	7.350	10.037	25.777	1.816
SIZE/SF	389,004	321,037	437,228	1,122,836	79,084
NUMBER OF UNITS	416	433	252	561	215
FRONTAGE/ACCESS	Corner	Corner	Interior	Corner	Corner
SHAPE	Mostly Regular	Rectangular	Irregular	Regular	Regular
ZONING	TOD	I-2 (SE)	O-EOD	C2	TC
TOPOGRAPHY	Level	Level	Level	Generally Level	Level
LOCATION	AJTC	Beltsville	Odenton	Hanover	ATC
FINISHED SITE	No	Yes	No	No	Yes
UTILITIES	All public	All public	All public	All public	All public
SALE PRICE	n/a	$13,000,000	$5,700,000	$23,860,000	$7,500,000
RATE/POTENTIAL UNIT	n/a	$30,023	$22,619	$42,531	$34,884
CONDITIONS OF SALE	None	None	None	None	None
ADJUSTED SALE PRICE	n/a	$13,000,000	$5,700,000	$23,860,000	$7,500,000
ADJUSTED RATE/UNIT	n/a	$30,023	$22,619	$42,531	$34,884
PROPERTY RIGHTS		0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%
FINANCING		0%	0%	0%	0%
MARKET CONDITIONS		12%	24%	24%	14%

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
TIME ADJUSTED RATE/SF		$33,626	$28,048	$52,739	$39,767
SIZE/NUMBER OF UNITS		0%	0%	5%	0%
FRONTAGE/ACCESS		0%	0%	0%	0%
SHAPE		0%	0%	0%	0%
ZONING		0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%
FINISHED SITE		-10%	0%	0%	-20%
UTILITIES		0%	0%	0%	0%
LOCATION		25%	0%	-5%	-10%
OTHER (Impact Fees)		20%	0%	0%	15%
NET ADJUSTMENT		35%	0%	0%	-15%
INDICATED RATE/UNIT		**$45,395**	**$28,048**	**$52,739**	**$33,802**

Before adjustment, the sales indicate a range of $22,619 to $42,531 per apartment. After adjustment, the sales indicate values that range from $28,048 to $52,739 per apartment unit. Some consideration is placed on the values indicated by each of the sales. Sales 1 and 4 are the most recent transactions and occurred in 2012. The remaining sales settled in 2010, but are within the same market area as the subject. In addition, Sale 1 is the most similar to the subject in terms of the number of units planned for the property; two of the remaining sites were to be improved with much smaller buildings. Sale 1 is also located very near a MARC rail station (in fact the same line as the subject property). Sale 2 is the only transaction that does not feature structured parking and slightly less reliance is placed on the rate indicated by this sale. The sale properties are located in Anne Arundel and Prince George's County and are all zoned for apartment use. A thorough search was made for development sites within the immediate area of the subject property, but none could be found necessitating the use of the sales outside the immediate area.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the apartment component planned for the subject property is within a range of between $41,000 to $44,000 per potential apartment unit is reasonably supported by the comparable sales.. As such, the mid-point of the range is selected as the indicated market rate for the subject apartment land component, as is. At the selected rate of $42,500.00 per unit the indicated value of the apartment component of the subject property, is projected as follows.

416 units @ $42,500.00 per apartment unit	$17,680,000.00
Rounded to	$17,700,000.00

Office Component

A table showing the adjustments considered in estimating a rate for Parcel C of the subject property is shown below.

LAND SALES ADJUSTMENT GRID - ANNAPOLIS JUNCTION TOWN CENTER OFFICE LAND -- UNFINISHED

	SUBJECT	SALE 5	SALE 6	SALE 7	SALE 8
DATE OF SALE	12/13	12/10	4/11	9/13	3/11
SIZE/ACRES	3.589	9.600	5.998	13.528	3.918
LAND SIZE/SF	156,350	418,176	261,277	589,279	170,678
BUILDING SIZE	100,000	130,000	127,000	120,000	60,000
FRONTAGE/ACCESS	Interior	Dual	Corner	Interior	Interior
SHAPE/UTILITY	Irregular	Regular	Regular	Regular	Regular
FINISHED SITE	No	Yes	No	No	No
ZONING	TOD	ML/BM	OR2	MXD-E	O-EOD
TOPOGRAPHY	Level	Level/Sloping	Level	Level/sloping	Level
LOCATION	AJTC	Halethorpe	Catonsville	Arundel Mills	Odenton
UTILITIES	All public	All public	All public	All public	All public
SALE PRICE	n/a	$5,381,280	$2,800,000	$4,000,000	$2,130,000
RATE/FAR	n/a	$41.39	$22.05	$33.33	$35.50
CONDITIONS OF SALE	n/a	None	None	None	None
ADJUSTED SALE PRICE	n/a	$5,381,280	$2,800,000	$4,000,000	$2,130,000
ADJUSTED RATE/FAR	n/a	$41.39	$22.05	$33.33	$35.50
PROPERTY RIGHTS		0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%
FINANCING		0%	0%	0%	0%
MARKET CONDITIONS		12%	11%	11%	11%
TIME ADJUSTED RATE/FAR		$46.36	$24.47	$37.08	$39.41
SIZE/SF		5%	5%	0%	-5%
FRONTAGE/ACCESS		0%	10%	0%	0%
SHAPE/UTILITY		0%	0%	0%	0%
FINISHED SITE STATUS		-25%	0%	0%	0%
ZONING		0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%
LOCATION		0%	10%	-10%	-10%
UTILITIES		0%	0%	0%	0%
OTHER (Impact Fees)		0%	0%	20%	0%
NET ADJUSTMENT		-20%	25%	10%	-15%
INDICATED RATE/FAR		**$37.09**	**$30.59**	**$40.79**	**$33.49**

Before adjustment, the sales indicate a range of $22.05 to $41.39 per FAR foot. After adjustment, the sales indicate values that range from $30.59 to $40.79 per FAR foot based on the building area. Some consideration is placed on the values indicated by each of the sales. Sale 7 is the most recent sale; having occurred approximately three months before the effective date. Of the other sales, Sales 6 and 8 are the most recent transactions and occurred in 2011. The remaining sale settled in 2010. In addition, Sales 5, 6, 7 and 8 are similar to the subject in terms of proposed building size. The sale properties are located in Anne Arundel and Baltimore Counties. A thorough search was made for development sites within the immediate area of the subject property, but few could be found necessitating the use of the sales outside the immediate area. In addition, the number of sales purchased for office building development is limited throughout the larger market necessitating the use of older transactions in the analysis.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the office component planned for the subject property is estimated at a rate of $37.50 per FAR foot. At the selected rate the indicated value of the office component of the subject property, is projected as follows.

100,000 square feet @ $37.50 per FAR foot $3,750,000.00

Retail Component – Parcel D

A table showing the adjustments considered in estimating a rate for the retail component planned for the subject property is shown below.

SALES ADJUSTMENT GRID - ANNAPOLIS JUNCTION TOWN CENTER RETAIL LAND

	SUBJECT	SALE 9	SALE 10	SALE 11	SALE 12
DATE OF SALE	12/13	11/10	8/12	3/11	6/10
SIZE/ACRES	0.798	2.088	1.621	0.960	0.656
SIZE/SF	34,739	90,955	70,601	41,832	28,584
BUILDING SIZE/SF	14,000	7,040	13,656	6,926	6,380
FRONTAGE/ACCESS	Interior	Interior	Corner	Interior	Corner
SHAPE/UTILITY	Regular	Regular	Regular	Regular	Regular
ZONING	TOD	W1	O-EOD	O-EOD	BR-CCC
TOPOGRAPHY	Level	Level	Level	Level	Level
LOCATION	AJTC	Arundel Mills	Odenton	Odenton	Catonsville
UTILITIES	All public	All public	All public	All public	All public
FINISHED SITE	No	Partially	Yes	No	Partially
SALE PRICE	n/a	$1,750,000	$2,650,000	$670,000	$1,060,000
RATE/FAR OF BUILDING	n/a	$248.58	$194.05	$96.74	$166.14
CONDITIONS OF SALE	None	None	None	None	None
ADJUSTED SALE PRICE	n/a	$1,750,000	$2,650,000	$670,000	$1,060,000
ADJUSTED RATE/FAR FOOT	n/a	$248.58	$194.05	$96.74	$166.14

	SUBJECT	SALE 9	SALE 10	SALE 11	SALE 12
PROPERTY RIGHTS		0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%
FINANCING		0%	0%	0%	0%
MARKET CONDITIONS		18%	8%	16%	21%
TIME ADJUSTED RATE/SF		$293.32	$209.58	$112.21	$201.03
SIZE/SF		-5%	0%	-5%	-5%
FRONTAGE/ACCESS		0%	0%	0%	-5%
SHAPE/UTILITY		0%	0%	0%	0%
ZONING		0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%
LOCATION		-20%	-10%	-10%	0%
UTILITIES		0%	0%	0%	0%
FINISHED SITE		-10%	-20%	0%	-10%
NET ADJUSTMENT		-35%	-30%	-15%	-20%
INDICATED RATE/SF		**$190.66**	**$146.70**	**$95.38**	**$160.83**

Note: An additional adjustment of 10% to Sale 10 for consideration of Impact Fees raises the actual indicated rate per FAR foot to $167.64 per FAR foot.

Before adjustment, the sales indicate a range of $96.74 to $248.58 per FAR foot. After adjustment, the sales indicate values that range from $95.38 to $190.66 per FAR foot based on the projected building area for the retail center. Some consideration is placed on the value as indicated by each of the sales. Sale 10 is the most recent transaction and occurred in 2012. The remaining sales settled in 2010 or 2011. In addition, Sales 9, 11 and 12 are to be developed with retail improvements containing a smaller area than planned for the subject. The number of sales of sites purchased for retail development is limited at this time necessitating the use of older transactions and sales located some distance from the subject property in the valuation.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the retail component planned for the subject property is estimated at a rate of $160.00 per FAR foot. At the selected rate the indicated value of the retail center component of the subject property, is projected as follows.

14,000 square feet @ $160.00 per FAR foot $2,240,000.00

Parcel E

In addition, Parcel E is to be developed with a 3,200 square foot commercial building or restaurant. The same sales are considered in projecting a rate for Parcel E and the only adjustment made is for size. After adjusting the sales for size, a range of $106.60 to $219.99 per FAR foot is projected for the parcel.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the retail component planned for the subject property is estimated at a rate of $175.00 per FAR foot. At the selected rate the indicated value of the retail center component of the subject property, is projected as follows.

3,200 square feet @ $175.00 per FAR foot $560,000.00

Parcel G

Finally, Parcel G can support development with a 250 square foot kiosk on the site that contains an area of 3,162 square feet or 0.0726 acres. No sales could be found in comparable locations that contain a similar size as subject Parcel G. If not developed as part of a mixed use project, the parcel could not be independently developed because of its size. However, the location within a planned development enhances the effective size of the parcel as parking and drive aisles are shared with adjoining sites. Therefore, a rate of $200.00 per FAR foot is projected for Parcel G as an unimproved site.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the retail component planned for the subject property is estimated at a rate of $200.00 per FAR foot. At the selected rate the indicated value of the retail kiosk component of the subject property, is projected as follows.

250 square feet @ $200.00 per FAR foot	$50,000.00
Rounded to	$50,000.00

Hotel Component

A table showing the adjustments considered in estimating a rate for the hotel component planned for the subject property is shown below.

SALES ADJUSTMENT GRID - ANNAPOLIS JUNCTION TOWN CENTER HOTEL LAND--UNFINISHED

	SUBJECT	SALE 13	SALE 14	SALE 15	SALE 16
DATE OF SALE	12/13	10/06	4/07-7/08	1/08-5/08	7/08
SIZE/ACRES	1.495	4.458	3.652	7.490	4.047
SIZE/SF	65,122	194,169	159,059	326,600	176,287
FRONTAGE/ACCESS	Interior	Dual	Dual	Interior	Corner
SHAPE	Mostly Regular	Regular	Regular	Regular	Generally Regular
ZONING	TOD	C2	BM	W1	ML-IM
TOPOGRAPHY	Level	Generally Level	Level	Generally Level	Generally Level
LOCATION	AJTC	Hanover	Cockeysville	Linthicum	Owings Mills
FINISHED SITE	No	Yes	Partially	No	No

	SUBJECT	SALE 13	SALE 14	SALE 15	SALE 16
UTILITIES	All public	All public	All public	All public	All public
SALE PRICE	n/a	$6,000,000	$5,350,000	$4,120,000	$3,000,000
NUMBER OF ROOMS	150	400	126	200	122
ADJUSTED SALES PRICE	n/a	$6,000,000	$5,350,000	$4,120,000	$3,000,000
ADJUSTED RATE/POTENTIAL ROOM	n/a	$15,000	$42,460	$20,600	$24,590
RATE/SF OF LAND	n/a	$30.90	$33.64	$12.61	$17.02
CONDITIONS OF SALE	None	Razing	Razing	Razing	None
ADJUSTED SALE PRICE	n/a	$6,000,000	$5,350,000	$4,120,000	$3,000,000
ADJUSTED RATE/POTENTIAL ROOM	n/a	$15,000	$42,460	$20,600	$24,590
PROPERTY RIGHTS		0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%
FINANCING		0%	0%	0%	0%
MARKET CONDITIONS		-20%	-10%	-10%	-10%
TIME ADJUSTED RATE/POTENTIAL ROOM		$12,025	$38,413	$18,615	$22,131
SIZE/NUMBER OF ROOMS		25%	0%	5%	0%
FRONTAGE/ACCESS		-5%	0%	0%	0%
SHAPE		0%	0%	0%	0%
ZONING		0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%
FINISHED SITE		-10%	-5%	0%	0%
UTILITIES		0%	0%	0%	0%
LOCATION		0%	0%	0%	0%
NET ADJUSTMENT		10%	-5%	5%	0%
INDICATED RATE/POTENTIAL ROOM		**$13,228**	**$36,492**	**$19,546**	**$22,131**

Before adjustment, the sales indicate a range of $15,000 to $42,460 per potential hotel room. After adjustment, the sales indicate values that range from $13,228 to $36,492 per potential room. Some weight is placed on the values indicated by each of the sales. Sales 15 and 16 are the most recent transactions, but occurred in 2008. A portion of the assemblage comprising Sale 14 was also acquired in 2008 with the initial purchase in 2007. Sale 13 occurred in 2006, but is included because it is within the general vicinity of the subject even though the property sold some time ago. Additional consideration is placed on the rates indicated by Sales 14 and 16 because of the more similar number of rooms proposed for these sites as compared to the subject. The number of sales of sites purchased for hotel development is extremely limited necessitating the use of older transactions and sales located some distance from the subject property in the valuation.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the hospitality component planned for the subject property is estimated at a rate of $20,000.00 per potential room. At the selected rate the indicated value of the hotel component of the subject property, is projected as follows.

150 rooms @ $20,000 per potential room	$3,000,000.00
Rounded to	$3,000,000.00

Summary

The value of each of the components planned for the subject property was projected as follows:

Parcel B: Apartment component	$17,700,000.00
Parcel C: Office component	$ 3,750,000.00
Parcel D: Retail component	$ 2,240,000.00
Parcel E: Retail component	$ 560,000.00
Parcel F: Hotel component	$ 3,000,000.00
Parcel G: Retail component	$ 50,000.00
Total component land value	$27,300,000.00

The estimated component value must now be discounted; to reflect a sale to a single purchaser. Importantly, based upon the indicated values and the overall development scheme the primary motivation to purchase the composite subject property would be to develop the apartment component. Therefore, in our opinion it is not reasonable to apply any discount to this component of the overall, composite, subject property. Based upon interviews with developers, the buyer of a bulk holding of hotel and office land indicated that the price paid reflected the bulk purchase and that a discount of 25% was used in setting the purchase price of the portfolio. In the subject case the subject property would be more desirable because of the location and mixture of uses. Thus, while a discount shall not be applied to the subject apartment component, a discount shall be applied to the remaining subject land use components.

Therefore, other than the apartment component, a discount of 25% is applied to the other, aggregated, subject land use component value and results in a value for the subject property of

$17,700,000 + ($9,600,000 x 0.75)	=	$24,900,000.00
Rounded to	=	$24,900,000.00

Land Value Conclusion:

As a result of the preceding sales comparison approach land valuation of the subject, the estimated market value of the fee simple estate of the subject property, land only, as presently existing, unencumbered by any contracts of sale and as of December 21st, 2013, is:

TWENTY FOUR MILLION NINE HUNDRED THOUSAND DOLLARS
($24,900,000.00)

PROSPECTIVE MARKET VALUE, AS COMPLETED, LAND ONLY, BY THE SALES COMPARISON APPROACH
(As of January 1st, 2015)

The market value of the land with all public improvements and private site improvements complete is projected as of a prospective future date. The site improvements are projected to be complete as of January 1st, 2015; this is the prospective future date of this valuation. The same land sales are considered in estimating a value of the each of the components planned for the Annapolis Junction Town Center as complete as were considered in valuing the property as an existing vacant land site. The only difference in the analysis is the adjustment for finished site status. Following are the estimated component values.

Apartment Component

A table showing the adjustments considered in estimating a rate for the apartment component planned for the subject property, as completed, is shown below.

SALES ADJUSTMENT GRID - ANNAPOLIS JUNCTION TOWN CENTER APARTMENT LAND-Finished

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
DATE OF SALE	1/15	6/12	12/10	12/10	3/12
SIZE/ACRES	8.930	7.350	10.037	25.777	1.816
SIZE/SF	389,004	321,037	437,228	1,122,836	79,084
NUMBER OF UNITS	416	433	252	561	215
FRONTAGE/ACCESS	Corner	Corner	Interior	Corner	Corner
SHAPE	Mostly Regular	Rectangular	Irregular	Regular	Regular
ZONING	TOD	I-2 (SE)	O-EOD	C2	TC
TOPOGRAPHY	Level	Level	Level	Generally Level	Level
LOCATION	AJTC	Beltsville	Odenton	Hanover	ATC
FINISHED SITE	No	Yes	No	No	Yes
UTILITIES	All public	All public	All public	All public	All public
SALE PRICE	n/a	$13,000,000	$5,700,000	$23,860,000	$7,500,000
RATE/POTENTIAL UNIT	n/a	$30,023	$22,619	$42,531	$34,884
CONDITIONS OF SALE	None	None	None	None	None
ADJUSTED SALE PRICE	n/a	$13,000,000	$5,700,000	$23,860,000	$7,500,000
ADJUSTED RATE/UNIT	n/a	$30,023	$22,619	$42,531	$34,884
PROPERTY RIGHTS		0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%
FINANCING		0%	0%	0%	0%
MARKET CONDITIONS		16%	28%	28%	18%
TIME ADJUSTED RATE/SF		$34,827	$28,952	$54,440	$41,163

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
SIZE/NUMBER OF UNITS		0%	0%	5%	0%
FRONTAGE/ACCESS		0%	0%	0%	0%
SHAPE		0%	0%	0%	0%
ZONING		0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%
FINISHED SITE		0%	20%	20%	0%
UTILITIES		0%	0%	0%	0%
LOCATION		25%	0%	-5%	-10%
OTHER (Impact Fees)		0%	0%	0%	10%
NET ADJUSTMENT		25%	20%	20%	0%
INDICATED RATE/UNIT		**$43,533**	**$34,743**	**$65,328**	**$41,163**

Before adjustment, the sales indicate a range of $22,619 to $42,531 per apartment. After adjustment, the sales indicate values that range from $34,743 to $65,328 per apartment unit. Some consideration is placed on the values indicated by each of the sales. Sales 1 and 4 are the most recent transactions and occurred in 2012. The remaining sales settled in 2010, but are within the same market area as the subject. In addition, Sale 1 is the most similar to the subject in terms of the number of units planned for the property; two of the remaining sites were to be improved with much smaller buildings. Furthermore, Sale 1 is located very close to a MARC rail station (in fact the same line as the subject). Sale 2 is the only transaction that does not feature structured parking and slightly less reliance is placed on the rate indicated by this sale. Sales 2 and 4 sold as finished sites. The sale properties are located in Anne Arundel and Prince George's Counties and are all zoned for apartment use. A thorough search was made for development sites within the immediate area of the subject property, but few could be found necessitating the use of the sales outside the immediate area.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the apartment component planned for the subject property is estimated at a rate of $54,000 per unit, as completed. At the selected rate the indicated value of the apartment component of the subject property, is projected as follows.

416 units @ $54,000.00 per apartment unit		$22,464,000.00
	Rounded to	$22,450,000.00

Office Component

A table showing the adjustments considered in estimating a rate for Parcel C of the subject property is shown below.

LAND SALES ADJUSTMENT GRID - ANNAPOLIS JUNCTION TOWN CENTER OFFICE LAND-FINISHED

	SUBJECT	SALE 5	SALE 6	SALE 7	SALE 8
DATE OF SALE	1/15	12/10	4/11	9/13	3/11
SIZE/ACRES	3.589	9.600	5.998	13.528	3.918
LAND SIZE/SF	156,350	418,176	261,277	589,279	170,678
BUILDING SIZE	100,000	130,000	127,000	120,000	60,000
FRONTAGE/ACCESS	Interior	Dual	Corner	Interior	Interior
SHAPE/UTILITY	Irregular	Regular	Regular	Regular	Regular
FINISHED SITE	No	Yes	No	No	No
ZONING	TOD	ML/BM	OR2	MXD-E	O-EOD
TOPOGRAPHY	Level	Level/Sloping	Level	Level/sloping	Level
LOCATION	AJTC	Halethorpe	Catonsville	Arundel Mills	Odenton
UTILITIES	All public	All public	All public	All public	All public
SALE PRICE	n/a	$5,381,280	$2,800,000	$4,000,000	$2,130,000
RATE/FAR	n/a	$41.39	$22.05	$33.33	$35.50
CONDITIONS OF SALE	n/a	None	None	None	None
ADJUSTED SALE PRICE	n/a	$5,381,280	$2,800,000	$4,000,000	$2,130,000
ADJUSTED RATE/FAR	n/a	$41.39	$22.05	$33.33	$35.50
PROPERTY RIGHTS		0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%
FINANCING		0%	0%	0%	0%
MARKET CONDITIONS		14%	13%	3%	13%
TIME ADJUSTED RATE/FAR		$47.19	$24.91	$34.42	$40.12
SIZE/SF		5%	5%	0%	-5%
FRONTAGE/ACCESS		0%	10%	0%	0%
SHAPE/UTILITY		0%	0%	0%	0%
FINISHED SITE STATUS		0%	25%	25%	25%
ZONING		0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%
LOCATION		0%	10%	-10%	-10%
UTILITIES		0%	0%	0%	0%
OTHER (Impact Fees)		0%	0%	20%	0%
NET ADJUSTMENT		5%	50%	35%	10%
INDICATED RATE/FAR		**$49.55**	**$37.37**	**$46.46**	**$44.13**

Before adjustment, the sales indicate a range of $22.05 to $41.39 per FAR foot. After adjustment, the sales indicate values that range from $37.37 to $49.55 per FAR foot based on the building area. Some consideration is placed on the values indicated by each of the sales. Sales 6 through 8 are the most recent transactions and occurred in 2011. The remaining sale settled in 2010. In addition, Sales 5, 6 and 8 are most similar to the subject in terms of building size. The sale properties are located in Anne Arundel and

Baltimore Counties. A thorough search was made for development sites within the immediate area of the subject property, but few could be found necessitating the use of the sales outside the immediate area. In addition, the number of sales purchased for office building development is limited throughout the larger market necessitating the use of older transactions in the analysis.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the office component planned for the subject property is estimated at a rate of $47.50 per FAR foot, as completed. At the selected rate the indicated value of the office component of the subject property, is projected as follows.

100,000 square feet @ $47.50 per FAR foot $4,750,000.00

Retail Component – Parcel D

A table showing the adjustments considered in estimating a rate for the retail component planned for the subject property, as complete, is shown below.

SALES ADJUSTMENT GRID - ANNAPOLIS JUNCTION TOWN CENTER RETAIL LAND

	SUBJECT	SALE 9	SALE 10	SALE 11	SALE 12
DATE OF SALE	1/15	11/10	8/12	3/11	6/10
SIZE/ACRES	0.798	2.088	1.621	0.960	0.656
SIZE/SF	34,739	90,955	70,601	41,832	28,584
BUILDING SIZE/SF	14,000	7,040	13,656	6,926	6,380
FRONTAGE/ACCESS	Interior	Interior	Corner	Interior	Corner
SHAPE/UTILITY	Regular	Regular	Regular	Regular	Regular
ZONING	TOD	W1	O-EOD	O-EOD	BR-CCC
TOPOGRAPHY	Level	Level	Level	Level	Level
LOCATION	AJTC	Arundel Mills	Odenton	Odenton	Catonsville
UTILITIES	All public	All public	All public	All public	All public
FINISHED SITE	No	Partially	Yes	No	Partially
SALE PRICE	n/a	$1,750,000	$2,650,000	$670,000	$1,060,000
RATE/FAR OF BUILDING	n/a	$248.58	$194.05	$96.74	$166.14
CONDITIONS OF SALE	None	None	None	None	None
ADJUSTED SALE PRICE	n/a	$1,750,000	$2,650,000	$670,000	$1,060,000
ADJUSTED RATE/FAR FOOT	n/a	$248.58	$194.05	$96.74	$166.14
PROPERTY RIGHTS		0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%
FINANCING		0%	0%	0%	0%
MARKET CONDITIONS		21%	11%	19%	24%
TIME ADJUSTED RATE/SF		$300.78	$215.40	$115.12	$206.02

	SUBJECT	SALE 9	SALE 10	SALE 11	SALE 12
SIZE/SF		-5%	10%	-5%	-5%
FRONTAGE/ACCESS		0%	0%	0%	-5%
SHAPE/UTILITY		0%	0%	0%	0%
ZONING		0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%
LOCATION		10%	0%	20%	10%
UTILITIES		0%	0%	0%	0%
FINISHED SITE		10%	0%	20%	10%
OTHER (Impact Fees)		0%	10%	0%	0%
NET ADJUSTMENT		15%	20%	35%	10%
INDICATED RATE/SF		**$345.90**	**$258.48**	**$155.41**	**$226.62**

Before adjustment, the sales indicate a range of $96.74 to $248.58 per FAR foot. After adjustment, the sales indicate values that range from $155.41 to $345.90 per FAR foot based on the projected building area for the retail center. Some consideration is placed on the values indicated by each of the sales. Sale 10 is the most recent transaction and occurred in 2012. The remaining sales settled in 2010 or 2011. In addition, Sales 9, 11 and 12 are to be developed with retail improvements containing a smaller area than planned for the subject. The number of sales of sites purchased for retail development is limited at this time necessitating the use of older transactions and sales located some distance from the subject property in the valuation.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the retail component planned for the subject property is estimated at a rate of $210.00 per FAR foot, as completed. At the selected rate the indicated value of the retail center component of the subject property, is projected as follows.

14,000 square feet @ $210.00 per FAR foot $2,940,000.00

Parcel E

In addition, Parcel E is to be developed with a 3,200 square foot commercial building or restaurant. The same sales are considered in projecting a rate for Parcel E and the only adjustments made are for size and finished site status. After adjusting the sales for size, a range of $163.18 to 363.19 per FAR foot is projected for the parcel.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the retail component planned for the subject property is estimated at a rate of $250.00 per FAR foot. At the selected rate the indicated value of the retail center component of the subject property, is projected as follows.

3,200 square feet @ $250.00 per FAR foot $800,000.00

Parcel G

Finally, Parcel G can support development with a 250 square foot kiosk on the site that contains an area of 3,162 square feet or 0.0726 acres. No sales could be found in comparable locations that contain a similar size as subject Parcel G. If not developed as part of a mixed use project, the parcel could not be independently developed because of its size. However, the location within a planned development enhances the effective size of the parcel as parking and drive aisles are shared with adjoining sites. Therefore, a rate of $300.00 per FAR foot is projected for Parcel G as an unimproved site.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the retail component planned for the subject property is estimated at a rate of $300.00 per FAR foot at completion. At the selected rate the indicated value of the retail kiosk component of the subject property, is projected as follows.

250 square feet @ $300.00 per FAR foot $75,000.00

Hotel Component

A table showing the adjustments considered in estimating a rate for the hotel component planned for the subject property is shown below.

	SUBJECT	SALE 13	SALE 14	SALE 15	SALE 16
DATE OF SALE	1/15	10/06	4/07-7/08	1/08-5/08	7/08
SIZE/ACRES	1.495	4.458	3.652	7.490	4.047
SIZE/SF	65,122	194,169	159,059	326,600	176,287
FRONTAGE/ACCESS	Interior	Dual	Dual	Interior	Corner
SHAPE	Mostly Regular	Regular	Regular	Regular	Generally Regular
ZONING	TOD	C2	BM	W1	ML-IM
TOPOGRAPHY	Level	Generally Level	Level	Generally Level	Generally Level
LOCATION	AJTC	Hanover	Cockeysville	Linthicum	Owings Mills
FINISHED SITE	Yes	Yes	Partially	No	No
UTILITIES	All public	All public	All public	All public	All public
SALE PRICE	n/a	$6,000,000	$5,350,000	$4,120,000	$3,000,000
NUMBER OF ROOMS	150	400	126	200	122
ADJUSTED SALES PRICE	n/a	$6,000,000	$5,350,000	$4,120,000	$3,000,000
ADJUSTED RATE/POTENTIAL ROOM	n/a	$15,000	$42,460	$20,600	$24,590
RATE/SF OF LAND	n/a	$30.90	$33.64	$12.61	$17.02
CONDITIONS OF SALE	None	Razing	Razing	Razing	None

	SUBJECT	SALE 13	SALE 14	SALE 15	SALE 16
ADJUSTED SALE PRICE	n/a	$6,000,000	$5,350,000	$4,120,000	$3,000,000
ADJUSTED RATE/POTENTIAL ROOM	n/a	$15,000	$42,460	$20,600	$24,590
PROPERTY RIGHTS		0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%
FINANCING		0%	0%	0%	0%
MARKET CONDITIONS		-20%	-10%	-10%	-10%
TIME ADJUSTED RATE/POTENTIAL ROOM		$12,025	$38,413	$18,615	$22,131
SIZE/NUMBER OF ROOMS		25%	0%	5%	0%
FRONTAGE/ACCESS		-5%	0%	0%	0%
SHAPE		0%	0%	0%	0%
ZONING		0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%
FINISHED SITE		0%	5%	10%	10%
UTILITIES		0%	0%	0%	0%
LOCATION		0%	0%	0%	0%
NET ADJUSTMENT		20%	5%	15%	10%
INDICATED RATE/POTENTIAL ROOM		**$14,430**	**$40,333**	**$21,407**	**$24,344**

Before adjustment, the sales indicate a range of $15,000 to $42,460 per potential hotel room. After adjustment, the sales indicate values that range from $14,430 to $40,333 per potential room. Some weight is placed on the values indicated by each of the sales. Sales 15 and 16 are the most recent transactions, but occurred in 2008. A portion of the assemblage comprising Sale 14 was also acquired in 2008 with the initial purchase in 2007. Sale 13 occurred in 2006, but is included because it is within the general vicinity of the subject even though the property sold some time ago. Additional consideration is placed on the rates indicated by Sales 14 and 16 because of the more similar number of rooms proposed for these sites as compared to the subject. The number of sales of sites purchased for hotel development is extremely limited necessitating the use of older transactions and sales located some distance from the subject property in the valuation.

Based on an analysis of the comparable sales, it is our opinion that the appropriate, thus selected, market rate for the hospitality component planned for the subject property is estimated at a rate of $25,000 per room, as completed. At the selected rate the indicated value of the hotel component of the subject property, is projected as follows.

150 rooms @ $25,000.00 per potential room $3,750,000.00

Summary

The value of each of the components planned for the subject property, as completed, is projected as follows:

Parcel B: Apartment component	$22,450,000.00
Parcel C: Office component	$ 4,750,000.00
Parcel D: Retail component	$ 2,940,000.00
Parcel E: Retail component	$ 800,000.00
Parcel F: Hotel component	$ 3,750,000.00
Parcel G: Retail component	$ 75,000.00
Total component land value	$34,765,000.00

The estimated component value must now be discounted; to reflect a sale to a single purchaser. Importantly, based upon the indicated values and the overall development scheme the primary motivation to purchase the composite subject property would be to develop the apartment component. Therefore, in our opinion it is unreasonable to apply any discount to this component of the overall, composite, subject property. Based upon interviews with developers, the buyer of a bulk holding of hotel and office land indicated that the price paid reflected the bulk purchase and that a discount of 25% was used in setting the purchase price of the portfolio. In the subject case the subject property would be more desirable because of the location and mixture of uses. Thus, while a discount shall not be applied to the subject apartment component, a discount shall be applied to the remaining subject land use components.

Therefore, other than the apartment component, a discount of 25% is applied to the other, aggregated, subject land use component value and results in a value for the subject property of

$22,450,000,000 + ($12,315,000 x 0.75)	=	$31,686,250.00
Rounded to	=	$31,700,000.00

Land Value Conclusion:

As a result of the preceding sales comparison approach land valuation of the subject, the estimated market value of the fee simple estate of the subject property, land only, as finished, unencumbered by any contracts of sale and as of January 1st, 2015, the projected date of completion of the public and private site improvements, is projected as:

THIRTY ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS ($31,700,000.00)

PROSPECTIVE MARKET VALUE, AS COMPLETED

The prospective market value, as of the projected date of completion of the retail and apartment buildings, is also estimated. In this analysis, the market value of the completed retail and apartment buildings is projected as of a prospective future date. The values of the retail and apartment buildings are estimated by the cost, sales comparison and income capitalization approaches. The retail building is projected to be operating at a stabilized level as of the projected date of completion because of preleasing that would occur prior to building completion. However, the value of the apartment building is projected at a stabilized occupancy level and adjustments are made to the estimated value for rent loss and the time need to achieve a stabilized occupancy level. In addition, the value of the land pads are also added to the values of the completed retail and apartment buildings. The retail building is valued initially; followed by the valuation of the proposed apartment building.

APPROACH TO VALUE

There are three approaches to value commonly used in the appraisal of real estate, the cost approach, the sales comparison approach and the income capitalization approach.

Under the cost approach, the land is valued as if vacant and available for development to its highest and best use. The replacement cost new of the improvements is then estimated and depreciated for physical wear and tear, functional (design) deficiencies, and external (locational) problems, if any. The sum of the depreciated replacement cost of the improvements and the land value is the estimated property value by the cost approach.

Under the sales comparison approach several recent sales of similar properties are compared to the subject and adjusted for differences. Collectively, the adjusted comparable sales reflect the current market for the subject property. This approach is also used to estimate the raw land value under the cost approach.

The income capitalization approach involves an analysis of the income producing capability of the property under consideration. After deduction of expenses, the projected annual net income is converted into a present day value by means of a capitalization process.

The cost, sales comparison and income capitalization approaches will be considered in estimating a value of the subject property as proposed.

RETAIL PROPERTY
PROSPECTIVE MARKET VALUE, AT STABILIZATION,
BY THE COST APPROACH
(As of January 1st, 2016)

The cost approach provides for a valuation of the site and improvements separately. It is market-oriented with respect to comparable land sales, comparable costs, i.e. materials, labor, financing, etc. in replacing the improvements and with respect to the effects of physical deterioration and functional and economic obsolescence on the minds of purchasers in the marketplace. Replacement cost is related to an objective concept, accrued depreciation is more of a subjective concept related to purchaser reaction to differences among competing properties. The principle of substitution is basic to the cost approach.

The initial step in the cost approach is to estimate the land value as if vacant and available for its highest and best use. This is usually accomplished by a sales comparison analysis of available market data in comparison to the combined subject sites. The second step is to estimate the reproduction cost new of the improvements utilizing data obtained from sources such as building cost indices, building contractors' cost estimates or actual construction costs of similar properties.

The next step is to estimate all the elements of accrued depreciation. Accrued depreciation is a measure of the loss in utility experienced by the structure in its present condition, compared to the utility it would have as a new improvement representing the highest and best use of the site. Accrued depreciation may be referred to as diminished utility. The fourth step in the cost approach is to deduct the total amount of accrued depreciation from the reproduction cost new of the improvements, the result of which is the measure of the present value of the improvements.

In the final steps, the estimated depreciated present value of the improvements plus the estimated depreciated present worth of the site improvements are added to the estimated site value for a preliminary indication of the current day value of the property by the cost approach.

In some cases, a final adjustment may be made to the indicated preliminary value; an adjustment to reflect entrepreneurial incentive and the additional increment in value created by the assemblage of raw land and improvements to "completed" status with a stabilized occupancy level. For the subject property, an adjustment for entrepreneurial incentive is made. The resultant total of the estimated site value, the depreciated present value of the improvements (building and on-site), plus an entrepreneurial incentive is the final indication of the current day value of the subject property by the cost approach.

LAND VALUE - COST APPROACH:

The land value was previously estimated for the supporting site as $2,940,000.00.

ESTIMATED VALUE OF IMPROVEMENTS - COST APPROACH:

To the estimated land value is added the current cost to replace the subject building, on-site improvements, and any required off-site improvements with ones of similar design and utility. Allowances are then made for physical wear and tear, functional (design) deficiencies, and external (location) factors, if any. The sum of the depreciated replacement cost of the improvements and the land value is the property value as estimated by this approach. The replacement cost new of the subject improvement is based on cost estimates obtained from the *Marshall Valuation Service*, a nationally recognized cost index. The estimate is by the calculator cost method and represents the final costs to the owner, including architect's and engineer's fees, normal interest on building funds during the period of construction, site preparation, utilities and contractor's overhead and profit. The cost service estimates do not include impact fees or water and sewer capital connection fees.

Replacement Cost of the Subject Building

Following the computation of the cost approach is a table showing the projected replacement cost of the proposed subject retail building based on cost information obtained from the Marshall & Swift cost service. According to the cost manual, the base replacement cost for an excellent quality Class C community shopping center is $131.10 per square foot that is adjusted upward by $3.50 per square foot to reflect the sprinkler system. However, the projected cost excludes marketing fees, leasing commissions, certain fees and other soft costs. The fees are projected at 15% of hard costs and are added to the estimated replacement cost. Further refinements are made for story height and floor area. The refined cost of $148.55 per square foot is increased by 8% to reflect current cost conditions and upward by 2% to reflect local cost conditions. The replacement cost new of the subject building is projected at $2,290,985, or $2,290,000, as rounded, based on the cost service. The improvement will be in excellent condition with completion of construction and no depreciation is deducted from the projected replacement cost new.

Project		Annapolis Junction Town Center			
Location		Parcel D - S/S Junction Drive			
Date of Survey		21-Dec-13			
BUILDING IMPROVEMENTS					
	Occupancy	COMMUNITY SHOPPING CENTER			
	Class/Quality	C/EXCELLENT QUALITY			
	Exterior Wall	BRICK/EFIS/LARGE UNIT MASONRY			
	Number of Stories	ONE			
	Average Story Height	14 FEET			
	Floor Area	14,000			
	Average Perimeter	553			
	Age/Condition	0 YEARS/EXCELLENT			
		UNIT COST	SECTION	PAGE	DATE
BASE SQUARE FOOT COST		$131.10	13	34	5/12
SQUARE FOOT REFINEMENTS					
	Heating/Cooling	$0.00	13	40	5/12
	Sprinkler System	3.50	13	40	5/12
TOTAL BASE COST/SQUARE FOOT		$134.60			
HEIGHT & SIZE REFINEMENTS					
	Height Multiplier	1.042	13	42	5/12
	Floor Area Multiplier	0.921	13	41	5/12
	Multistory Multiplier	1.000	13	34	5/12
COMBINED HEIGHT & SIZE MULTIPLIER		0.960			

FINAL CALCULATIONS					
	Refined Square Foot Cost	$129.17			
	Soft Costs, 15%	$19.38			
	Total Refined Square Foot Cost	$148.55			
	Current Cost Multiplier	1.08	99	3	1/14
	Local Cost Multiplier	1.02	99	8	1/14
FINAL SQUARE FOOT COST		$163.64			
BUILDING AREA (SQUARE FOOT)		14,000			
BUILDING COST SUB-TOTAL		$2,290,985			
REPLACEMENT COST NEW - IMPROVEMENTS		**$2,290,985**			

Replacement Cost New of Site Improvements

The Marshall Swift cost index, Section 66, Subdivision Development Costs, is considered in estimating the replacement unit costs of on-site improvements. The site improvements planned to support the subject building include asphalt surfaced parking lots as well as assumed concrete sidewalks, curbing and landscaping. Following is the calculation of the estimated replacement cost of the site improvements for the subject property.

(1) The replacement cost of the existing parking spaces on the subject lot is based on cost estimates obtained from the *Marshall Valuation Service*. A total of 17 parking spaces are planned for the parcel. A rate of $1,615 per space is estimated as a replacement cost for the subject property based on cost data obtained from Section 66, page 3 (December 2013) of the Marshall Swift cost handbook. The selected rate is at the higher end of the range of costs and reflects the extensive site lighting, underground utilities and drainage that would be lacking on typical surface parking lots. The projected rate includes the cost of the surfacing, striping, lighting, landscaping and drainage. The rate is increased by 1% to reflect the applicable current cost multiplier indicating a current replacement cost of $1,631 per parking space for a total estimated replacement cost of $27,730. There is no depreciation as the parking area will be new and in excellent condition.

(2) Based on cost information found in Section 66, page 2 of the Marshall and Swift cost manual, the estimated average replacement cost for the concrete sidewalks is $6.00 per square foot. The rate is increased by 1% to reflect current cost conditions for an adjusted rate of $6.06 per square foot. Therefore, the estimated

replacement cost new of the sidewalks is projected at $45,541 based on an approximate area of 7,515 square feet. No depreciation is deducted.

(3) Based on cost information found in Section 66, page 1 of the Marshall and Swift cost manual, the estimated average replacement cost for the perimeter concrete curbing is projected at a rate of $16.90 per linear foot. The rate is increased by 1% to reflect current cost conditions for an adjusted rate of $17.07 per linear foot. Therefore, the estimated replacement cost new of the curbing is $11,919 based on an approximate length of 645 linear feet. No depreciation is deducted.

Based on the cost estimates, as calculated using the Marshall Valuation Service cost index, the replacement cost new of the site improvements for the subject building is estimated as $84,280 or $85,000 as rounded.

SITE IMPROVEMENTS COST ESTIMATE				
Parking Spaces	17			
Base Unit Price	$1,615	66	3	12/13
Current Cost Multiplier	1.01	99	3	12/13
Adjusted Unit Cost	$1,631			
Total Cost - Parking Spaces	$27,730			
Concrete Sidewalks, SF	7,515			
Base Unit Price	$6.00	66	2	12/13
Current Cost Multiplier	1.010	99	3	3/13
Adjusted Unit Cost	$6.06			
Total Cost - Concrete Sidewalks	$45,541			
Concrete Curbing, LF	645			
Base Unit Price	$16.90	66	1	12/13
Current Cost Multiplier	1.010	99	3	3/13
Adjusted Unit Cost	$17.07			
Total Cost - Concrete Surfacing	$11,010			
REPLACEMENT COST - SITE IMPROVEMENTS	**$84,280**			

Conclusion, At Stabilization

The property value as estimated by the cost approach is the sum of the land value and the estimated depreciated replacement cost of all improvements, plus an allowance for entrepreneurial incentive. The allowance for entrepreneurial incentive varies widely among developers depending on the type of property being developed, the strength of the market for the particular type of property, and the cost of funds and length of time that can be anticipated during the initial lease-up period. Based upon indications from the local market, which vary between 0% and 20% of the total investment, an entrepreneurial allowance of 5% is included for the subject property. The results of the cost approach are summarized below.

Estimated land value	$2,940,000.00
Replacement cost new of improvements	$2,290,000.00
Replacement cost new of all site improvements	$ 85,000.00
Sub-total	$5,315,000.00
Entrepreneurial allowance, 5%	$ 265,750.00
Value by the cost approach	$5,580,750.00
Rounded to	$5,580,000.00

Therefore, based on the preceding cost approach analysis and upon prevailing market conditions, as of January 1st, 2016, it is our opinion that the prospective market value of the fee simple title of the subject property, at stabilized occupancy, is projected to be **FIVE MILLION FIVE HUNDRED EIGHTY THOUSAND DOLLARS ($5,580,000.00)**.

RETAIL PROPERTY
MARKET VALUE BY THE
SALES COMPARISON APPROACH
(As of January 1st, 2016)

The sales comparison approach is a method of comparing recent sales of similar properties to the subject for an indication of value. Often called the "market data approach", this method represents an interpretation of the reactions of typical purchasers in the market. Basic to this approach is the principle of substitution, implying that a prudent person will pay no more to buy a property than it will cost for a comparable substitute property.

Application involves a comparative analysis of the important attributes of the sale properties to those of the subject under the general divisions, location, physical characteristics, conditions of sale and the change in the market over time. Consideration of the dissimilarities in terms of their probable effect upon the sales price of the subject gives an indication of market value.

Numerous sales of similar properties have been investigated. Of the sales considered, a number were selected as the most comparable to the subject. Following are five sales of retail buildings throughout the larger metropolitan market. A thorough search was made for buildings similar to the subject property in construction quality, size, age and scope within the Annapolis Junction market, but none could be found. The sales presented below are considered the best available. The most pertinent unit of comparison is the sales price per square foot of rentable building area, including the supporting land and on site improvements. Following are the comparable sales.


IMPROVED SALE 1
IMPROVED SALE 2
IMPROVED SALE 3
IMPROVED SALE 4
IMPROVED SALE 5
SUBJECT PROPERTY
Baltimore
Washington
Annapolis
Frederick
Columbia
Laurel
Jessup
Annapolis Junction
Ft George G Meade
Bowie
Crofton
Severn
Glen Burnie
Towson
Timonium
Owings Mills
Woodlawn
Catonsville
Ellicott City
Elkridge
Savage
Fulton
Olney
Gaithersburg
Germantown
Rockville
Bethesda
Silver Spring
Wheaton
College Park
Greenbelt
Hyattsville
Alexandria
Arlington
Fairfax
Reston
Herndon
Vienna
Oxon Hill
Clinton
Upper Marlboro
Waldorf
Dundalk
Essex
Middle River
Westminster
Taneytown
Manchester
Hampstead
Reisterstown
Eldersburg
Mt Airy
Damascus
Clarksburg
Brookeville
Burtonsville
Odenton
Crownsville
Pasadena
Arnold
Severna Park
Edgewater
Mayo
Deale
North Beach
Chesapeake Beach
Dunkirk
Prince Frederick
Huntingtown
Brandywine
La Plata
Indian Head
Manassas
Centreville
Chantilly
Leesburg
Ashburn
Sterling
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Improved Sale 1

Location: 1711 York Road; Baltimore County TM 60, Block 18 as Parcel 676 in the Eighth Assessment District; Lutherville-Timonium, Maryland 21093

Grantor: 1711 York Road, LLC

Grantee: B&G York, LLC

Recorded: 31238/153

Sale Dates: 9/28/11; 9/30/11

Land Area: 0.6787 acres or 29,564 square feet

Zoning: BL, Business Local (Baltimore County, Maryland)

Utilities: All public

Improvements: The site is improved with a one story dryvit and concrete block neighborhood retail center that contains an approximate area of 8,160 square feet originally constructed in 1988. According to the broker, the building was in good condition and divided into six tenant bays when sold. The property was fully leased when placed under contract, but one tenant vacated shortly before settlement. Rental rates in the center ranged from $15.00-$16.00 per square foot for the tenant that vacated to the high $20's; the average rental was in the low to mid-$20's, triple net, according to the broker. On-site improvements include paved parking for 45 vehicles, curbing and sidewalks and limited landscaping.

FAR: 0.28

Sale Price: $2,363,800.00

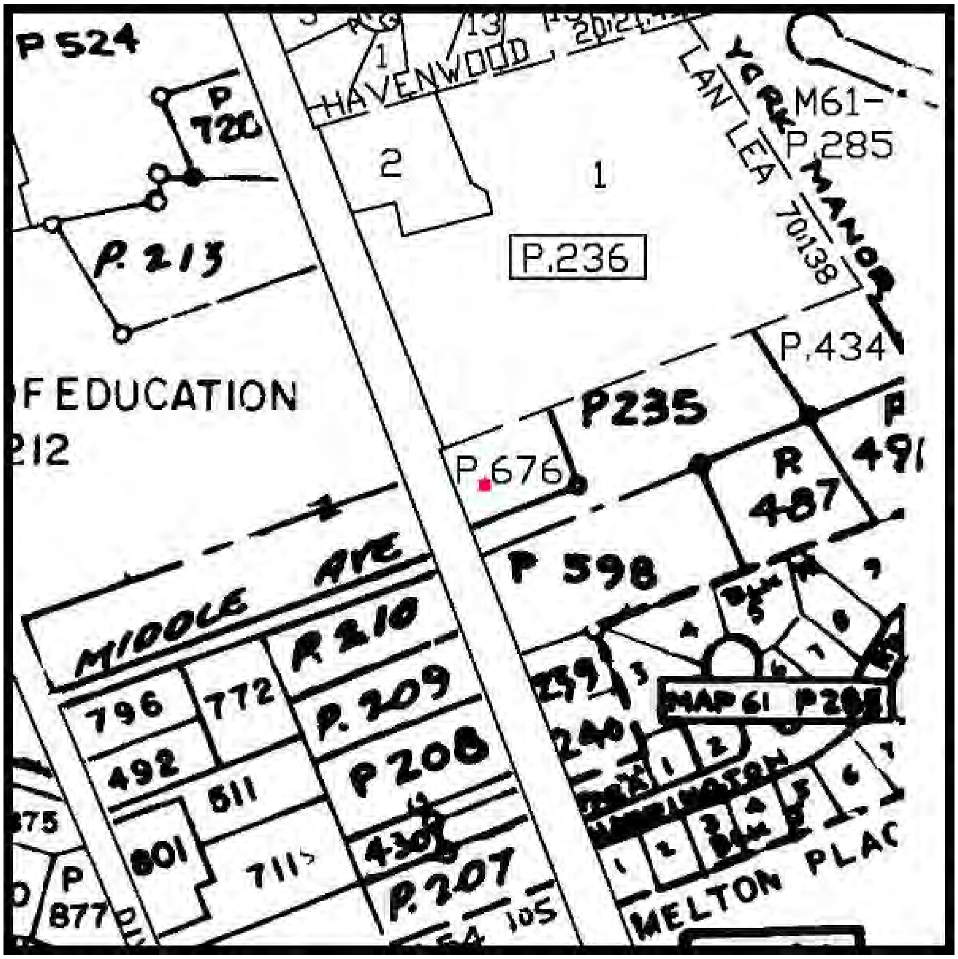
Financing: Cash to the seller

Unit Rates: $289.54 per square foot of building area including the supporting land
$79.96 per square foot of land area including the existing improvements

Comments: The retail center is located along the heavily developed York Road corridor in northern Baltimore County. The broker reports that nine offers were submitted on the property and the interest reflected the lack of an adequate supply of well performing centers and increased demand. The property was placed under contract at an overall capitalization rate of 7.3%; the capitalization rate declined to 6.4% based on income in place after the tenant vacated. The vacant unit is now offered for lease at a rate of $29.00 per square foot on a triple net basis by the purchaser.

Marketing Period: Property marketed at a price of $2.4 million for less than three months prior to contract ratification; no additional recorded transfers of the property within the preceding three years

Verified: Broker, land records and inspection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70:138
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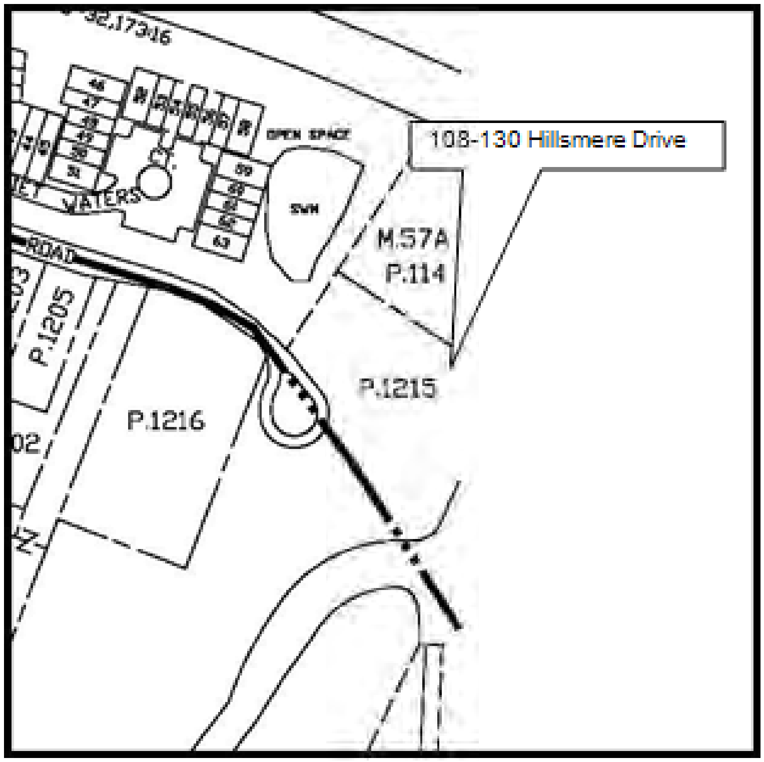
Improved Sale 2

Location:	108-130 Hillsmere Drive; Anne Arundel County TM 56C, Block 12 as Parcel 1215 in the Sixth Assessment District; Annapolis, Maryland 21403
Grantor:	Zarpas No. 6 Limited Partnership
Grantee:	Park & DJ, LLC
Recorded:	23867/312
Sale Dates:	10/3/11; 10/6/11
Land Area:	0.976 acres or 42,515 square feet
Zoning:	B2, Community Shopping District (Annapolis, Maryland)
Utilities:	All public
Improvements:	One story brick neighborhood retail center containing a gross improvement area of 12,727 square feet originally constructed in 1984 and in good condition according to the broker. The improvement is divided into eight tenant bays with interior finish typical of neighborhood centers. On-site improvements include an asphalt paved parking lot with a capacity of 65 vehicles that is in good condition. The property sold with an access easement varying in

	width from 35 feet to 55 feet side that runs parallel with the north boundary of the sale site.
FAR:	0.30 based on the ratio of the improvement size to the net land area exclusive of the shared access easement
Sale Price:	$2,200,000.00
Financing:	$1,650,000 purchase money deed of trust with Wilmington Savings Fund Society, FSB at undisclosed terms (assumed to be at market)
Unit Rates:	$172.86 per square foot of gross building area including supporting land $51.75 per square foot of land including the existing improvements
Comments:	The property consists of an unanchored retail strip center that was 100% leased to eight tenants when sold. According to the broker, rentals averaged just over $15.00 per square foot, triple net, at the date of sale with the market in the low $20s by his estimation. The property sold at an overall capitalization rate of 8.5% according to the broker and the buyer was looking for upside rent potential. The selling broker thinks the price paid Awas really low.@
Marketing Period:	Property marketed for approximately four months at the sale price before being placed under contract. No additional recorded transfers within the preceding three years.
Verified:	Selling Broker, land records and inspection



108-130 Hillsmere Drive
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P.1205
OPEN SPACE
SWM
ROAD
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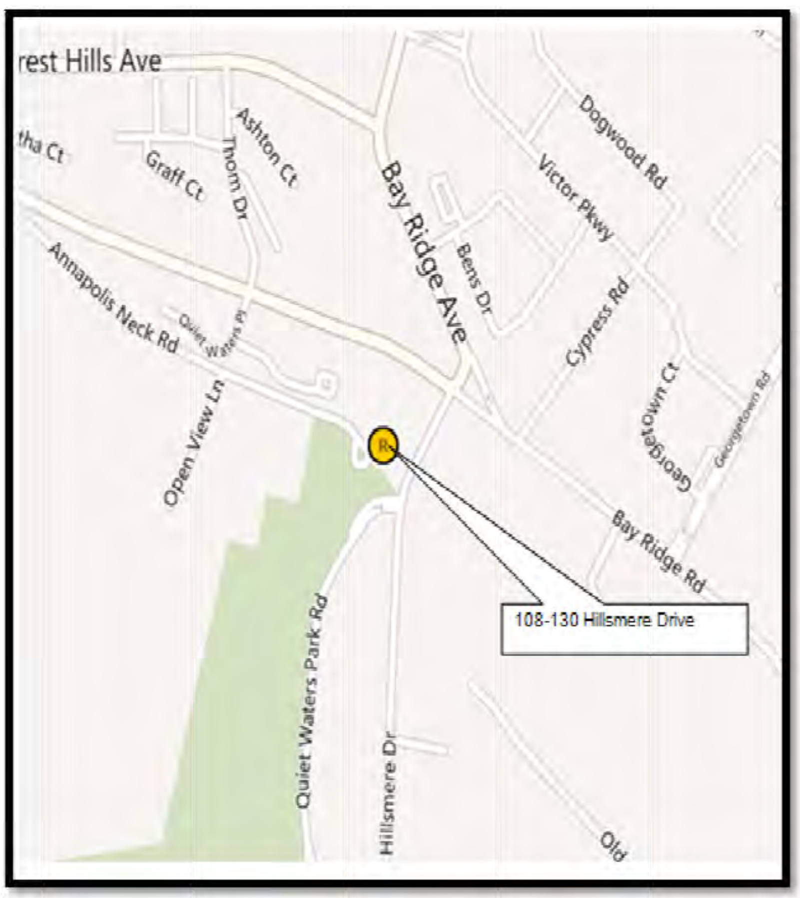


rest Hills Ave
Ashton Ct
Graff Ct
Thom Dr
Bay Ridge Ave
Dogwood Rd
Victor Pkwy
Bens Dr
Cypress Rd
Annapolis Neck Rd
Open View Ln
Georgetown Ct
Bay Ridge Rd
108-130 Hillsmere Drive
Quiet Waters Park Rd
Hillsmere Dr
Old

Improved Sale 3

Location:	8890 Centre Park Drive; Howard County TM 30, Block 12 as part of Parcel 406 in the Second Assessment District; also identified as Parcel A of the Columbia 100 Office Park as shown on Plat 11832; Ellicott City, Maryland 21043
Grantor:	8890 Centre Park Drive, LLC
Grantee:	Eastern Outdoor Advertising Company
Recorded:	12579/174
Sale Dates:	7/17/10; 7/22/10
Land Area:	34,805 square feet or 0.799 acres
Frontage:	Centre Park Drive and Maryland Route 100
Zoning:	POR, Planned Office Research District (Howard County, Maryland)
Utilities:	All public
Improvements:	One story brick and block mixed use building that contains a gross improvement area of approximately 8,573 square feet and leasable area of 8,500 square feet that was constructed in 2000 or ten years ago. The improvement is in good condition and enjoys some visibility

from Maryland Route 100. Parking is tight on the site, but paving and on-site improvements are in good condition.

FAR: 0.25 based on the ratio of the gross building size to the land area
0.24 based on the ratio of the net rentable area to the land size

Sale Price: $2,300,000.00

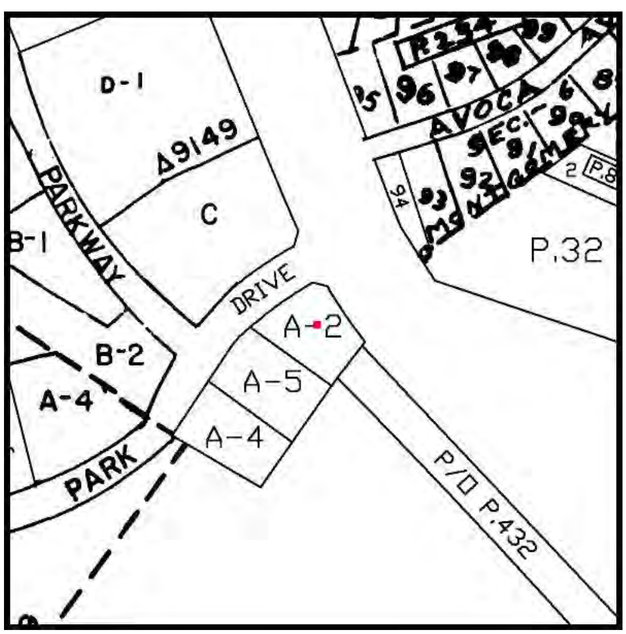
Financing: Cash to the seller

Unit Rates: $268.28 per square foot of gross building area including the supporting site
$270.59 per square foot of rentable building area including the supporting site
$66.08 per square foot of land including the existing building and site improvements

Comments: Building fully occupied and leased by four tenants when sold at an average rental rate of $21.50 per square foot, triple net, for an overall capitalization rate of 8%. Property sold in April 2006 for $2,200,000 or $256.62 per square foot of gross improvement area; prior sale in February 2003 for $1,638,000 or $191.06 per square foot of gross building area. When sold in 2003, rentals in the building averaged $19.00 per square foot, triple net.

Marketing Period: Two months for most recent sale

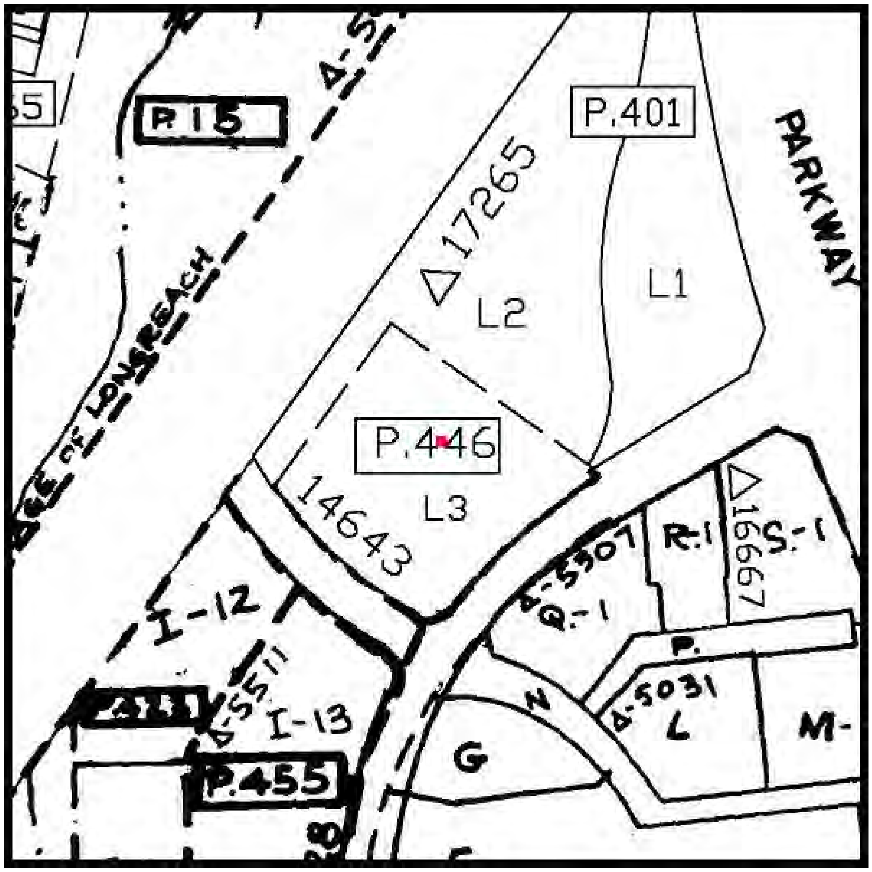
Verified: Broker, land records and inspection



Improved Sale 4

Location:	6486-6490 Dobbin Center Way; Howard County TM 36, Block 18 as Parcel 446 in the Sixteenth Assessment District; also identified as Parcel L-3 as shown on a plat entitled, “Columbia, Columbia Auto Park, parcels L-2 and L-3, A Resubdivision of Parcel L, Section 1, Area 1, Sheet 1 of 1” as recorded among the land records of Howard County as Plat 4176; Columbia, Maryland 21045
Grantor:	Glenbrook Properties I, LLC
Grantee:	Columbia Dobbin Center, LLC
Recorded:	14000/242
Sale Dates:	4/16/12; 5/11/12
Land Area:	145,474 square feet or 3.340 acres
Frontage:	368.24± on the north side of Dobbin Road and 380.09± on the east side of Dobbin Center Way including the sight triangle
Zoning:	NT, New Town (Howard County, Maryland)
Utilities:	All public

Improvements:	One story split block retail center that contains a rentable improvement area of approximately 12,457 square feet divided into five retail bays when sold. The site is also improved with a free standing restaurant that contains a leasable area of 6,600 square feet. Basic construction of this improvement is split face block with a built up roof. Together, the buildings contain a combined rentable area of 19,057 square feet, constructed in 2001 and in good condition when sold. SDAT indicates a gross building area of 18,986 square feet. The property is located at the intersection of Dobbin Road and Dobbin Center Way with access from a 60 foot wide access easement along the rear of the site. The site enjoys good road visibility and the intersection is signalized. Parking for 147 vehicles is adequate, but much of the parking is behind the buildings.
FAR:	0.13 based on the ratio of the gross building size to the land area 0.13 based on the ratio of the net rentable area to the land size
Sale Price:	$7,341,783.75
Financing:	$5,500,000 deed of trust, assignment of rents and security agreement with Cardinal Bank at undisclosed terms (assumed to be at market)
Unit Rates:	$386.69 per square foot of gross building area including the supporting site $385.25 per square foot of rentable building area including the supporting site $50.47 per square foot of land including the existing buildings and site improvements
Comments:	Retail center approximately 80% occupied at the sale date; broker reports that the property sold at an average capitalization rate of 7.5%.
Marketing Period:	Projected at less than one year
Verified:	Broker, land records and inspection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PARKWAY
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L3
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16667
R-1
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Q-1
I-12
I-13
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Improved Sale 5

Location:	19647 Fisher Avenue; Montgomery County TM CT32 as Parcel N704 in the Third Assessment District; also identified as Parcel A of the Poolesville Towne Center as recorded among the land records of Montgomery County in Plat Book 154, Plat 17544; Poolesville, Maryland 20837
Grantor:	Milford Mill Limited Partnership
Grantee:	Cutler Poolesville LLC
Recorded:	41179/333
Sale Dates:	2/17/11; 2/23/11
Land Area:	77,464 square feet or 1.77833 acres
Frontage:	201.17± on the north side of Fisher Avenue and 289.87± on the east side of Milford Mill Road
Zoning:	GV, General Commercial (Town of Poolesville, Maryland)
Utilities:	All public
Improvements:	One story brick retail center that contains a rentable improvement area of approximately 11,944 square feet divided into four retail bays

when sold. The site is also improved with a free standing branch bank that contains a leasable area of 2,380 square feet. Basic construction of this improvement is also brick with cedar shake shingle partial roof cover. Together, the buildings contain a combined rentable area of 14,324 square feet, constructed in 1989 and in good condition when sold. SDAT indicates a gross building area of 14,487 square feet. The property is located at the intersection of Fisher Avenue and Milford Mill Road within the town limits of Poolesville in northwestern Montgomery County. The site enjoys good road visibility. Parking provided at a rate of six spaces for each 1,000 square feet of improvement area; parking is adequate.

FAR:	0.19 based on the ratio of the gross building size to the land area 0.18 based on the ratio of the net rentable area to the land size
Sale Price:	$3,500,000.00
Financing:	$2,625,000 deed of trust and security agreement with Army And Air Force Mutual Aid Association at undisclosed terms (assumed to be at market)
Unit Rates:	$241.60 per square foot of gross building area including the supporting site $244.35 per square foot of rentable building area including the supporting site $45.18 per square foot of land including the existing buildings and site improvements
Comments:	Retail center approximately 78.5% occupied at the sale date; broker reports that the property sold at an average capitalization rate of 6.75% based on income in place at the sale date; 9% overall capitalization rate based on stabilized second year income
Marketing Period:	Projected at less than one year; no additional recorded transfers of the sale property within the preceding three years
Verified:	Broker, COMPS, land records and inspection

IMPROVED SALES CONCLUSION

COMPARABLE IMPROVED SALES SUMMARY

SALE	SALE DATE	AREA/RSF	SALE PRICE	RATE/RSF
1	9/11	8,160	$2,363,800	$289.54
2	10/11	12,727	$2,200,000	$172.86
3	7/10	8,500	$2,300,000	$270.59
4	4/12	19,057	$7,341,784	$385.25
5	5/11	11,944	$3,500,000	$244.35
Subject	1/16	14,000	Not applicable	Not applicable

Adjustments

Sales are normally adjusted to reflect the property rights conveyed, the conditions surrounding the sale, financing, changes in market conditions and physical characteristics, including location, zoning, building size and land area. Following is a comparison of the sale properties to the retail building planned for Parcel D of the subject property.

Property Rights Transferred

This adjustment reflects differences between the legal status of the subject and property rights conveyed with the sale. The sale properties were leased to tenants when sold. Therefore, the property rights conveyed for these sales consisted of the leased fee estate. An upward adjustment is made Sale 2 to reflect the much lower rentals in this center as compared to the subject. No adjustment is made to the remaining sales.

Financing

The financing adjustment reflects the cash equivalent price of below market financing. None of the sales received below market financing from the sellers. Therefore, no adjustment is made to any of the sales to reflect financing considerations as cash or market rate financing was used in each transaction.

Conditions of Sale

The condition of sale adjustment reflects the difference in the actual sale price and the probable selling price, if the transaction was not arm's-length, or if the sale represents a foreclosure or distress sale. All of the sales reflect arm's-length transactions and no adjustments are needed to these considerations.

Market Conditions

The market conditions adjustment reflects changes in the prices paid for real estate because of the changes in the market over time. The sales settled between February 2011 and April 2012. In the valuation of the subject retail land an adjustment was made for changing market conditions. In the case of the valuation of the retail property, as improved, we have similarly reviewed the comparable sales using the Moody's/RCA CPPI base data for retail properties, taking into consideration the date of sale (for each sale used in this valuation) versus the most current index number for the retail property type.

Based upon the above formula and using the comparable sales used within this appraisal report the following is shown.

RETAIL			**RETAIL**	**RETAIL**		
Retail 1	9/11	$2,363,800.00	126.12	158.22	25.5%	11.3%
Retail 2	10/11	$2,200,000.00	126.54	158.22	25.0%	11.4%
Retail 3	7/10	$2,300,000.00	112.82	158.22	40.2%	12.4%
Retail 4	5/12	$7,341,784.00	127.36	158.22	24.2%	15.1%
Retail 5	2/11	$3,500,000.00	116.88	158.22	35.4%	12.9%
SUBJECT	1/16	N/A			**Average/Yr/SL**	**12.6%**

With respect to the retail component, based upon the preceding analysis, including taking into consideration the sale-resale data as analyzed by use of the Moody's/RCA CPPI National All Properties Composite Index, an adjustment factor of 6% per annum, straight-line, is made to reflect the changing market conditions between date of sale and December 2013. It is our opinion that, upon review of the fact/factor of changing market conditions, in light of the general market sale-resale data available an adjustment for changing market conditions in the subject case is warranted. Furthermore, considering the above information, taking into consideration the fact that the regional economic conditions are considered better than average when compared to the national economic conditions over time, an adjustment of 6% is reasonable. However, in adjusting for changing market conditions from December 2013 to the herein future date of January 1st, 2016, no further adjustments for changing market conditions shall be made to the improved sales.

Expenditures after Purchase

No expenditures were made after the purchase for the sale properties and no adjustment is made to any of the sales.

Location

Sale 1 is adjusted downward to reflect the superior location because of the tight market that exists along the York Road corridor. Sale 2 is in the Bay Ridge area of Annapolis considered inferior to the subject location and an upward adjustment is made. Sale 3 is in Ellicott City, considered comparable for location, and no adjustment is made. Sale 4 is in Columbia in Howard County and a downward adjustment is made to reflect the strength of the Columbia retail market. Sale 5 is in Poolesville in Montgomery County, some distance from the subject property, but is included because of the similar improvement area. Sale 5 is considered comparable for location and no adjustment is made.

Zoning

The sales properties are commercially zoned and each is developed with a retail center similar to the subject. Therefore, no adjustments are made to any of the sales because of the similar uses.

Shape

The supporting site for the comparable sales is regularly shaped, comparable to the subject property, and no adjustment is made to any of the sales.

Floor Area Ratio (FAR)

The floor area ratio for the subject property is 0.40 based on the ratio of rentable building area to the gross area of the supporting site. Downward adjustments are made to Sales 4 and 5 to reflect the lower; therefore superior, floor area ratios. The remaining sales are developed to a similar floor area ratio as the subject property and no adjustments are made.

Topography

The sale sites are level, comparable to the subject, and no adjustment is made to any of the sales.

Access/Frontage

Sales 1 and 3 are adjusted downward to reflect the superior road visibility; Sale 5 is adjusted upward to reflect the frontage along a less heavily traveled roadway.

Utilities

The subject property will be served by public water and sewer, comparable to sales properties, and no adjustments are made to any of the sales.

Rentable Building Size/SF

The sale building contains a rentable improvement area of 14,000 square feet. Typically, buildings that contain a smaller area sell at higher unit rates than larger improvements. Therefore, downward adjustments are made to Improved Sales 1 and 3 to reflect the smaller building sizes. An upward adjustment is made to Sale 5 to reflect the larger building size. The remaining buildings are comparable in size to the subject improvements and no adjustment is made.

Interior Finish

The sale buildings contain typical retail finish, comparable to the subject, and no adjustments are made.

Age/Condition/Utility

The sale building will be new and in excellent condition with completion of construction; therefore, an upward adjustment is made to each of the sales to reflect the inferior condition.

Construction Quality

Upward adjustments are made to Sales 1 through 3 to reflect the inferior construction quality as compared to that proposed for the subject building. The remaining sales are considered comparable for construction quality and no adjustment is made.

Parking

An upward adjustment is made to Sale 3 to reflect the limited on-site parking. Parking is available to each of the remaining sale properties and no adjustment is made to any of these sales.

Conclusion

Below is a table showing the adjustments considered in estimating a rate for the subject property, as proposed to be improved.

IMPROVED SALES ADJUSTMENTS - ANNAPOLIS JUNCTION TOWN CENTER RETAIL BUILDING

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
PROPERTY RIGHTS CONVEYED	Fee Simple	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
FINANCING	Market/Cash	Market/Cash	Market/Cash	Market/Cash	Market/Cash	Market/Cash
CONDITIONS OF SALE	Arm's-Length	Arm's Length	Arm's Length	Arm's Length	Arm's-Length	Arm's-Length
MARKET CONDITIONS	1/16	9/11	10/11	7/10	4/12	2/11
LOCATION	AJTC	York Road	Bay Ridge	Ellicott City	Columbia	Poolesville
LAND AREA, ACRES	0.7975	0.6787	0.9760	0.7990	3.3400	1.7783
ZONING	TOD	LBL	B2	POR	NT	GV
SHAPE	Regular	Regular	Regular	Regular	Regular	Regular
FLOOR AREA RATIO	0.40	0.28	0.30	0.24	0.13	0.18
FRONTAGE/ACCESS	Interior	Interior	Interior	Corner	Corner	Corner
TOPOGRAPHY	Level	Level	Level	Level	Level	Level
UTILITIES	All public	All public	All public	All public	All public	All public

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
BUILDING AREA, SF	14,000	8,160	12,727	8,500	19,057	14,324
INTERIOR FINISH	Retail	Retail	Retail	Retail/Office	Retail	Retail/Bank
AGE/CONDITION	New/Excellent	10/Good	10/Good	10/Good	5/Good	10/Good
CONSTRUCTION QUALITY	Masonry	Masonry	Masonry	Masonry	Masonry	Brick
PARKING	On-site	On-site	On-site	Limited On-site	On-site	On-site
SALES PRICE	n/a	$2,363,800	$2,200,000	$2,300,000	$7,341,784	$3,500,000
RATE/SF OF RENTABLE BUILDING AREA	n/a	$289.68	$172.86	$270.59	$385.25	$244.35
ADJUSTMENTS						
PROPERTY RIGHTS CONVEYED		0%	25%	0%	0%	0%
FINANCING		0%	0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%	0%
MARKET CONDITIONS		14%	13%	20%	10%	16%
EXPENDITURES AFTER PURCHASE		0%	0%	0%	0%	0%
NET ADJUSTMENT		$330.24	$238.55	$324.71	$423.78	$283.44
LOCATION		10%	15%	0%	-10%	0%
ZONING		0%	0%	0%	0%	0%
SHAPE		0%	0%	0%	0%	0%
FLOOR AREA RATIO		0%	0%	0%	-5%	-5%
FRONTAGE/ACCESS		-5%	0%	-5%	0%	5%
TOPOGRAPHY		0%	0%	0%	0%	0%
UTILITIES		0%	0%	0%	0%	0%
BUILDING SIZE, SF		-5%	0%	-5%	5%	0%
INTERIOR FINISH		0%	0%	0%	0%	0%
AGE/CONDITION		10%	10%	10%	5%	10%
CONSTRUCTION QUALITY		5%	10%	5%	0%	0%
PARKING		0%	0%	5%	0%	0%
NET ADJUSTMENT		15%	35%	10%	-5%	10%
RATE/SF OF RENTABLE BUILDING AREA		**$379.77**	**$322.04**	**$357.18**	**$402.59**	**$311.78**

In estimating a rate for the subject property, consideration is given to the values indicated by each of the sales, as the transactions reflect generally recent settlement dates and current market expectations. Two of the five comparable sales included for comparison to the subject property are in Howard County; the remaining properties are located in Anne Arundel, Baltimore or Montgomery Counties. The sales are relatively recent having settled between February 2011 and April 2012.

The sales included for comparison to the subject property range in size from 8,160 to 19,057 square feet. Purchasers recognize differences in size in evaluating sale prices, but do not apply significant discounts for minimal variations in building areas. Therefore, slight adjustments are made for size to the comparable properties.

In projecting a value of the subject property, most reliance is placed on the values indicated by Sales 3 and 4 because of the Howard County locations. In addition, Sale 4 is the most recent transaction and more similar in construction quality to the proposed subject building. Some weight is placed on the rate indicated by Sale 5 because of the similar building size, but the property is located some distance from the subject property.

Before adjustment the comparable sales ranged in price from $172.86 to $385.25 per square foot of rentable building area. The sales indicate a more narrow range of $311.78 to $402.59 per square foot of leasable improvement area for the subject property after adjustment. Based on an analysis of the comparable sales, the market value of the subject property is estimated at a rate of $380.00 per square foot of leasable building area, or:

14,000 square feet @ $380.00 per square foot	$5,320,000.00

CONCLUSION-IMPROVED SALES COMPARISON APPROACH

Therefore, based on the preceding sales comparison approach, subject to the Underlying Assumptions and Contingent Conditions contained herein, it is our opinion that the prospective market value of the fee simple title of the subject property, as compete, as of January 1st, 2016, is estimated as **FIVE MILLION THREE HUNDRED TWENTY THOUSAND DOLLARS ($5,320,000.00)**.

RETAIL PROPERTY
PROSPECTIVE MARKET VALUE
BY THE INCOME APPROACH
(As of January 1st, 2016)

The income approach is based primarily on the principle of anticipation; that value is measured as the present worth of all income anticipated to be generated by the property over the ownership period. This approach also takes into consideration that the property will be put to that use, which, over a given period of time, will produce the greatest net return. Supply and demand are also important forces which must be examined in this approach with regard to rents, vacancy rates, prospective purchasers' demands, and available money supply. The income approach also considers the risks, rates of return and financing terms of substitute investments. All of these factors are influential on the income approach and must be analyzed from the market.

The income approach is an appraisal procedure that converts anticipated benefits to be derived from ownership of a property into a value estimate. The steps in this procedure are as follows:

1. Estimate the potential gross income.
2. Estimate the vacancy and collection loss and deduct from the potential gross income for an,
3. Estimate of effective gross income.
4. Estimate the expenses and deduct from the effective gross for an,
5. Estimate of net operating income before debt service.
6. Select the appropriate capitalization rate and method and capitalize the net income.

Market Rent

A survey of the surrounding market area was conducted to project a market rental rate for the subject retail building. Rentals 1 through 7, inclusive, are considered in estimating a market rent level for the subject building. The rentals are shown on the table included in the appendix to this report.

Adjustments

Retail and office rentals are typically adjusted to reflect differences in the quality of the building, expense responsibilities of the landlord and tenant, location, parking availability and other physical attributes. Following is a comparison of the rental properties to the subject building.

Base Rental Adjustments

The comparable rentals are initially adjusted to reflect a similar expense basis and current rental rate. All of the rentals are on a triple net basis. Each of the rentals is adjusted upward to reflect a current rate as of the prospective future date.

Location

The rentals are considered better located than the subject property because of the larger population base within the immediate area.

Net Area/SF

The sizes of the comparable rental units range from 1,000 square feet to 8,000 square feet of leasable area. In the subject rental market, the size of the rental unit does not significantly impact the base rental rate. Therefore, no adjustment is made to reflect differentials in the sizes of rental units.

Access/Visibility

The rentals are considered comparable to the subject for frontage and access; no adjustments are made to any of the rentals.

Parking Availability

The rental buildings feature on-site parking and are considered similar to the subject property for parking availability. No adjustments are made to the rental properties.

Condition/Utility/Construction Quality

The subject building will be in excellent condition when complete. The rental properties are considered comparable to subject building because of the recent completion dates and comparable construction quality.

Interior Finish

The units are leased for retail uses, similar to the subject, and no adjustments are made.

Market Rent

Reliance is placed on the rates indicated by each of the rentals as the agreements are recent and reflect agreements for area retail space. Based on an analysis of retail rentals, a market rate of $30.00 per square foot is projected for space in the subject building. The rental would be on a triple net basis that would obligate the tenants for a proportionate share of operating expenses associated with the property.

Potential Gross Income

Potential gross income is the sum of the projected market rents and any expense reimbursements. The potential gross rental income is projected for the subject property at a total of $420,000; no expense reimbursements are included as tenants would pay these expenses directly.

Vacancy and Collection Loss Allowance

In reality, buildings are not expected to be fully occupied throughout their useful lives, except under blanket/long-term lease arrangements, and, therefore, would experience periods of vacancy. Based on prevailing market conditions and the current occupancy level of the property, a stabilized vacancy and collection allowance of 5% is projected for the subject building.

Effective Gross Income

Effective gross income is the anticipated income from operation of the real estate after deducting an allowance for vacancy and collection loss. Effective gross income is projected for the building at $399,000 annually.

EXPENSES

The expenses attributable to the real estate may be categorized into fixed, variable and reserve for replacement or allowances. Fixed expenses include real estate taxes and building insurance. Variable expenses are those costs that vary with the level of occupancy or intensity of property operation and that are necessary to maintain the production of income, exclusive of fixed expenses, debt service, depreciation allowance and a reserve for replacements. Although these expenses typically vary with the level of occupancy, some expenses associated with common area maintenance must be maintained regardless of full or partial occupancy. Operating statements are not available for the subject building because of the proposed construction. Therefore, expense information was obtained from the 2011 and 2012 editions of *Income/Expense Analysis: Shopping Centers* published by IREM. The overall capitalization rate for the subject property is projected based on capitalization rates obtained from the Real Estate Research Corporation, the *PwC Investor Survey* as well as rates derived from market transactions.

Fixed Expenses are those expenses that do not vary with the occupancy of the property and that must be paid regardless of the level of occupancy. Real estate taxes, insurance and condominium fees are typical fixed expenses.

Real Estate Taxes: Real estate taxes are projected for the subject property, as complete, based on the tax liabilities of comparable retail centers. The assessments and tax liability for three properties follow and will be used as a basis in estimating real estate taxes for the subject retail building.

(1) The FY15 tax liability for 8890 Centre Park Drive is projected at a total of $27,753.32 annually indicating a rate of $3.24 per square foot of building area based on the size included in the assessment record for the property. The property contains a supporting land area of 0.799 acres that is improved with a one story mixed use building containing an enclosed area of 8,573 square feet that was completed in 2000. Real estate taxes for the subject property should be slightly higher to reflect the new construction.

(2) 6490 Dobbin Center Way is assessed at a total of $5,216,900 for a projected FY15 real estate tax liability of $72,097.56 indicating a rate of $3.80 per square foot of building. The property contains an area of 3.34 acres that is improved with two retail buildings containing a combined area of 18,986 square feet completed in 2001 according to assessment records. The tax liability for the subject should be slightly higher because of the more recent construction.

(3) 7698 Dorchester Boulevard contains a land area of 1.19 acres that is improved with a retail center consisting of 11,250 square feet completed in 2008. The FY14

assessment totals $2,650,200 for the property indicating projected annual real estate taxes of $28,145 or $2.50 per square foot. The tax liability for the subject should be slightly higher to reflect the higher tax rate in Howard County.

The tax liability of the comparable properties is in a range of $2.50 to $3.80 per square foot of building area including the supporting land. A rate of $3.50 per square foot of building area is projected for the subject property based on the rates indicated by tax comparables 1 and 2.

The 2011 IREM edition for retail centers reports a range of $1.67 to $4.02 per square foot with a median expense of $2.44 per square foot in the subject region. The 2012 IREM shopping center publication projects real estate taxes in a range of $1.10 to $3.95 per square foot with a median expense of $2.36 per square foot of building area. ULI projects real estate taxes in a range of $0.71 to $6.24 per square foot for convenience shopping centers in the U.S. ULI reports an average expense of $2.66 per square foot and a median charge of $2.53 per square foot. The retail and office surveys include properties in the Baltimore and Washington metropolitan areas and reflect the various real estate tax rates for the different jurisdictions.

Real estate taxes are projected at a total of $49,000 or $3.50 per square foot; the selected rate is within the range reported in the national publications and based on the projected taxes of the property. Under a triple net lease, the tenant is responsible for a proportionate share of real estate taxes with the landlord typically responsible for charges on vacancy. The landlord's expense for real property taxes is, therefore, estimated to be $2,450.00, first year.

Insurance Typically, property owners have a blanket insurance policy that includes extended coverage as well as public liability of the owner. According to the 2011 IREM shopping center statistics, insurance costs ranged from $0.12 to $0.27 per square foot with a median charge of $0.20 per square foot of building area. Insurance costs are in a range of $0.13 to $0.24 per square foot with an average expense of $0.21 per square foot for shopping centers in the 2012 IREM publication. ULI reports an average insurance expense of $0.33 per square foot and a median charge of $0.31 per square foot.

Based on the expenses included in the IREM compilations, insurance expenses are projected at a total of $4,200.00, or $0.30 per square foot, for the building. Under triple net leases, tenants would be responsible for a proportionate share of insurance costs. Therefore, the landlord's expense for insurance is estimated to be $210.00, first year.

Operating Expenses are necessary to maintain the production of income from operation of a property, exclusive of fixed expenses, debt service, depreciation allowance or reserve for replacement. Although these expenses typically vary with the level of occupancy, buildings similar to the subject will incur certain operating expenses regardless of the level of occupancy, including costs associated with the common areas that must be operated and maintained regardless of full or partial occupancy.

Management Competent and competitive professional management can be obtained for 2 to 5% of effective gross income.

IREM reports management charges for shopping centers in its 2012 publication in a range of $0.34 to $0.70 per square foot with a median charge of $0.40 per square foot of building area that is a decrease over the prior year. Management expenses for neighborhood shopping centers ranged from $0.43 to $0.90 per square foot with a median expense of $0.66 per square foot based on the expenses included in the 2011 IREM publication. ULI forecasts average management fees at a rate of $0.82 per square foot and a median charge of $0.73 per square foot.

Typically, management fees for retail, office or mixed use properties with an extensive tenant roster would be at the higher end of the range; buildings with few tenants would be at the lower end. Management charges are projected at a rate of 4% of effective gross income for the subject based on the rates included in the national publications. Management would be a tenant under a triple net lease. Based upon the estimated effective gross income and the selected vacancy rate, the landlord expense for management is estimated to be $798.00, first year.

Repairs, Maintenance and Services This expense takes into account the normal repairs and maintenance costs of the building, grounds upkeep, snow removal, security, as well as maintenance and repair of all mechanical systems, including elevators. Typically, this cost will fluctuate from year to year and will also vary depending upon the age and condition of the improvement.

According to the IREM compilation for shopping center properties, common area expenses for 2011 ranged from $1.16 to $2.99 per square foot with a median charge of $2.00 per square foot. Similar properties participating in the 2012 IREM survey reported common area maintenance costs, exclusive of management, of $0.98 to $3.77 per square foot with a median cost of $1.93 per square foot of rentable shopping center area. The IREM survey applies to larger centers where costs can be spread over a greater number of tenants and a larger building area. Typically, common area maintenance costs for mixed use and retail properties range between $0.15 and $5.00 per square foot of building area in the local market.

Based on the IREM expenses, CAM charges are projected at a rate of $2.50 per square foot for the subject property. Under a triple net lease, tenants would be responsible for a proportionate share of CAM charges. Based upon the estimated effective gross income and the selected rate the landlord expense for repairs, maintenance and services is estimated to be $1,750.00, first year.

Utilities For shopping centers, utility charges ranged from $0.15 to $0.57 per square foot with a median expense of $0.31 per square foot as reported in the 2010 IREM publication. The median utility expense averaged $0.40 per square foot as included in the 2011 publication.

The IREM totals suggest that utility costs are one expense category that can be controlled by area landlords. Area landlords are removing electric costs from full service or gross leases and shifting this expense entirely to the tenant as a way to reduce costs and limit the exposure from volatility in electric rates. In addition, area brokers report that most new leases are being written net of electric, or if included, the leases include an expense stop that would obligate the tenant for expenses above a preset rate usually in the range of $2.00-$3.50 per square foot of building area at this time. Therefore, most new leases for vacant units pass through this expense directly to the tenant or at a minimum cap the exposure of the landlord. Under a triple net lease, tenants are responsible for utility charges. Therefore, a charge of $500.00 is included should a tenant vacate suddenly.

Professional Fees Professional fees are projected at a median cost of $0.08 per square foot on a range of $0.04 to $0.16 per square foot for shopping centers based on the IREM 2012 compilation; the 2011 cost ranged from $0.03 to $0.23 per square foot with a median expense of $0.20 per square foot according to IREM.

Legal and professional fees are projected at a rate of $0.15 per square foot for the subject property based on the rates included in the national publications. The landlord would be responsible for professional fees under a triple net lease.

Tenant Improvements Periodic tenant improvements are made during periods of tenant rollover and may include partitioning changes as well as installation of new carpeting, repairing damaged drywall, painting and replacing ceiling panels. Retail and office space in the local market is typically leased "as is." If tenant improvements are provided by the landlord, the cost will be amortized over the term of the lease. In addition, most market participants do not include tenant improvements as a line item in a direct capitalization analysis. Therefore, a stabilized tenant improvement allowance is not included in the projection of net operating income for the subject property.

Leasing Commissions Most market participants do not include leasing commissions as an expense in a direct capitalization analysis. Therefore, as no leasing commissions are presently being paid and most participants would exclude them from a direct capitalization analysis, no stabilized leasing commissions are projected in estimating the net operating income for the subject.

Reserve for Replacements This is an allowance in the annual operating statement to provide for the replacement of shorter life items such as roof covering, parking lot surfacing, heating, venting and cooling equipment and other periodic mechanical/structural repairs (not covered as part of repairs and maintenance) that are necessary in order to sustain a projected level of income. Typically, landlords do not deduct reserves in a direct capitalization analysis. Therefore, reserves are not included as an expense in projecting the net operating income for the property.

Stabilized Income and Expense Statement

Below is a stabilized operating statement that details the projected income and expenses and the resulting net operating income for the property.

ANNAPOLIS JUNCTION TOWN CENTER RETAIL BUILDING
STABILIZED INCOME AND EXPENSE STATEMENT

PROJECTED RENTAL INCOME **TENANT**	ANNUAL RENT
14,000 SF @ $30.00 per square foot	$420,000.00
TOTAL PROJECTED RENTAL INCOME	$420,000.00
TOTAL REIMBURSABLE EXPENSES	$0.00
POTENTIAL GROSS INCOME - ALL SOURCES	$420,000.00
LESS: VACANCY & COLLECTION LOSS, 5%	-$21,000.00
EFFECTIVE GROSS INCOME	$399,000.00
EXPENSES	
Real Estate Taxes	$2,450.00
Insurance	$210.00
Management	$798.00
Repairs, Maintenance and Services	$1,750.00
Utilities	$500.00
Legal and Accounting	$2,100.00
TOTAL EXPENSES	$7,808.00
NET OPERATING INCOME	$391,192.00
OVERALL CAPITALIZATION RATE	7.25%
ESTIMATED VALUE BY INCOME APPROACH	**$5,395,751.72**

Capitalization Rate and Method

Capitalization is the process of converting a series of anticipated future periodic payments of net income into present value. Factors critical in any capitalization method are the amount, timing, duration, stability and certainty or risk of the projected net income. In the preceding analysis these factors were analyzed resulting in a net operating income estimate.

In capitalizing the subject's net income into a present value estimate, the direct capitalization method using an overall capitalization rate was selected. This method capitalizes the starting, or first year's estimated stabilized net operating income, by an overall rate abstracted from the market. The overall rate is a combination of several ingredients that will not only reflect a satisfactory return on the investment, but also adjust for the effect on value due to potential depreciation or appreciation of the asset. Return on the investment and the applicable recapture, i.e., return of the investment, are not specifically identified, but are inherent in the overall rate.

The overall rate is obtained by dividing the net income before recapture by the sales price of the property and represents the relationship between the net income produced by a property and the sales price. This method provides a good indication of the return that buyers are seeking in the marketplace. The overall capitalization rate can be estimated from various sources, i.e., market derivation, national investment surveys and the band of investment.

Market Derivation

The comparable sales included in this report traded at overallcapitalization rates in a range of 6.4 to 9%. Sales of small retail centers, office buildings and commercial properties typically trade at rates of 7.5-10% throughout the market. Capitalization rates are also projected from sales of retail and office properties within the larger market area and are considered in estimating an overall capitalization rate for the subject property.

A number of brokers specializing in the sale of commercial properties indicated that buildings purchased for owner occupancy or with significant upside rent potential sell at lower overall rates than normally found in the local market. An overall capitalization rate in a range of 6.4-10% is projected for the subject based on sales and reflects conditions in the local market, as well as the location and good condition of the property.

Alternate Rate Derivation

Published investment surveys serve as secondary sources for overall capitalization rates. Data presented in these sources (the *Real Estate Report* as published by the Real Estate Research Corporation, and the *PwC Real Estate Investor Survey*) for the subject property type list overall capitalization rate ranges and averages as detailed in the following chart.

OVERALL CAPITALIZATION RATES

PUBLICATION	PROPERTY TYPE	DATE	RATE RANGE	AVERAGE OAR
RERC	Neighborhood Retail (First Tier)	3Q13	5.0-10%	7.7%
RERC	Neighborhood Retail (Second Tier)	3Q13	5.9-10.5%	8.2%
RERC	Neighborhood Retail (Third Tier)	2Q13	6.2-11.5%	9.1%
RERC	Baltimore Market – Neighborhood Retail	3Q13	n/a	7.1%
RERC	Washington Market – Neighborhood Retail	3Q13	n/a	7.1%
PwC	National Strip Shopping Center*	4Q13	5-10%	6.98%

- *non-institutional properties*

An average range of 7.1 to 9.1% is indicated for the subject property based on capitalization rates reported in national surveys. The subject would be considered to be most similar to a second tier retail property given the new construction and location. Therefore, a rate in a range of 5.9% to 10.5% is projected for the subject property based on the rates indicated by the national surveys.

Band of Investment This method of overall capitalization rate estimation is a weighted average of the mortgage and equity positions using data from the market. Together these amounts indicate an overall rate applicable to the subject. The overall rate is a combination of several ingredients that will not only reflect a satisfactory return on the investment, but also adjust for any effect on the value due to potential depreciation or appreciation of the asset. Return on the investment and the applicable recapture, i.e., return of the investment, are not specifically identified, but are inherent in the overall rate.

Mortgage Portion Current mortgage rates vary depending on whether the interest rate is fixed, adjustable, or floating over the prime rate. Based on a survey of several lenders as to interest rates on commercial mortgages at this time, the quoted range of interest rates on a fixed rate loan varied from 4.75% (for a high quality borrower) to 5.0%. The most likely mortgage terms, whether adjustable, fixed or floating, based upon interviews would likely be equivalent to a rate of 4.9% fixed rate loan, which would be amortized over 25 years (mortgage constant of 0.0695) on a 75% loan to value ratio, with a 5 year call at which time the terms would be renegotiated, plus one point (which adds 0.0020 to the mortgage constant). Thus, the total mortgage constant is 0.0722.

Equity Portion The equity portion of the property value is 25% which is multiplied by the equity dividend rate. This equity dividend rate is the amount remaining after the debt service is deducted from the net operating income divided by the equity amount. The market indicates a wide divergence among investors from a negative equity dividend rate (on small owner occupied office buildings with anticipated value appreciation) to a 12.5% (on rural income properties with little anticipated appreciation) or greater return. An equity dividend rate of 8% is selected to reflect the expectations of an investor of moderate future revenue growth in the subject property. The selected equity dividend rate is reflective of typical market level expectations for an investor who is not solely motivated by the immediate return on an investment in the subject property.

Following is the resulting overall rate by the band of investment based on the preceding conditions:

Mortgage Portion	0.75	x 0.0715	=	0.0536
Equity Portion	0.25	x 0.0800	=	0.0200
Total Property	1.00			0.0736

The indicated overall capitalization rate by this method is 7.36%. It is noted that the overall capitalization rate as calculated by the band of investment is based on current day interest rates and ownership expectations. Mortgage interest rates are projected to remain relatively stable throughout the remainder of the year and into 2014. Ownership expectations (the equity position) are long term and unlikely to change in the next several years.

Conclusion

Based upon indications from both the local and national markets, as well as the indication from the mortgage equity method, it is our opinion that 7.25% is an appropriate overall capitalization rate to be applied to the net income before recapture of the subject property. The selected rate is within the range of the market derived capitalization rates and also within the range of rates reported in the national publications. The selected rate reflects the location and condition of the building. The value of the property is projected as follows:

$391,192.00 divided by 7.25%	$5,395,751.72
Value by the income capitalization approach	$5,395,751.72
Rounded to	$5,400,000.00

CONCLUSION

Therefore, based upon the prevailing market conditions and reasonably projected future market conditions, the fee simple estate prospective market value of the subject property by the income capitalization approach, as completed and stabilized, is estimated as of January 1st, 2016, to be **FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS ($5,400,000.00)**.

PROSPECTIVE MARKET VALUE RECONCILIATION AND FINAL VALUE ESTIMATE

The values estimated by each approach for the retail building as complete are as follows:

COST APPROACH	**$5,580,000.00**
SALES COMPARISON APPROACH	**$5,320,000.00**
INCOME CAPITALIZATION APPROACH	**$5,400,000.00**

Because appraising is not a science wherein property differences may be precisely measured, it would be unusual for the value estimated by all approaches to be exactly the same. Each approach implements different tools to analyze the market data into an estimate of value and normally indicates a range of values to be reconciled into a final value estimate. The different methods of value estimation reveal both the strengths and weaknesses involved in the analyses and the imperfections in the market and the data used for each.

The subject is assumed to a finished site that is improved with a completed one story retail center containing an area of 14,000 square feet. The parcel is part of the Annapolis Junction Town Center mixed use development. The subject parcel consists of 0.7975 acres (or 34,739 square feet) that is zoned TOD. The value of the property assuming completion and operating at a stabilized occupancy level is projected by the cost, sales comparison and income capitalization approaches.

In the cost approach, sales of commercial proposed for retail development were researched, analyzed and compared to the subject lot to estimate a value of the supporting site. Several of the sales are relatively recent and reflect current pricing for commercial sites. The replacement cost of the improvement is estimated using information obtained from the *Marshall Valuation* Service, a nationally recognized cost service with consideration also given to the developer's estimate of construction cost. The cost approach is considered in projecting the final value of the property as the building will be new and in excellent condition. The cost approach is approximately 3.5% less than the value indication by the income approach and suggests that the project is feasible.

In the valuation of the subject by the sales comparison approach, five sales of improved retail properties within the larger market area were compared to the subject property to project a value assuming the building is complete and operating at a stabilized occupancy level. The retail center sales are within the general market of the subject property and contain reasonably comparable areas as the subject improvement. In addition, one of the buildings is similar for construction quality to the subject building. The most pertinent unit of comparison was the sale price per square foot of rentable building area, including the supporting land and on-site improvements. The sales, for the most part, indicated an acceptable value range for the subject after adjusting for discernible differences. Generally, the sale properties were improved with typical older retail center and an adjustment was made to reflect the superior construction quality of the subject building. Reliance is placed on the value indicated by this approach as the approach reflects the actions of buyers and sellers in the market. The indication of value by the sales comparison approach closely supports the indication of value by the income approach.

In the income capitalization approach, the quantity, quality and durability of the net incomes were analyzed through comparable rents, expenses and capitalization rates, to measure the present worth of the future benefits that may be anticipated from ownership of the property. These future benefits, i.e., anticipated net income flow, usually provide the principal motivation for purchase of income producing properties similar to the subject. Although the data in this approach may be limited to the extent of judgment and analytical skills in interpreting the market, these factors, in the final analysis, are based on the economic viability of the neighborhood, and are considered well supported by the market for income, expenses and rates of return. The subject property is valued using a direct capitalization analysis. In projecting a rental rate for the subject, a survey of comparable retail rentals was made within buildings that are similar to the subject for construction quality and age and condition. No expense information is available for the subject; therefore, expenses are projected based on expenses obtained from national publications. The overall capitalization rate is selected based on market transactions of purchases of retail centers supplemented by return requirements of area investors as well as that of industry publications. Most reliance is placed on the value indicated by this approach.

After a review of the degree of adequacy and reliability of the available market data, the relative applicability of each approach to the property being appraised and the market value being sought, the supporting data in both the income approach and the improved sales comparison approach are given primary reliance in estimating a value of the property, assuming completion and operating at a stabilized occupancy level.

Accordingly, after a thorough analysis of the influencing factors, it is our reasonable opinion, based upon historical trends and available data as contained within this appraisal report, that the prospective market value of the fee simple estate of the subject property assuming completion and operating at a stabilized occupancy level, subject to the specific assumptions, underlying assumptions and contingent conditions contained herein, as of January 1st, 2016, is projected as:

FIVE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS
($5,350,000.00)

APARTMENT PROPERTY
APPROACH TO VALUE

There are three approaches to value commonly used in the appraisal of real estate, the cost approach, the sales comparison approach and the income capitalization approach.

Under the cost approach, the land is valued as if vacant and available for development to its highest and best use. The replacement cost new of the improvements is then estimated and depreciated for physical wear and tear, functional (design) deficiencies, and external (locational) problems, if any. The sum of the depreciated replacement cost of the improvements and the land value is the estimated property value by the cost approach.

Under the sales comparison approach several recent sales of similar properties are compared to the subject and adjusted for differences. Collectively, the adjusted comparable sales reflect the current market for the subject property. This approach is also used to estimate the raw land value under the cost approach.

The income capitalization approach involves an analysis of the income producing capability of the property under consideration. After deduction of expenses, the projected annual net income is converted into a present day value by means of a capitalization process.

The cost, sales comparison and income capitalization approaches will be considered in estimating a value of the apartment component of the subject property as proposed.

APARTMENT PROPERTY
MARKET VALUE, AT STABILIZATION,
BY THE COST APPROACH
(As of January 1st, 2017)

The cost approach provides for a valuation of the site and improvements separately. It is market-oriented with respect to comparable land sales, comparable costs, i.e. materials, labor, financing, etc. in replacing the improvements and with respect to the effects of physical deterioration and functional and economic obsolescence on the minds of purchasers in the marketplace. Replacement cost is related to an objective concept, accrued depreciation is more of a subjective concept related to purchaser reaction to differences among competing properties. The principle of substitution is basic to the cost approach.

The initial step in the cost approach is to estimate the land value as if vacant and available for its highest and best use. This is usually accomplished by a sales comparison analysis of available market data in comparison to the combined subject sites. The second step is to estimate the reproduction cost new of the improvements utilizing data obtained from sources such as building cost indices, building contractors' cost estimates or actual construction costs of similar properties.

The next step is to estimate all the elements of accrued depreciation. Accrued depreciation is a measure of the loss in utility experienced by the structure in its present condition, compared to the utility it would have as a new improvement representing the highest and best use of the site. Accrued depreciation may be referred to as diminished utility. The fourth step in the cost approach is to deduct the total amount of accrued depreciation from the reproduction cost new of the improvements, the result of which is the measure of the present value of the improvements.

In the final steps, the estimated depreciated present value of the improvements plus the estimated depreciated present worth of the site improvements are added to the estimated site value for a preliminary indication of the current day value of the property by the cost approach.

In some cases, a final adjustment may be made to the indicated preliminary value; an adjustment to reflect entrepreneurial incentive and the additional increment in value created by the assemblage of raw land and improvements to "completed" status with a stabilized occupancy level. For the subject property, an adjustment for entrepreneurial incentive is made. The resultant total of the estimated site value, the depreciated present value of the improvements (building and on-site), plus an entrepreneurial incentive is the final indication of the current day value of the subject property by the cost approach.

LAND VALUE - COST APPROACH:

The land value was previously estimated for the supporting site as $22,450,000.00.

ESTIMATED VALUE OF IMPROVEMENTS - COST APPROACH:

To the estimated land value is added the current cost to replace the subject building, on-site improvements, and any required off-site improvements with ones of similar design and utility. Allowances are then made for physical wear and tear, functional (design) deficiencies, and external (location) factors, if any. The sum of the depreciated replacement cost of the improvements and the land value is the property value as estimated by this approach. The replacement cost new of the subject improvement is based on cost estimates obtained from the *Marshall Valuation Service*, a nationally recognized cost index. The estimate is by the calculator cost method and represents the final costs to the owner, including architect's and engineer's fees, normal interest on building funds during the period of construction, site preparation, utilities and contractor's overhead and profit. The cost service estimates do not include impact fees or water and sewer capital connection fees.

Replacement Cost of the Subject Building

Following the computation of the cost approach is a table showing the projected replacement cost of the proposed subject apartment building and garage based on cost information obtained from the Marshall & Swift cost service. According to the cost manual, the base replacement cost for a good quality Class D high rise apartment building is $104.56 per square foot that is adjusted upward by $0.61 per square foot to reflect the balconies proposed for the building, by $2.00 per square foot for the sprinkler system and by $2.38 per square foot as an appliance allowance. However, the projected cost excludes marketing fees, leasing commissions, certain fees and other soft costs. The fees are projected at 15% of hard costs and are added to the estimated replacement cost. Further refinements are made for story height and floor area. The refined cost of $118.68 per square foot is increased by 6% to reflect current cost conditions and upward by 6% to reflect local cost conditions. The replacement cost new of the subject building is projected at $65,216,362.00 based on the cost service. The improvement will be in excellent condition with completion of construction and no depreciation is deducted from the projected replacement cost new.

Project		Annapolis Junction Town Center			
Location		Parcel B - Dorsey Run Road and Henkels Lane			
Date of Survey:		1/16			
BUILDING IMPROVEMENTS					
	Occupancy	APARTMENT BUILDING			
	Class/Quality	D/GOOD QUALITY			
	Exterior Wall	BRICK/EFIS/LARGE UNIT MASONRY			
	Number of Stories	4.5			
	Average Story Height	10 FEET			
	Floor Area	489,066			
	Average Perimeter	3,362 FEET			
	Age/Condition	0 YEARS/EXCELLENT			
		UNIT COST	SECTION	PAGE	DATE
BASE SQUARE FOOT COST		$104.56	11	18	11/12
SQUARE FOOT REFINEMENTS					
	Heating/Cooling	$0.00	11	34	11/12
	Balconies	0.61	11	35	11/12
	Sprinkler System	2.00	11	35	11/12
	Appliances	2.38	12	41	8/12
TOTAL BASE COST/SQUARE FOOT		$109.55			
HEIGHT & SIZE REFINEMENTS					

Height Multiplier	1.000	11	36	11/12
Floor Area Multiplier	0.935	11	36	11/12
Multistory Multiplier	1.008	13	15	11/12
COMBINED HEIGHT & SIZE MULTIPLIER	0.942			
FINAL CALCULATIONS				
Refined Square Foot Cost	$103.20			
Soft Costs, 15%	$15.48			
Total Refined Square Foot Cost	$118.68			
Current Cost Multiplier	1.06	99	3	1/14
Local Cost Multiplier	1.06	99	8	1/14
FINAL SQUARE FOOT COST	$133.35			
BUILDING AREA (SQUARE FOOT)	489,066			
BUILDING COST SUB-TOTAL	$65,216,362			
REPLACEMENT COST NEW - IMPROVEMENTS	**$65,216,362**			

In addition, a parking structure is to be constructed as part of the project. According to Marshall Swift, the base replacement cost for the parking structure is projected at a rate of $37.32 per square foot that is adjusted upward by $2.00 per square foot to reflect the planned sprinkler system. However, the projected cost excludes marketing fees, leasing commissions, certain fees and other soft costs. The fees are projected at 15% of hard costs and are added to the estimated replacement cost. Further refinements are made for story height and floor area. The refined cost of $41.04 per square foot is increased by 9% to reflect current cost conditions and upward by 5% to reflect local cost conditions. The replacement cost new of the garage is projected at $10,724,997 based on the cost service. The improvement will be in excellent condition with completion of construction and no depreciation is deducted from the projected replacement cost new.

BUILDING IMPROVEMENTS	
Occupancy	PARKING STRUCTURE
Class/Quality	B/LOW COST
Exterior Wall	NOT APPLICABLE
Number of Stories	FOUR
Average Story Height	14 FEET
Floor Area	228,358
Average Perimeter	1,025 FEET

Age/Condition	0 YEARS/EXCELLENT			
	UNIT COST	SECTION	PAGE	DATE
BASE SQUARE FOOT COST	$37.32	14	34	2/12
SQUARE FOOT REFINEMENTS				
Heating/Cooling	$0.00	14	34	2/12
Balconies	0.00	14	34	2/12
Sprinkler System	2.00	14	37	2/12
Appliances	0.00	14	34	2/12
TOTAL BASE COST/SQUARE FOOT	$39.32			
HEIGHT & SIZE REFINEMENTS				
Height Multiplier	1.000	14	39	2/12
Floor Area Multiplier	0.903	14	38	2/12
Multistory Multiplier	1.005	14	34	2/12
COMBINED HEIGHT & SIZE MULTIPLIER	0.908			
FINAL CALCULATIONS				
Refined Square Foot Cost	$35.68			
Soft Costs, 15%	$5.35			
Total Refined Square Foot Cost	$41.04			
Current Cost Multiplier	1.09	99	3	1/14
Local Cost Multiplier	1.05	99	8	1/14
FINAL SQUARE FOOT COST	$46.97			
BUILDING AREA (SQUARE FOOT)	228,358			
BUILDING COST SUB-TOTAL	$10,724,997			
REPLACEMENT COST NEW - IMPROVEMENTS	**$10,724,997**			

Total replacement cost new of building improvements is $75,941,359, rounded to $73,950,000.00, as rounded.

Replacement Cost New of Site Improvements

The Marshall Swift cost index, Section 66, Subdivision Development Costs, is considered in estimating the replacement unit costs of on-site improvements. The site improvements planned to support the subject building include asphalt surfaced parking lots as well as assumed concrete sidewalks, curbing and landscaping. In addition, a swimming pool is planned as part of the amenity package for the apartment building. Following is the calculation of the estimated replacement cost of the site improvements for the subject property.

(1) The replacement cost of the proposed surfaced parking spaces on the subject lot is based on cost estimates obtained from the *Marshall Valuation Service*. A total of seven parking spaces are planned for the parcel. A rate of $1,615 per space is estimated as a replacement cost for the subject property based on cost data obtained from Section 66, page 3 (December 2013) of the Marshall Swift cost handbook. The selected rate is at the higher end of the range of costs and reflects the extensive site lighting, underground utilities and drainage that would be lacking on typical surface parking lots. The projected rate includes the cost of the surfacing, striping, lighting, landscaping and drainage. The rate is increased by 1% to reflect the applicable current cost multiplier indicating a current replacement cost of $1,631 per parking space for a total estimated replacement cost of $11,418. There is no depreciation as the parking area will be new and in excellent condition.

(2) Based on cost information found in Section 66, page 2 of the Marshall and Swift cost manual, the estimated average replacement cost for the concrete sidewalks is $6.00 per square foot. The rate is increased by 1% to reflect current cost conditions for an adjusted rate of $6.06 per square foot. Therefore, the estimated replacement cost new of the sidewalks is projected at $76,356 based on an approximate area of 12,600 square feet. No depreciation is deducted.

(3) The property is to include a swimming pool. Based on cost information found in Section 66, page 7 of the Marshall and Swift cost manual, the replacement cost for the pool is projected at a rate of $73.00 per square foot. The rate is increased by 1% to reflect current cost conditions for an adjusted rate of $73.73 per square foot. Therefore, the estimated replacement cost new of the swimming pool is projected at $221,190 based on an approximate area of 3,000 square feet. No depreciation is deducted.

(4) Based on cost information found in Section 66, page 1 of the Marshall and Swift cost manual, the estimated average replacement cost for the perimeter concrete curbing is projected at a rate of $16.90 per linear foot. The rate is increased by 1% to reflect current cost conditions for an adjusted rate of $17.07 per linear foot. Therefore, the estimated replacement cost new of the paving is $10,668 based on an approximate length of 625 linear feet. No depreciation is deducted.

Based on the cost estimates, as calculated using the Marshall Valuation Service cost index, the replacement cost new of the site improvements for the subject apartment building is estimated as $319,632, or $320,000.00 as rounded.

SITE IMPROVEMENTS COST ESTIMATE	UNIT COST	SECTION	PAGE	DATE
Parking Spaces	7			
Base Unit Price	$1,615	66	3	12/13
Current Cost Multiplier	1.01	99	3	1/14
Adjusted Unit Cost	$1,631			
Total Cost - Parking Spaces	$11,418			
Concrete Sidewalks, SF	12,600			
Base Unit Price	$6.00	66	2	12/13
Current Cost Multiplier	1.01	99	3	1/14
Adjusted Unit Cost	$6.06			
Total Cost - Concrete Sidewalks	$76,356			
Swimming Pool	3,000			
Base Unit Price	$73.00	66	7	12/13
Current Cost Multiplier	1.01	99	3	1/14
Adjusted Unit Cost	$73.73			
Total Cost - Swimming Pool	$221,190			
Concrete Curbing, LF	625			
Base Unit Price	$16.90	66	1	12/13
Current Cost Multiplier	1.01	99	3	1/14
Adjusted Unit Cost	$17.07			
Total Cost - Concrete Curbing	$10,668			
REPLACEMENT COST - SITE IMPROVEMENTS	**$319,632**			

Conclusion, At Stabilization

The property value as estimated by the cost approach is the sum of the land value and the estimated depreciated replacement cost of all improvements, plus an allowance for entrepreneurial incentive. The allowance for entrepreneurial incentive varies widely among developers depending on the type of property being developed, the strength of the market for the particular type of property, and the cost of funds and length of time that can be anticipated during the initial lease-up period. Based upon indications from the local market, which vary between 0% and 20% of the total investment, an entrepreneurial allowance of 5% is included for the subject property. The results of the cost approach are summarized below.

Estimated land value	$22,450,000.00
Replacement cost new of apartment building	$65,216,362.00
Replacement cost new of parking structure	$10,724,997.00
Replacement cost new of all site improvements	$ 320,000.00
Sub-total	$98,711,359.00
Entrepreneurial allowance, 5%	$ 4,935,568.00
Value by the cost approach	$103,646,927.00

The above indicated value by the cost approach reflects a mix of values based upon different dates. The land value cited above is based upon a projected value date of January 1st, 2015 while the replacement cost estimated above for all improvements is based upon December 21st, 2013. Importantly, the value sought herein is the market value of the subject property at stabilized occupancy, which is projected to be January 1st, 2017.

Therefore, it is necessary to adjust the value components above in order to provide an opinion of the reasonably projected market value as of January 1st, 2017. To do so the following adjustments are made:

Land: Based upon the market condition adjustment (4% per annum) applied to the land for the time period 1/1/2014 to 1/1/2015 a further adjustment is made at a rate of 2% per annum, straight-line, for the time period January 1st, 2015 to January 1st, 2017.

Improvements: A review of the section within the Marshall Valuation Service cost index entitled “Comparative Cost Indexes” (Section 98, using page 5 [District Comparative Cost Multipliers]) indicates an average straight-line cost increase for Class D improvements of approximately 7.3% per annum over the past 20 years, approximately 4.1% over the past ten years, and approximately 2.14% over the past five years (January 2009 versus January 2014). Based upon the data reviewed an adjustment of 2.5% per annum, straight-line, shall be made to the estimated replacement cost of the improvements.

Based upon the above the following is indicated:

Land Value	$22,450,000.00 x 1.040	=	$23,348,000.00
Plus			
Improvement Cost	$76,261,359.18 x 1.075	=	$81,980,961.11
	Total	=	$105,328,961.11
	Rounded to		$105,300,000.00

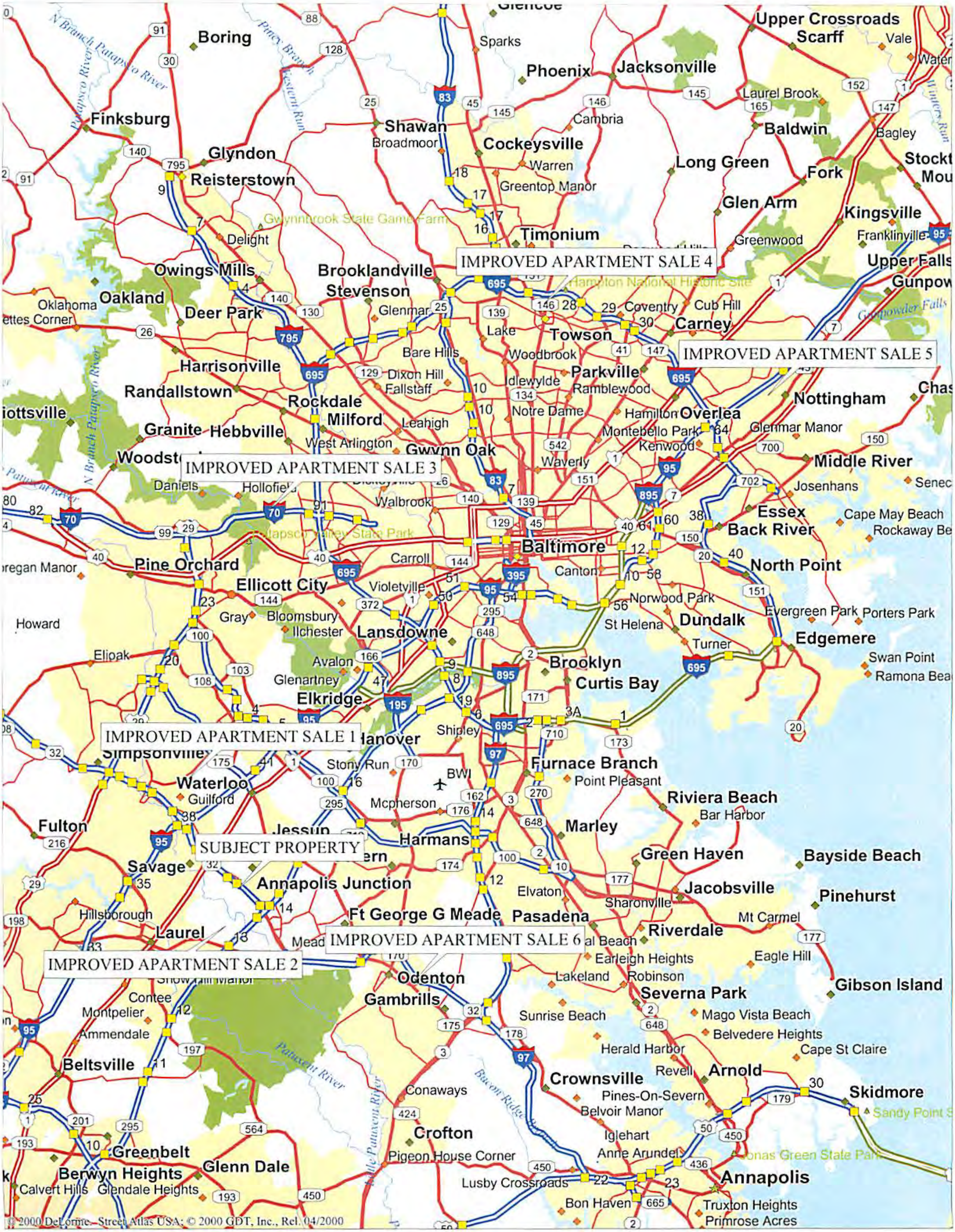
Therefore, based on the preceding cost approach analysis, prevailing market conditions and reasonably projected conditions, as of January 1st, 2017, it is our opinion that the prospective market value of the fee simple title of the subject property, at stabilized occupancy, is projected to be **ONE HUNDRED FIVE MILLION THREE HUNDRED THOUSAND DOLLARS ($105,300,000.00)**.

APARTMENT PROPERTY
PROSPECTIVE MARKET VALUE, AT STABILIZATION, BY THE SALES COMPARISON APPROACH
(As of January 1st, 2017)

The sales comparison approach is a method of comparing recent sales of similar properties to the subject for an indication of value. Often called the "market data approach", this method represents an interpretation of the reactions of typical purchasers in the market. Basic to this approach is the principle of substitution, implying that a prudent person will pay no more to buy a property than it will cost for a comparable substitute property.

Application involves a comparative analysis of the important attributes of the sale properties to those of the subject under the general divisions, location, physical characteristics, conditions of sale and the change in the market over time. Consideration of the dissimilarities in terms of their probable effect upon the sales price of the subject gives an indication of market value.

Numerous sales of similar properties have been investigated. Of the sales considered, a number were selected as the most comparable to the subject. Following are six sales of apartment properties throughout the larger metropolitan market. A thorough search was made for buildings similar to the subject property in construction quality, size, age and scope within the Annapolis Junction market, but none could be found. The sales presented below are considered the best available. The most pertinent unit of comparison is the sales price per apartment unit, including the supporting land and on site improvements. Following are the comparable sales.


IMPROVED APARTMENT SALE 4
IMPROVED APARTMENT SALE 5
IMPROVED APARTMENT SALE 3
IMPROVED APARTMENT SALE 1
SUBJECT PROPERTY
IMPROVED APARTMENT SALE 6
IMPROVED APARTMENT SALE 2
Boring
Sparks
Phoenix
Jacksonville
Upper Crossroads
Scarff
Vale
Laurel Brook
Baldwin
Bagley
Finksburg
Shawan
Broadmoor
Cockeysville
Cambria
Warren
Greentop Manor
Long Green
Fork
Glen Arm
Kingsville
Franklinville
Glyndon
Reisterstown
Gwynnbrook State Game Farm
Delight
Timonium
Greenwood
Upper Falls
Owings Mills
Brooklandville
Stevenson
Hampton National Historic Site
Oklahoma
Oakland
Deer Park
Glenmar
Coventry
Cub Hill
Carney
Towson
Lake
Bare Hills
Woodbrook
Harrisonville
Dixon Hill
Fallstaff
Parkville
Idlewylde
Ramblewood
Nottingham
Randallstown
Rockdale
Milford
Leahigh
Notre Dame
Hamilton
Overlea
Glenmar Manor
Granite
Hebbville
West Arlington
Gwynn Oak
Montebello Park
Kenwood
Middle River
Waverly
Josenhans
Daniels
Hollofield
Walbrook
Essex
Cape May Beach
Rockaway Beach
Back River
Patapsco Valley State Park
Baltimore
Pine Orchard
Carroll
Canton
North Point
Ellicott City
Violetville
Norwood Park
Gray
Bloomsbury
Ilchester
Lansdowne
St Helena
Dundalk
Evergreen Park
Porters Park
Howard
Turner
Edgemere
Elioak
Avalon
Brooklyn
Swan Point
Glenartney
Curtis Bay
Ramona Beach
Elkridge
Shipley
Simpsonville
Hanover
Stony Run
BWI
Furnace Branch
Point Pleasant
Waterloo
Guilford
Mcpherson
Riviera Beach
Bar Harbor
Fulton
Jessup
Harmans
Marley
Green Haven
Bayside Beach
Savage
Annapolis Junction
Elvaton
Jacobsville
Pinehurst
Hillsborough
Sharonville
Mt Carmel
Laurel
Ft George G Meade
Pasadena
Riverdale
Eagle Hill
Earleigh Heights
Odenton
Lakeland
Robinson
Gibson Island
Contee
Gambrills
Severna Park
Montpelier
Sunrise Beach
Mago Vista Beach
Ammendale
Belvedere Heights
Herald Harbor
Cape St Claire
Beltsville
Patuxent River
Crownsville
Revell
Arnold
Conaways
Pines-On-Severn
Skidmore
Belvoir Manor
Sandy Point
Crofton
Iglehart
Anne Arundel
Greenbelt
Glenn Dale
Pigeon House Corner
Annapolis
Berwyn Heights
Lusby Crossroads
Calvert Hills
Glendale Heights
Bon Haven
Truxton Heights
Primrose Acres
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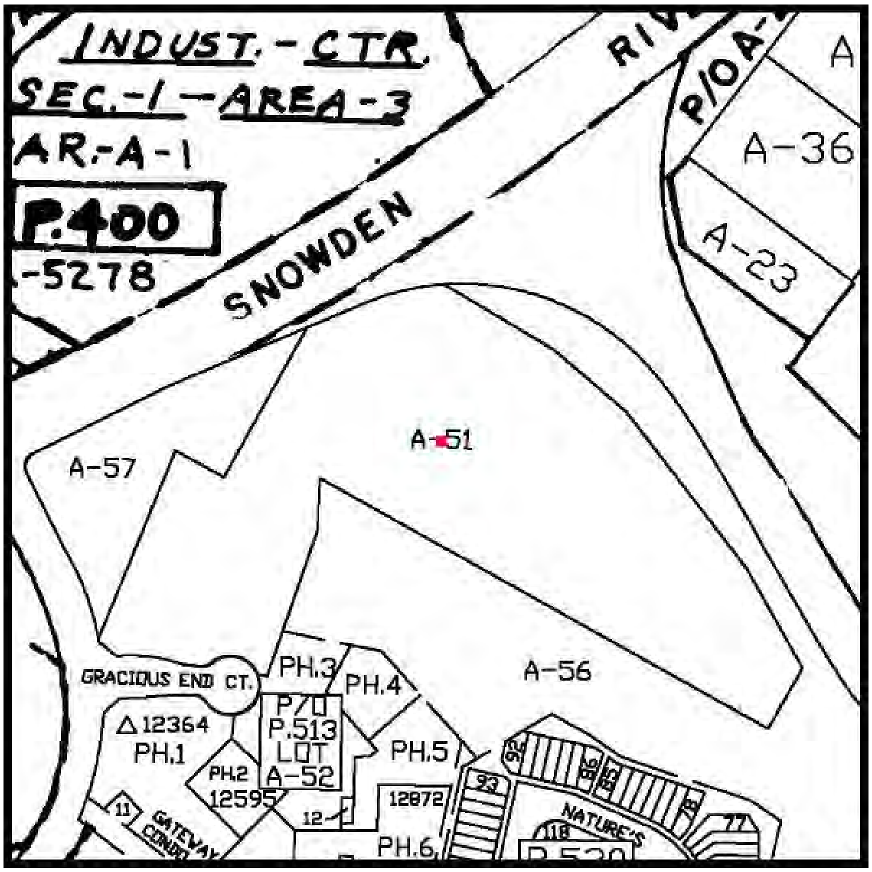
Improved Apartment Sale 1

Location:	7030 Gentle Shade Court; Howard County TM 42, Block 6 as Parcel 513 in the Sixth Assessment District; also identified as Parcel A-51 on a plat entitled, "Gateway Commerce Center, Parcels 'A-51 thru A-59', a resubdivision of Gateway Commerce Center, Parcel A-49" as recorded among the land records of Howard County as Plat 11957; Columbia, Maryland 21046
Grantor:	TGM Stonehaven Inc.
Grantee:	Columbia Stonehaven Associates LLC
Recorded:	14179/427
Sale Dates:	7/30/12; 8/2/12
Land Area:	417,602 square feet or 9.5868 acres
Frontage:	E/S Snowden River Parkway; E/S of Oakland Mills Road; SW/S of Robert Fulton Drive; N/S of Gracious End Court
Zoning:	R-A-15, Residential: Apartments (Howard County, Maryland)
Utilities:	All public

Improvements:	Three+ story wood frame apartment project consisting of four buildings divided into 200 units originally constructed in 1999 according to assessment records. The buildings contain a gross combined improvement area of 234,581 square feet and net leasable area of 194,400 square feet. The development consists of 49, one bedroom, one bath units containing an average size of 776 square feet, 104 two bedroom, two bath units containing average areas of 1,037 square feet and 47 three bedroom, two bath units consisting of 1,197 square feet. At the date of sale, rentals for the one bedroom apartments ranged from $1,330 to $1,360 per month; rentals for the two bedrooms units ranged from $1,555 to $1,595 per month with the three bedroom apartments renting for $1,740 to $1,760 per month. Units include a balcony or patio and washer and dryer; amenities include a clubhouse and fitness center. The site is also improved with approximately 450 parking spaces.
FAR:	0.56 based on the ratio of the gross building size to the land area 0.47 based on the ratio of the net rentable area to the land size
Sale Price:	$36,750,000.00 as stated in the deed $36,710,000.00 after credits given to buyer
Financing:	$27,600,000 purchase money deed of trust, assignment of leases and rents and security agreement with New York Community Bank at undisclosed terms (assumed to be at market)
Unit Rates:	$156.66 per square foot of gross building area including the supporting site based on deed price $156.49 per square foot of gross building area including the supporting site based on the adjusted price $189.04 per square foot of rentable building area including the supporting site based on deed price $188.84 per square foot of rentable building area including the supporting site based on the adjusted price $183,750 per unit based on the deed price $183,550 per unit based on the adjusted price
Comments:	Development was operating at an overall occupancy rate of 98-100% when sold. The broker reports that the property sold at an overall capitalization rate of 5.2% based on income in place and a rate of 5.6% based on pro forma income.
Marketing Period:	Property on the market for five months and under contract for three months prior to settlement; property previously sold in June 2000 for

$21,250,000 or $106,250 per unit; no additional recorded transfers of the sale property within the preceding three years

Verified: Broker/COMPS, land records and inspection



Improved Apartment Sale 2

Location:	Faraway Hills Drive (7903 Orion Circle); Anne Arundel County TM 20, Block 8 as Parcel 91 in the Fourth Assessment District; also identified as Concord Park @ Russett as recorded among the land records of Anne Arundel County in Plat Book 262, pages 12 through 15, inclusive; Laurel, Maryland 20724
Grantor:	Russett Associates LLC
Grantee:	TR Concord Park LLC
Recorded:	22584/346
Sale Dates:	8/30/10; 9/2/10
Land Area:	514,130 square feet or 11.8028 acres
Frontage:	Intersection of Russett Green East and Faraway Hills Drive
Zoning:	R-5, Residential District (Anne Arundel County, Maryland)
Utilities:	All public

Improvements: Four story brick and siding apartment project consisting of one building divided into 335 units originally constructed in 2005 according to assessment records. The building contains a gross improvement area of 629,472 square feet and net leasable area of 402,234 square feet. The development consists of 88, one bedroom, one bath units containing an average size of 927 square feet, 211 two bedroom, two bath units containing average areas of 1,302 square feet and 36 three bedroom, two bath units consisting of 1,635 square feet. At the date of sale, rentals for the one bedroom apartments ranged from $1,400 to $1,460 per month; rentals for the two bedrooms units ranged from $1,625 to $1,935 per month with the three bedroom apartments renting for $1,940 to $2,125 per month. Units include a balcony or patio, granite counter tops and washer and dryer; amenities include a clubhouse, media center, swimming pool and business center. The site is also improved surface parking space with most parking provided by a garage.

FAR: 1.22 based on the ratio of the gross building size to the land area
0.78 based on the ratio of the net rentable area to the land size

Sale Price: $73,600,000.00

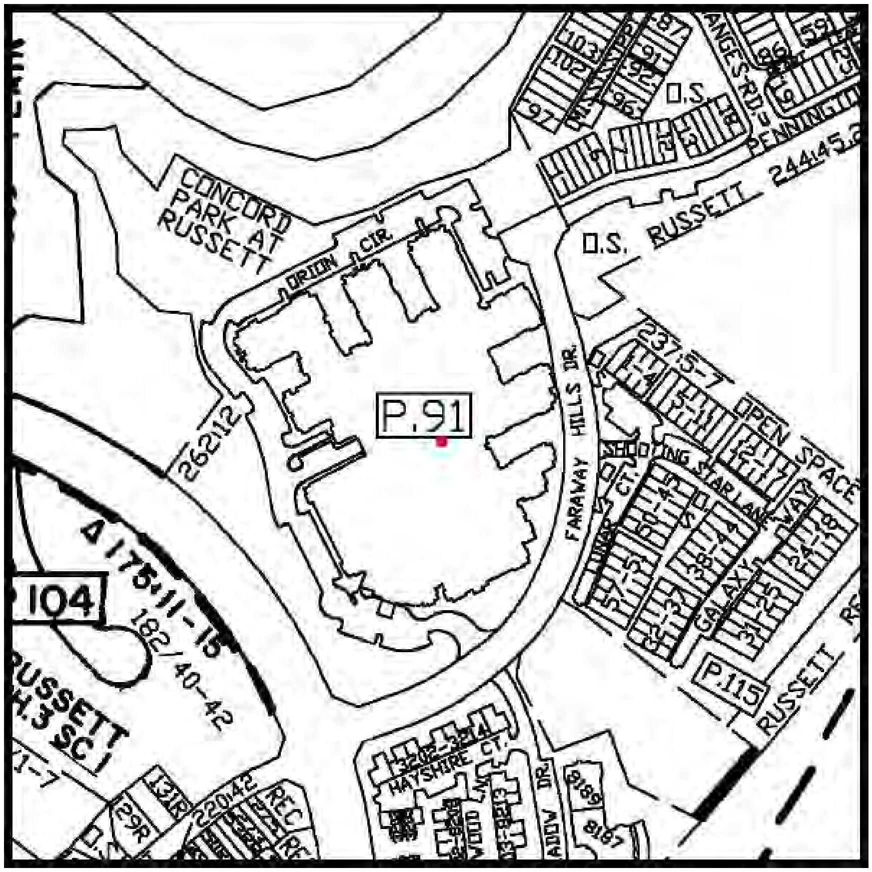
Financing: $36,750,000 purchase money deed of trust, security agreement and fixture filing with the Hartford Life Insurance Company and Hartford Life and Annuity Insurance Company; both notes due 9/1/15 at undisclosed rates (assumed to be at market)

Unit Rates: $116.92 per square foot of gross building area including the supporting site
$182.98 per square foot of rentable building area including the supporting site
$219,701 per unit

Comments: Development was operating at an overall occupancy rate of 94% when sold. The broker reports that the property sold at an overall capitalization rate of 5.3% based on income in place and a rate of 5.4% based on pro forma income.

Marketing Period: Property on the market for less than one year; no additional recorded transfers of the sale property within the preceding three years

Verified: Broker/COMPS, land records and inspection


CONCORD
PARK AT
RUSSETT
ORION CIR.
P.91
FARAWAY HILLS DR.
D.S.
RUSSETT
OPEN SPACE
SHOOTING STAR LANE
GALAXY
P.115
P.104
HAYSHIRE CT.
RUSSETT

Improved Apartment Sale 3

Location:	7610 Reserve Circle; Baltimore County TM 94, Block 4 as Parcel 7 in the First Assessment District; also identified as the Reserve at Stonegate as recorded among the land records of Baltimore County in Plat Book 75, page 144; Baltimore, Maryland 21244
Grantor:	Cinnabar Grand, LLC
Grantee:	Stonegate Apartments Holdings, LLC
Recorded:	30286/17
Sale Dates:	11/30/10; 12/20/10
Land Area:	929,788 square feet or 21.3450 acres
Frontage:	N/S I-70 with access from Cinnabar Drive
Zoning:	OR-2, Office Building – Residential District with smaller concentrations of D.R. 10.5 and D.R. 5.5, Density Residential Districts and R.C-3, Deferral of Planning and Development District (Baltimore County, Maryland)
Utilities:	All public

Improvements: Three story brick and siding apartment project consisting of eight buildings divided into 220 units originally constructed in 2005. The buildings contain a combined improvement area of 243,120 square feet. The development consists of 41, one bedroom, one bath units containing average areas of 761 to 870 square feet, 167 two bedroom, two bath units containing average areas of 981 to 1,093 square feet and 12 three bedroom, two bath units consisting of 1,202 to 1,273 square feet. At the date of sale, rentals for the one bedroom apartments ranged from $1,000 to $1,040 per month; rentals for the two bedrooms units ranged from $1,160 to $1,210 per month with the three bedroom apartments renting for $1,410 to $1,420 per month. Units include a balcony or patio; amenities include a clubhouse, media center, swimming pool and business center. The site is also improved with approximately 477 parking spaces.

FAR: 0.26 based on the ratio of the building size to the gross land area

Sale Price: $27,100,000.00

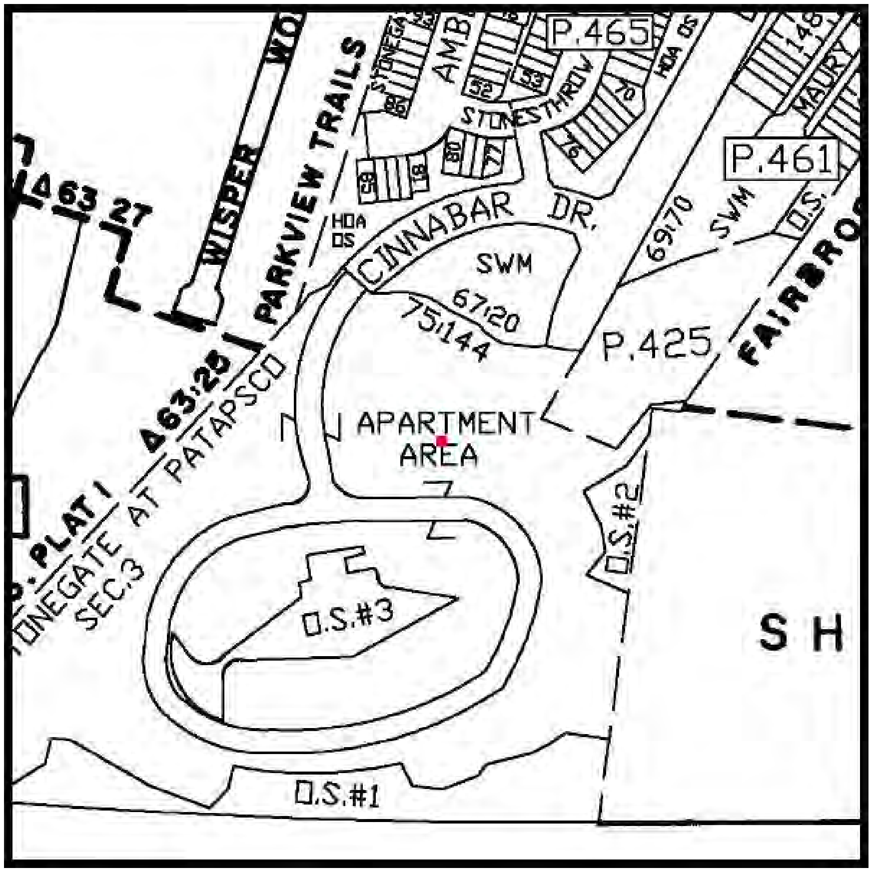
Financing: $23,250,000 amended and restated indemnity deed of trust, assignment of leases and rents, security agreement and fixture filing with Arbor Realty Mortgage Securities Series 2006-1, Ltd. Due 11/30/15 at undisclosed rate (assumed to be at market)

Unit Rates: $111.48 per square foot of gross building area including the supporting site
$123,182 per unit

Comments: Development was operating at an overall occupancy rate of 90% when sold. The broker reports that the property sold at an overall capitalization rate of 6.9% based on income in place and a rate of 7.12% based on pro forma income.

Marketing Period: Property on the market for about four months; no additional recorded transfers of the sale property within the preceding three years

Verified: Broker/COMPS, land records and inspection


P.465
P.461
P.425
PARKVIEW TRAILS
WISPER
CINNABAR DR.
SWM
67:20
75:144
69:70
APARTMENT
AREA
STONEGATE AT PATAPSCO
SEC.3
PLAT I
Δ63:25
Δ63
27
HOA
DS
STONESTHROW
O.S.#3
O.S.#2
O.S.#1
O.S.
MAURY
FAIRBRO
S H

Improved Apartment Sale 4

Location:	940 and 960 Dulaney Valley Road; Baltimore County TM 70, Block 2 as part of Parcel 125 in the Ninth Assessment District; also identified as Land Units 1 and 2 of the Quarter Land Condominium as recorded among the land records of Baltimore County in Plat Book 31, page 217; Towson, Maryland 21204
Grantors:	The Quarter Condo-1 Associates, LLC as to Land Unit 1 Dulaney Valley Apartments, LLC as to Land Unit 2
Grantee:	SPUS6 Renaissance, LLC as to Land Unit 1 S6 Jazz, LLC as to Land Unit 2
Recorded:	32350/270 as to Land Unit 1 32305/310 as to Land Unit 2
Sale Dates:	7/10/12; 7/13/12 as to both
Land Areas:	96,081 square feet or 2.2057 acres as to Land Unit 1 154,354 square feet or 3.5435 acres as to Land Unit 2
Frontage:	W/S of Dulaney Valley Road; S/WS of Southerly Avenue, NE/S of Fairmount Avenue and E/S of Locustvale Road

Zoning: R.A.E.2, Residence, Apartment, Elevator District (Baltimore County, Maryland)

Utilities: All public

Improvements: Portfolio of two apartment projects in Towson in northern Baltimore County that together consist of 430 apartment units. The Quarter is comprised to two adjacent communities including The Jazz consisting of 280 units and completed in 2008 and the Renaissance comprised of 150 units completed in 2009. The larger development contains a rentable building area of 463,995 square feet while smaller consists of 299,785 square feet for a total combined area of 763,780 square feet. The buildings are four and five story structures and feature a pool, washer and dryer, clubhouse, fitness center, fireplaces and security. Together the buildings include 430 units consisting of one bedroom, one bath units, two bedroom, two bath apartments and three bedroom, two bath units. The one bedroom units contain areas of less than 800 square feet; the remaining units average 1,250 to nearly 1,500 square feet. At the date of sale, rentals for the one bedroom apartments ranged from $1,285 to $1,480 per month; rentals for the two bedrooms units ranged from $1,650 to $1,735 per month with the three bedroom apartments renting for $1,835 to $1,855 per month. Units include a balcony or patio; amenities include a clubhouse, swimming pool and fireplaces. The properties feature garage parking.

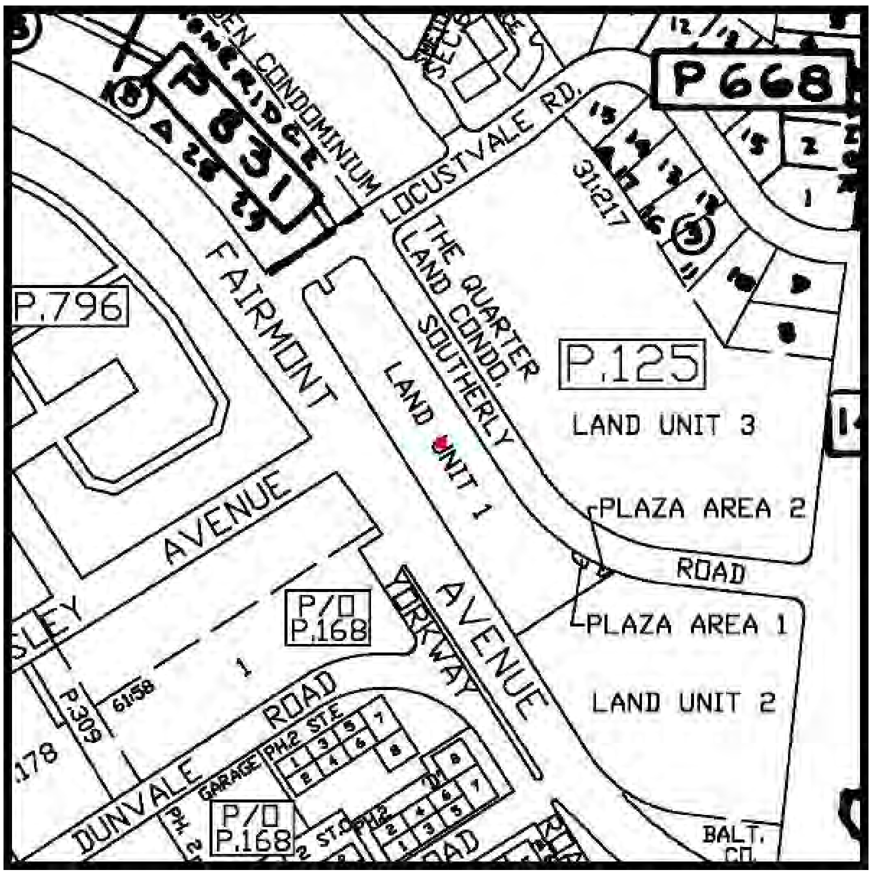
FAR: 3.05 based on the ratio of the combined building size to the gross combined land area

Sale Prices: $32,890,000.00 as to Land Unit 1
$54,110,000.00 as to Land Unit 2
$87,000,000.00 as combined

Financing: $20,686,000 purchase money multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing with CBRE Multifamily Capital, Inc. as to Land Unit 1; $34,222,000 purchase money multifamily deed of trust, assignment of leases and rents, security agreement and fixture filing with CBRE Multifamily Capital, Inc; all financing at undisclosed terms (assumed to be at market)

Unit Rates: $113.91 per square foot of combined building area including the supporting sites
$202,326 per unit

Comments:	Development was operating at an overall occupancy rate of 85% when sold. Property sold at a 4.57% overall capitalization rate based on income in place; no additional information could be obtained.
Marketing Period:	According to press releases, the portfolio received significant interest from prospective purchasers; no additional recorded transfers of the sale property within the preceding three years
Verified:	COMPS, land records and inspection



Improved Apartment Sale 5

Location:	386 Attenborough Drive; Baltimore County TM 82, Block 9 as Parcels 888 and 909 in the Fourteenth Assessment District; Baltimore, Maryland 21237
Grantor:	SPUSV5 Cambridge Court, LLC
Grantee:	Home Properties Cambridge Court, LLC
Recorded:	31134/280
Sale Dates:	8/23/11; 8/26/11
Land Area:	1,470,316 square feet or 33.7358 acres
Frontage:	Access from Franklin Square Drive
Zoning:	D.R. 10.5, Density Residential District (Baltimore County, Maryland)
Utilities:	All public
Improvements:	Three and four story brick and siding apartment project consisting of 20 buildings divided into 544 units originally constructed in 1999 with additional buildings added in 2002. The buildings contain a combined

improvement area of 726,813 square feet in 18 three story buildings and two four story structures. The unit mix includes 218 one bedroom units, 272 two bedroom apartments and 54 three bedroom apartments with an average size of approximately 962 square feet. When sold, the project was 90.8% occupied with rental rates averaging $1,314 per month. Amenities include a swimming pool, clubhouse, courtyard, fireplaces, fitness center and balconies and patios. The site also includes ample surface parking.

FAR: 0.49 based on the ratio of the combined building size to the gross land area

Sale Price: $90,400,000.00

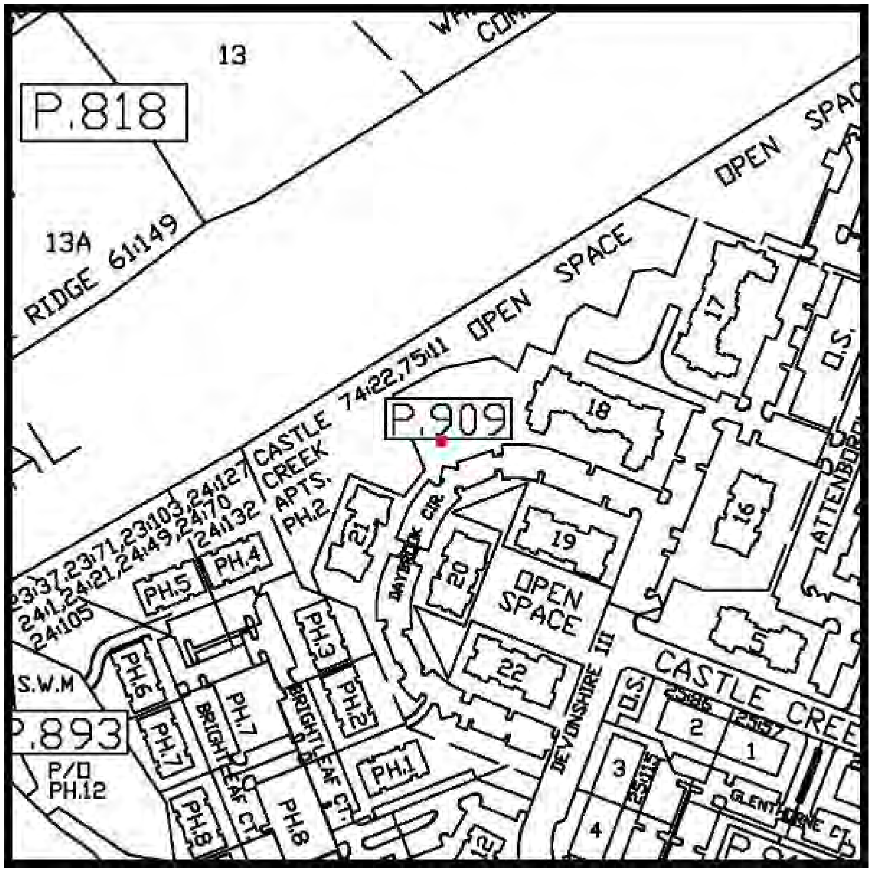
Financing: Cash to the seller

Unit Rates: $124.38 per square foot of gross combined building area including the supporting site
$166,176 per unit

Comments: Development was operating at an overall occupancy rate of 90.8% when sold. The broker reports that the property sold at an overall capitalization rate of 5.4%. Property backs to I-95 and is about two miles north of the Baltimore Beltway and reasonably convenient to the Aberdeen Proving Ground.

Marketing Period: Projected at less than one year; no additional recorded transfers of the sale property within the preceding three years

Verified: Broker/COMPS, land records and inspection


13
P.818
13A
RIDGE 61:149
OPEN SPACE
OPEN SPACE
CASTLE 74:22,75:11
P.909
CASTLE CREEK APTS. PH.2
17
O.S.
18
16
ATTENBURG
21
19
20
OPEN SPACE
5
22
PH.5
PH.4
PH.3
PH.2
PH.6
PH.7
PH.7
PH.8
PH.8
PH.1
S.W.M
P.893
P/O PH.12
BRIGHT LEAF CT.
BRIGHT LEAF CT.
DEVONSHIRE III
CASTLE CREE
O.S.
2
1
3
4

Improved Apartment Sale 6

Location:	615 Carlton Otto Lane; Anne Arundel County TM 29, Block 6 as part of Parcel 214 in the Fourth Assessment District; also identified as Lot 1 of Odenton Gateway as recorded among the land records of Anne Arundel County in Plat Book 309, pages 1-3, inclusive; Odenton, Maryland 21113
Grantor:	The Haven at Odenton Gateway, LLC
Grantee:	CPT Odenton Gateway, LLC
Recorded:	26384/106
Sale Dates:	7/2/13; 7/11/13
Land Area:	437,228 square feet or 10.037 acres
Frontage:	Access from Gateway Boulevard off of Maryland Route 175 and Sappington Station Road
Zoning:	O-EOD, Odenton Town Center – East Odenton (Anne Arundel County, Maryland)

Utilities: All public

Improvements: Frame apartment project consisting of eight buildings divided into 252 units originally constructed in 2012. The buildings contain a combined improvement area of 311,870 gross square feet and rentable area of approximately 200,000 square feet in eight two to four story buildings. The unit mix includes one, two and three bedroom apartments with an average size of approximately 1,031 square feet. When sold, the project was reportedly 97% occupied. Rental rates range from $1,525 to $1,655 per month for one bedroom units, from $1,835 to $2,025 per month for two bedroom apartments and from $2,120 to $2,145 per month for three bedroom units. Tenants are responsible for utilities and trash removal. Sizes range from 822 to 906 square feet for one bedroom units, 1,116 to 1,224 square feet for the two bedroom units and 1,287 square feet for three bedroom apartments. Garage units are available for an additional cost of $200.00 per month and there is currently a waiting list. Amenities include a resort style swimming pool, fitness center, business center, private theater room, conference room, clubhouse, dog run, car care center and balconies. The site also includes ample surface parking.

FAR: 0.71 based on the ratio of the gross combined building size to the gross land area

Sale Price: $61,000,000.00

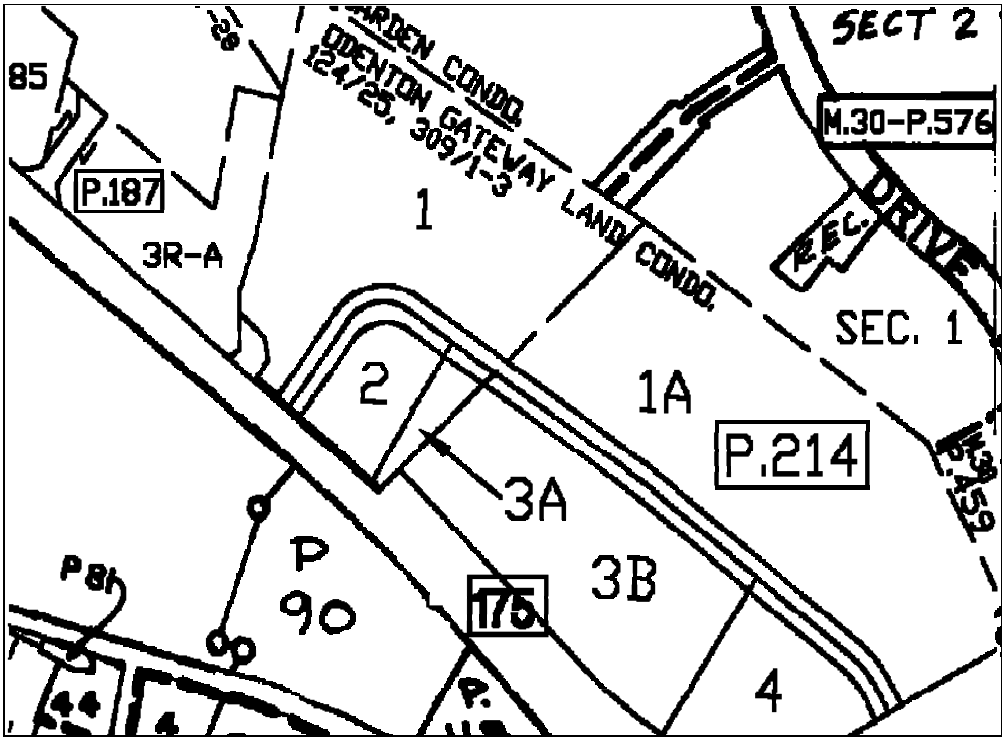
Financing: Cash to the seller; $50,000,000 purchase money deed of trust for the benefit of AEW Core Property Trust Holding LP

Unit Rates: $195.59 per square foot of gross combined building area including the supporting site
$305.00 per square foot of rentable building area including the supporting site
$242,063 per unit

Comments: Development was operating at an overall occupancy rate of 97% when sold. Property is part of Odenton in an area fueled by large scale relocation of workers to the area as part of BRAC. Property is convenient to Fort George G. Meade.

Marketing Period: Projected at less than one year; no additional recorded transfers of the improved property within the preceding three years

Verified: Broker/COMPS, land records and inspection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ODENTON GATEWAY LAND CONDO.
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IMPROVED SALES CONCLUSION

COMPARABLE IMPROVED SALES SUMMARY

SALE	SALE DATE	APARTMENTS	PRICE	PRICE/UNIT
1	7/12	200	$36,750,000	$183,750
2	8/10	355	$73,600,000	$219,701
3	11/10	220	$27,100,000	$123,182
4	7/12	430	$87,000,000	$202,326
5	8/11	544	$90,400,000	$166,176
6	7/13	252	$61,000,000	$242,063
Subject	1/17	416	Not Applicable	Not Applicable

Adjustments

Sales are normally adjusted to reflect the property rights conveyed, the conditions surrounding the sale, financing, changes in market conditions and physical characteristics, including location, zoning, building size and land area. Following is a comparison of the sale properties to the subject property.

Property Rights Transferred

This adjustment reflects differences between the legal status of the subject and property rights conveyed with the sale. Each of the properties was leased to tenants for terms of no longer than one year when sold. Therefore, the property rights conveyed consists of the fee simple estate because of the short-term remaining on the existing rental agreements and no adjustment is made.

Financing

The financing adjustment reflects the cash equivalent price of below market financing. The sales sold with market rate financing or cash; therefore, no adjustment is made to any of the sales for financing.

Conditions of Sale

The conditions of sale adjustment reflects the difference in the actual sale price and the probable selling price, if the transaction was not arm's length, or if the sale represents a foreclosure or distress sale. All of the sales reflect arm's length transactions and no adjustments are needed.

Market Conditions

The market conditions adjustment reflects changes in the prices paid for real estate because of the changes in the market over time. The sales sold between August 2010 and July 2013 and reflect generally similar periods. As more fully described in the section of this appraisal discussing market condition adjustments to land, an 8% per annum upward adjustment is made to the improved apartment comparable sales up to December 2013. A subsequent 4% upward market adjustment for the time period January 1st, 2014 to January 2015 was also made. For projecting a prospective value as of January 1st, 2017 (at stabilization) a further 2% per annum adjustment shall be made.

Comment:

> It is noted that the sale-resale data used in arriving at land value adjustments in the land valuations were based upon improved sales as analyzed in Moody's/RCA CPPI National All Properties Composite Index.

Expenditures after Purchase

No expenditures were made after the sale date that impacted the price paid for the sale properties. However, Sale 2 is engaged in an extensive renovation program that started shortly after settling on the property.

Location

Sale 1 is located in Columbia and is considered comparable for location to the subject and no adjustment is made. Sale 2 is part of the Russett planned unit development that is considered comparable for location and no adjustment is made. Sale 3 is located in Baltimore County, inferior to the subject, and an upward adjustment is made. Sale 4 is the purchase of a two project portfolio; the location in considered comparable to the subject and no adjustment is made. Sale 5 is in the Rosedale area of Baltimore County and an upward adjustment is made to reflect the inferior location. Sale 6 is located in Odenton, considered comparable for location, and no adjustment is made.

Zoning

The sales are zoned for apartment and medium density residential development. Therefore, no adjustment is made to the sales to reflect differences in zoning classifications.

Number of Units

The sale properties contain between 200 and 544 apartment units. Typically, projects that contain a smaller number of apartments sell at higher unit rates than larger developments. However, in interviews with apartment owners/developers they have indicated that they find that selling of either apartment land or as developed properties there is no significant adjustment for projects which have either the potential or have been developed with between 200 to 400 units. Therefore, only Sale 5 is adjusted (upward) for consideration of size.

Unit Mix

Typically apartment projects containing a larger percentage of one bedroom units will sell at lower rates because of the lower rental rates charged for one bedroom apartments. Slight downward adjustments are made to Sales 2, 3 and 5 to reflect the higher percentage of two bedroom units. No adjustments are made to Sales 1, 4 and 6 to reflect the unit mix.

Interior Finish

The sales are of garden style apartment buildings that are considered comparable for finish to the subject property and no adjustment is made.

Shape

The supporting sites of the sale properties are considered comparable to the subject and no adjustment is made.

Topography

The sale sites are generally level similar to the subject site. Therefore, no adjustment is made to the sales.

Access

The sale properties have similar access; no adjustments are made to any of the sales for access.

Utilities

The sale properties are served by public water and sewer, comparable to the subject property. Therefore, no adjustment is made to any of the sales.

Land Area/Unit

The land area per apartment ranges from 460 to 4,226 square feet for the comparable sales. Only one sale has a lower ratio and that is Sale 4 that also features an "urban" location and features structured parking. Sale 2 also includes a greater land area per unit and also includes a garage. However, no adjustment is made because the zoning permits a lower density of development and the excess land cannot be further improved. The remaining sales feature relatively large land areas per apartment, but these projects include surface parking lots that are of little utility besides providing parking. Therefore, no adjustments are made to these sales.

Amenities

Amenities at the subject property include a pool, structured parking and similar features. Upward adjustments are made to Sales 1 and 5 to reflect the less extensive amenity package as compared to the subject. The remaining sales are considered comparable to the subject and no adjustments are made.

Age and Condition

The sale properties are in good to excellent condition and were constructed within the past 15 years. Therefore, upward adjustments are made to all of the sales, except for Sales 4 and 6, to reflect the inferior age and condition of the existing buildings.

Construction Quality

Basic construction quality of the sales is considered comparable to the subject and no adjustment is made to any of the sales.

Conclusion

Below is a table showing the adjustments considered in estimating a rate for the subject property as proposed to be improved.

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6
PROPERTY RIGHTS CONVEYED	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
FINANCING	Market/Cash	Market/Cash	Market/Cash	Market/Cash	Market/Cash	Market/Cash	Market/Cash
CONDITIONS OF SALE	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
MARKET CONDITIONS/ DATE OF SALE	1/17	7/12	8/10	11/10	7/12	8/11	7/13
NAME OF PROJECT	AJTC	Stonehaven	Concord Park	Stonegate	Renaissance/ Jazz	Cambridge Court	Haven at Odenton Gateway
TYPE OF FACILITY	Garden	Garden	Garden	Garden	Garden	Garden	Garden
NUMBER OF UNITS	416	200	335	220	430	544	252
UNIT MIX	181/46/125/64	49/104/47	88/211/36	41/167/12	1/2/3	218/272/54	1/2/3
LOCATION	Annapolis Junction	Columbia	Russett Center	Parkville	Towson	Rosedale	Odenton
LAND AREA, ACRES	8.930	9.587	11.803	21.345	5.569	33.736	10.037
ZONING	TOD	R-A-15	R5	OR-2, DR 10.5/5.5, RC3	RAE 2	DR 10.5	O-EOD
SHAPE	Mostly Regular	Mostly Regular	Mostly Regular	Mostly Regular	Mostly Regular	Mostly Regular	Mostly Regular
TOPOGRAPHY	Level	Level	Level	Level	Level	Level	Level
UTILITIES	All public	All public	All public	All public	All public	All public	All public
LAND PER UNIT	935	2,088	1,535	4,226	460	2,701	1,735

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6
AMENITIES	Pool/Garage/ Amenity Areas	Recreation Areas	Pool/Parking Garage	Pool/Rec Areas/ Clubhouse	Pool/Security/ Garage	Rec Areas	Pool/Clubhouse/ Garages
AGE/CONDITION	New/Excellent	Good	Good	Good	Very Good	Good	Excellent
YEAR BUILT	2015	1999	2005	2005	2008	2002	2012
CONSTRUCTION QUALITY	Frame/Masonry Exterior	Frame/Masonry Exterior	Frame/Masonry Exterior	Frame/Masonry Exterior	Frame/Masonry Exterior	Frame/Masonry Exterior	Frame/Masonry Exterior
SALES PRICE	n/a	$36,750,000	$73,600,000	$27,100,000	$87,000,000	$90,400,000	$61,000,000
PRICE/ APARTMENT	n/a	$183,750	$219,701	$123,182	$202,326	$166,176	$242,063
ADJUSTMENTS							
PROPERTY RIGHTS CONVEYED		0%	0%	0%	0%	0%	0%
FINANCING		0%	0%	0%	0%	0%	0%
CONDITIONS OF SALE		0%	0%	0%	0%	0%	0%
MARKET CONDITIONS/ DATE OF SALE		20%	36%	34%	20%	28%	14%
EXPENDITURES AFTER PURCHASE		0%	0%	0%	0%	0%	0%
NET ADJUSTMENT		$220,300	$298,794	$165,064	$242,791	$212,706	$275,952
LOCATION		0%	0%	25%	0%	10%	0%
ZONING		0%	0%	0%	0%	0%	0%
NUMBER OF UNITS		0%	0%	0%	0%	5%	0%
UNIT MIX		0%	-5%	-5%	0%	-5%	0%
INTERIOR FINISH		0%	0%	0%	0%	0%	0%
SHAPE		0%	0%	0%	0%	0%	0%
TOPOGRAPHY		0%	0%	0%	0%	0%	0%
ACCESS		0%	0%	0%	0%	0%	0%
UTILITIES		0%	0%	0%	0%	0%	0%
LAND PER UNIT		0%	0%	0%	0%	0%	0%
AMENITIES		15%	0%	0%	0%	10%	0%
AGE/CONDITION		10%	5%	5%	0%	10%	0%
CONSTRUCTION QUALITY		0%	0%	0%	0%	0%	0%
NET ADJUSTMENT		25%	0%	25%	0%	30%	0%
INDICATED RATE/ APARTMENT		**$275,375**	**$298,794**	**$206,330**	**$242,791**	**$276,518**	**$275,952**

In estimating a rate for the subject property, consideration is given to the values indicated by each of the sales, as the transactions reflect generally recent settlement dates and current market expectations. Sale 1 is a smaller project that is located in Howard County and consideration is placed on the rate indicated by this sale. Sale 2 is a 2010 transaction, but is similar to the subject for construction quality and amenities. Sale 3 is in Baltimore County some distance from the subject property but is included because of the recent construction date. Sale 4 is the most recent transaction and is also similar with respect to amenities that include a parking garage. Sale 5 sold less than two years ago and is included because of the number of units included in the transfer. However, the property is located in Baltimore County and is considered inferior for location. Sale 6 is the most recent transaction and is located in Odenton in Anne Arundel County that would be competitive to the subject.

Before adjustment, the sales range in price from $123,182 to $219,701 per apartment. As adjusted, the sales indicate a range in value of $206,330 to $298794 per unit for the subject property. Of the six comparable sales used for direct comparison to the subject, three indicate value rates for the subject in the $275,000/$277,000 range. In estimating a rate for the subject property, most reliance is placed on the rates indicated by Sale 1 because of the Howard County location and on Sales 2 and 4, as each includes garage parking. Consideration is also given to the rate indicated by Sale 6 because of the recent settlement date.

Based on an analysis of the comparable sales, the market value of the subject property is estimated at a rate of $275,000 per apartment or:

416 apartments @ $275,000.00 per unit	$114,400,000.00

CONCLUSION

Therefore, based on the preceding sales comparison approach analysis, prevailing conditions and reasonably projected future conditions, the prospective market value of the fee simple interest of the subject property, as of January 1st, 2017, subject to the extraordinary/specific assumptions, underlying assumptions and contingent conditions as contained within this appraisal report, and unencumbered by any existing contracts of sale, is estimated as **ONE HUNDRED FOURTEEN MILLION FOUR HUNDRED THOUSAND DOLLARS ($114,400,000.00)**.

APARTMENT PROPERTY PROSPECTIVE MARKET VALUE BY THE INCOME CAPITALIZATION APPROACH (As of January 1st, 2017)

The income capitalization approach is based primarily on the principle of anticipation; that value is measured as the present worth of all income anticipated to be generated by the property over the ownership period. This approach also takes into consideration that the property will be put to that use, which, over a given period of time, will produce the greatest net return. Supply and demand are also important forces which must be examined in this approach with regard to rents, vacancy rates, demands of prospective purchasers, and available money supply. The income approach also considers the risks, rates of return and financing terms of substitute investments. All of these factors are influential on the income approach and must be analyzed from the market.

The income approach is an appraisal procedure that converts anticipated benefits to be derived from ownership of a property into a value estimate. The steps in this procedure are as follows:

1. Estimate the potential gross income.

2. Estimate the vacancy and collection loss and deduct from the potential gross income for an,

3. Estimate of gross income.

4. Estimate the expenses and deduct from the effective gross for an,

5. Estimate of net operating income before debt service.

6. Select the appropriate capitalization rate and method and capitalize the net income.

Important Note:

It is importantly noted that the following income approach valuation first values the subject property under the assumption that construction has been completed and that the subject property has reached market level rents and market level/stabilized occupancy as of the date of the appraisal report (December 2013). However, for purposes of this valuation the value sought is the prospective value as of the reasonably projected date of reaching market level/stabilized occupancy, which based upon our analysis shall reasonably occur as of January 2017.

In order to estimate the prospective market value as of January 1st, 2017 it is necessary to first provide an opinion of the market value at stabilization as of December 2013. Once this value has been estimated then it is necessary to adjust the value opined forward to January 1st, 2017. The adjustment for estimating the prospective market value as of January 1st, 2017 shall be made at the end of this valuation section.

Direct Capitalization Analysis

The market value of the fee simple estate of the subject property as improved is estimated based on a direct capitalization analysis of the projected net operating income. Typically, apartment properties similar to the subject are purchased by investors who would purchase the property based on a direct capitalization of the potential first year's income, rather than on the basis of a discounted cash flow analysis. The direct capitalization analysis is more pertinent due to the relatively minor fluctuations in the gross rental income of the property. In addition, expenses are not projected to vary greatly because of ongoing maintenance and scheduled repairs that are commonplace for apartment properties. As prospective purchasers evaluate investment alternatives using a direct capitalization methodology, the subject property is valued in this manner to reflect the local market. In addition, real estate agents specializing in the sale of apartment properties also indicate that if an income analysis is considered, a direct capitalization methodology is used.

A survey was conducted to project market rental rates for the one, two and three bedroom units available at the subject property. Income and expense information was obtained from the 2011 and 2012 editions of *Income/Expense Analysis: Conventional* Apartments published by the Institute of Real Estate Management as no historical information is available for the subject because of the proposed construction. In addition, expenses are also provided by the developer and are based on expenses experienced at other apartment projects. The capitalization rate for the subject property is projected based on capitalization rates obtained from the Real Estate Research Corporation and the *PwC Investor Survey* as well as derived from market transactions.

Subject Rents

Rentals rates are projected for the subject apartments in a range of $1,113 to $2,325 per month for a two bedroom, two bath unit with a balcony. The low end of the range is bracketed for an efficiency and a one bedroom, one bath unit identified as a moderate income housing unit where the landlord is responsible for paying utilities on this unit. In general, prices increase for units with two bedrooms and that feature a balcony. In general, tenants are responsible for utilities and interior cleaning of the unit with the landlord responsible for all other expenses.

Market Rents

A rental survey of the surrounding market area was conducted to project a market rental rate for subject units and to project whether proposed asking rates are consistent with market rental rates. Typically, properties similar to the subject property are leased for one year terms. Following is information on two similar projects; additional information on rates and other competitive rental apartment projects are included in the market study (see the section of this appraisal report entitled (highest and best use”).

The Palisades at Arundel Preserve contains of a total of 330 units identified as studio, one bedroom or two bedroom units. Prices for June 1, 2013 indicate that studio apartments typically contain areas of 546 to 655 square feet that lease at rates of $1,465 per month to $1,675 per depending on the style of the unit. One bedroom units are larger and contain areas ranging from 618 square feet to 890 square feet. Rentals range from $1,655 per month for the smallest unit to $1,975 per month for the most expensive one bedroom unit. The two bedroom units available at the property consist of regular single level units in addition to multi-level (loft) units. The loft units are larger containing areas of

1,307 square feet to 1,461 square feet with rentals in a close range of $2,890 to $3,000 per month. The two bedroom single level units range in size from 1,062 to 1,308 square feet with rental rates ranging from $2,250 to $2,890 per month. The rentals include utilities.

For the subject property, the efficiency or studio units contain areas of 500 square feet and are smaller and should lease at a slightly lower rate as comparable to the competitive property. The one bedroom units planned for the subject are to contain areas of 510 to 892 square feet for a unit with a den. The one bedroom garden apartments at the competitive project are within the same size range. Finally, the two bedroom units at the subject contain areas of 1,050 to 1,242 square feet and the area is with the same general size range for the market property. However, this property is considered to be better located than the subject and a downward adjustment would be made to reflect the better location.

The Residences at Arundel Preserve is another similar project that is of recent construction. Studio apartments in this development contain areas ranging in size from 489 to 530 square feet with monthly rentals in a range of $1,375 to $1,395. All utilities are included in the monthly rental rate. One bedroom units range in size from 740 to 861 square feet with rentals ranging from $1,610 to $1,775 per month. The larger one bedroom and den apartments contain areas ranging in size from 938 to 973 square feet. Rentals for these units range from $1,870 to $1,980 per month. Two bedroom units without a den contain areas of 1,050 to 1,479 square feet and lease at rates of $2,095 to *$2,700* per month inclusive of utilities. Two bedroom and den units contain an area of 1,374 square feet that are leased at a rate of $2,700 per month.

The subject units are planned in the same general size range, but are not as well located as the Residences at Arundel Preserve and would have a lower rent structure.

Summary of Rental Rates

Based on an analysis of rental rates in the two cited projected in addition to those developments included in the market study, the projected asking rental rates for the subject apartments are within the range of market rentals. At the projected rental, tenants would be responsible for utilities.

Market Rent Projection

Based on an analysis of rentals of apartment units within the area of the subject property, market rental rates in a range of $1,113 to $1,215 per month are projected for the efficiency units. One bedroom units are projected to be leased in a range of $1,113 to $1,800 per month and would depend on the size and layout of the unit. The two unit apartments are projected to be leased in a range of $2,125 to $2,325 per month. At the estimated rentals, the tenants would be responsible for utilities for the apartment. The landlord would be responsible for all other costs.

Potential Gross Income

Base Rental Revenue: The base rental revenue includes the projected rental income from leasing the proposed units. Gross rental revenue is projected at a total of $8,737,872 annually based on the market rental rates as follows.

Type of Unit	No. of Units	Monthly Rent	Annual Rent	Total Rent
Efficiency	29	$1,215	$14,580	$422,820
Efficiency MIHU	16	1,113	13,356	213,696
One Bedroom, One Bath	19	1,300	15,600	296,400
One Bedroom - Small	7	1,350	16,200	113,400
One Bedroom, One Bath	106	1,625	19,500	2,067,000
One Bedroom, One Bath	3	1,535	18,420	55,260
One Bedroom, One Bath MIHU	16	1,113	13,356	213,696
One Bedroom, One Bath Balcony	49	1,700	20,400	999,600
One Bedroom, One Bath Den	24	1,800	21,600	518,400
One Bedroom, One Bath Den	19	1,800	21,600	410,400
One Bedroom, One Bath Den	3	1,750	21,000	63,000
Two Bedroom, Two Baths	27	2,125	25,500	688,500
Two Bedroom, Two Baths Balcony	12	2,325	27,900	334,800
Two Bedroom, Two Baths Balcony	35	2,295	27,540	963,900
Two Bedroom, Two Baths	51	2,250	27,000	1,377,000
Potential Gross Rental Income	416		$303,552	$8,737,872

Other Revenue: Additional income for the subject property includes late fees, pet fees, maintenance charges, loft income, storage fees, credit report collections, court cost recoveries, additional parking fees and telephone commissions. Other income for the subject property is projected at a total of $373,500 comprised of $81,000 for lofts, $120,000 for storage fees and $172,500 for parking rentals. The additional income equates to $898 per unit.

According to the 2011 and 2012 IREM reports for conventional apartments, parking income ranged from $186 to $203 annually for Baltimore area apartments with other income adding between $713 and $752 per year for the surveyed apartment projects. All additional income totals $899 to $955 annually based on the IREM costs. The projected additional income for the subject is at the low end of the range.

Total Potential Gross Income is the sum of the projected rental and other income. Potential gross income is projected at $9,111,372 annually for the subject property.

General Vacancy and Collection Loss: From the estimated potential gross revenue is deducted a stabilized vacancy and collection loss. In reality, buildings are not expected to be fully occupied at all times and would, therefore, experience some periods of vacancy. Based on prevailing tight market conditions, it is probable and reasonable to project a minimum vacancy for the subject complex based on existing and anticipated market conditions. Based on the market survey, apartment vacancies range from 3-5% in larger market at this time. Market vacancy is projected at 5% and is consistent with similar projects in the area.

Effective Gross Income: Total potential gross revenue less the projected vacancy and collection loss is the **Effective Gross Income (EGI).** Effective gross income for the subject is projected at a total of $8,655,803 after deducting the 5% vacancy and collection loss.

OPERATING EXPENSES

The expenses attributable to the real estate may be categorized into fixed, variable and reserve for replacement or allowances. Fixed expenses include real estate taxes and building insurance. Variable expenses are those costs that vary with the level of occupancy or intensity of property operation and that are necessary to maintain the production of income exclusive of fixed expenses, debt service, depreciation allowance and a reserve for replacements. Although these expenses typically vary with the level of occupancy, some expenses associated with common area maintenance must be maintained regardless of full or partial occupancy.

No expense information could be obtained for the subject property. Therefore, expenses obtained from the 2011 and 2012 editions of *Income/Expense Analysis: Conventional* Apartments and published by the Institute of Real Estate Management are considered in projecting future expenses.

Fixed: Fixed expenses include those expenses that do not vary with the occupancy of the property and are paid regardless of the occupancy level. Real estate taxes and building insurance are typical fixed expenses.

Real Estate Taxes: Real estate taxes are projected for the subject property, as complete, based on the tax liabilities of comparable apartment projects. The assessments and tax liability for three properties follow and will be used as a basis in estimating real estate taxes for the subject apartment building.

(1) The FY14 tax liability for 7030 Gentle Shade Court is projected at a total of $329,600 annually indicating a rate of $1,648 per apartment. The property contains a supporting land area of 9.58 acres that is improved with an apartment project consisting of 200 units constructed in 1999. Real estate taxes for the subject property should be slightly higher to reflect the new construction.

(2) Concord Park is assessed at a total of $49,315,000 for a projected FY14 real estate tax liability of $523,725 indicating a rate of $1,563 per unit. The property contains an area of 11.8 acres that is improved with an apartment building and garage consisting of 335 units completed in 2005 according to assessment records.

The tax liability for the subject should be slightly higher because of the more recent construction and higher tax rates in Howard County as compared to Anne Arundel County.

(3) Two apartment developments in Towson in Baltimore County are assessed at a combined full cash value of $80,326,800 with a tax liability of $973,561 or $2,264 per unit. However, the property receives a credit from Baltimore County and does not pay the full amount of the taxes. The tax liability for the subject should be within the same range as this property.

The tax liability of the comparable properties is in a range of $1,563 to $2,264 per apartment including the supporting land. A rate of $2,000 per unit is projected for the subject property based on the rates indicated by the tax comparables.

The 2011 IREM edition for apartments reports an average real estate expense of $932 per unit for Baltimore area properties. The rate decreased to $951 per unit based on the 2012 publication. The survey includes properties in the Baltimore metropolitan area and reflects the various real estate tax rates for the different jurisdictions as well as the differing ages and conditions of the apartment projects included in the survey.

Real estate taxes are projected at a total of $832,000.00, or $2,000.00 per unit; the selected rate is based on the tax comparables and appears reasonable. Under apartment leases, the landlord is responsible for real estate taxes.

Insurance: Typically, property owners have a blanket insurance policy that includes extended coverage as well as public liability of the owner. According to the 2011 IREM apartment statistics, insurance costs averaged $162 per unit; the rate declined slightly to $160 based on the 2012 publication. The insurance expense for the subject would be higher to reflect the parking garage and common areas to be developed as part of the project. The developer reports insurance costs of $385 per unit and this amount is included as an expense for the subject.

Insurance expenses are projected at a total of $160,160 for the subject property and are the responsibility of the landlord.

Variable: Operating expenses include those costs that vary with the level of occupancy or intensity of property operation, and that are necessary to maintain the production of income exclusive of fixed expenses, debt service, depreciation allowance and reserve for replacements. Although these expenses typically vary with the level of occupancy, a multi-tenanted building such as the subject will incur certain operating expenses regardless of the level of occupancy that may include costs associated with the common areas which must be operated and maintained regardless of full or partial occupancy.

Management: Management charges are projected by the developer at a rate of 3.5% of effective gross income or $767 per unit. The 2011 IREM publication project median management costs of 4.6% or $526 per unit on average. The 2012 expense is projected at a median of 4.5% or $567 per apartment. A rate of 4% is projected for the subject property and reflects the number of tenants.

Administrative, Payroll, Supplies and Miscellaneous: Administrative, payroll, supplies and miscellaneous expenses take into account bank charges, employee expenses, medical insurance, legal and accounting, office expenses, supplies, license fees, telephone and office payroll. These charges ranged from ranged from $2,751 per unit as included in the 2011 IREM report and decreased to $1,945 the following year. The developer projects administrative and payroll costs at $1,948 per unit based on the costs incurred by other projects under the same ownership. A rate of $2,000 per unit is included as an expense for the subject property and is within the range of the IREM costs.

Utilities: Expenses for utilities, inclusive of water, sewer and electricity are projected at rates of $573 per unit for common areas to $1,269 per unit inclusive of all utilities as reported in the 2011 IREM publication. The costs included in the 2012 edition declined to $447 for common area charges only and to $1,000 per unit if all utilities are paid by the landlord. The developer estimates utility charges at a rate of $385 per units inclusive of the 32 MIHUs. The subject will be new construction and will feature more energy efficient HVAC systems and will be Silver LEED certified. Therefore, a rate of $400 per unit is included as an expense for utilities.

Repairs and Maintenance: This expense takes into account the normal repairs and maintenance costs of the buildings, as well as, grounds upkeep, snow removal, security, and maintenance and repair of all mechanical systems. Typically, this cost will vary from year to year and will also vary depending upon the age and condition of the improvements. Repair and maintenance costs are projected in the IREM costs for 2011 at a total of $753 per unit and would include painting and redecorating. The expense increased to a median of $854 per apartment based on the 2012 report. The projected expenses include painting and redecorating costs of $129 and $136 per unit, respectively, as reported in the 2011 and 2012 publications. Deducting these costs would indicate a range of $624 to $718 per unit. The developer projects repairs and maintenance expense of $661 per apartment that is within the range of the IREM costs and appears reasonable. Repairs and maintenance charges are projected at a rate of $650 per unit for the subject property; this is a landlord expense.

Tenant Improvements: Periodic tenant improvements are made during periods of tenant roll over and may include partitioning changes as well as installation of new carpeting, repairing damaged drywall, painting, and replacing ceiling panels. Apartments in the local market are typically leased "as is". The cost of refurbishing units is typically included as part of a reserve fund and not as a tenant improvement. In addition, most market participants do not include tenant improvements as a line item in a direct capitalization analysis. Therefore, no stabilized tenant improvement allowance is projected.

Leasing Commissions: Most participants in the market do not include leasing commissions as a line item in a direct capitalization analysis. Therefore, as no leasing commissions are presently being paid and most participants would exclude them from a direct capitalization analysis, no stabilized leasing commissions are projected.

Reserve for Replacements: This is an allowance in the annual operating statement to provide for the replacement of shorter life items such as roof covering, parking lot surfacing, heating, venting and cooling equipment and other periodic mechanical/structural repairs (not covered under the Repairs and Maintenance) that would be necessary in order to sustain a projected level of income. Typically, landlords include reserves as an expense in a direct capitalization analysis in valuing apartments. Reserve expenses for the subject property are projected at $131,733 annually and are based on an appliance allowance of $2,800 per units with another $1,000 per apartment for painting, redecoration and replacing floor finishes. Therefore, the total amount of reserves is $1,580,800. However, appliances and painting is projected to have useful life of 12 years; therefore, an annual expense of $131,733 is included ($1,580,800 divided by 12 years).

Net Operating Income: The **Net Operating Income** is the **Effective Gross Revenue** less all projected **Operating Expenses**. From the **Net Operating Income**, the estimated tenant improvement and capital costs must be deducted.

Stabilized Income and Expense Statement

Below is a projected stabilized income and expense statement for the subject property. Based on the projected market rents and estimated expenses, the net operating income for the subject property is forecast at $5,916,878.

Type of Unit	No./Units	Monthly Rent	Annual Rent	Total Rent
Efficiency	29	$1,215	$14,580	$422,820.00
Efficiency MIHU	16	1,113	13,356	$213,696.00
One Bedroom, One Bath	19	1,300	15,600	$296,400.00
One Bedroom - Small	7	1,350	16,200	$113,400.00
One Bedroom, One Bath	106	1,625	19,500	$2,067,000.00
One Bedroom, One Bath	3	1,535	18,420	$55,260.00
One Bedroom, One Bath MIHU	16	1,113	13,356	$213,696.00
One Bedroom, One Bath Balcony	49	1,700	20,400	$999,600.00
One Bedroom, One Bath Den	24	1,800	21,600	$518,400.00
One Bedroom, One Bath Den	19	1,800	21,600	$410,400.00
One Bedroom, One Bath Den	3	1,750	21,000	$63,000.00
Two Bedroom, Two Baths	27	2,125	25,500	$688,500.00
Two Bedroom, Two Baths Balcony	12	2,325	27,900	$334,800.00
Two Bedroom, Two Baths Balcony	35	2,295	27,540	$963,900.00
Two Bedroom, Two Baths	51	2,250	27,000	$1,377,000.00
Potential Gross Rental Income	416	$25,296	$303,552	**$8,737,872.00**

Type of Unit	No./Units	Monthly Rent	Annual Rent	Total Rent
Additional Income				
Lofts	45	$150	$1,800	$81,000.00
Storage	10,000	$1	$12	$120,000.00
Deck Parking	575	$25	$300	$172,500.00
Total Potential Gross Income				$9,111,372.00
Vacancy & Collection Loss, 5%				-$455,568.60
Effective Gross Income				**$8,655,803.40**
EXPENSES				
Real Estate Taxes				$832,000.00
Insurance				$160,160.00
Management				$346,232.14
Administrative, Payroll				$832,000.00
Repairs and Maintenance				$270,400.00
Utilities				$166,400.00
Reserves				$131,733.33
Total Expenses				$2,738,925.47
Net Operating Income				**$5,916,877.93**

Capitalization Rate and Method

Capitalization is the process of converting a series of anticipated future periodic payments of net income into present value. Factors critical in any capitalization method are the amount, timing, duration, stability and certainty or risk of the projected net income. In the preceding analysis these factors were analyzed resulting in a net operating income estimate.

In capitalizing the subject's net income into a present value estimate, the direct capitalization method using an overall capitalization rate was selected. This method capitalizes the starting, or first year's estimated stabilized net operating income, by an overall rate abstracted from the market. The overall rate is a combination of several ingredients that will not only reflect a satisfactory return on the investment, but also adjust for the effect on value due to potential depreciation or appreciation of the asset. Return on the investment and the applicable recapture, i.e., return of the investment, are not specifically identified, but are inherent in the overall rate.

The overall rate is obtained by dividing the net income before recapture by the sales price of the property and represents the relationship between the net income produced by a property and the sales price. This method provides a good indication of the return that buyers are seeking in the marketplace. The overall capitalization rate can be estimated from various sources, i.e., market derivation, national investment surveys and the band of investment.

Market Derivation

The improved apartment comparable sales included in this report traded at overall capitalization rates in a range of 4.57% to 7.12%. A review of the reported overall capitalization rates for the comparable sales are:

Sale No.	OAR (in place)	OAR (pro forma)
1	5.2%	5.6%
2	5.3%	5.4%
3	6.9%	7.12%
4	4.57%	
5	5.4%	

An overall capitalization rate in a range of 5-7% is projected for the subject based on sales and reflects conditions in the local market, as well as the location and new condition of the property.

Alternate Rate Derivation

Published investment surveys serve as secondary sources for overall capitalization rates. Data presented in these sources (the *Real Estate Report* as published by the Real Estate Research Corporation, and the *PwC Real Estate Investor Survey*) for the subject property type list overall capitalization rate ranges and averages as detailed in the following chart.

OVERALL CAPITALIZATION RATES

PUBLICATION	PROPERTY TYPE	DATE	RATE RANGE	AVERAGE OAR
RERC	Apartment (First Tier)	3Q13	4.3-8.05%	6.4%
RERC	Apartment (Second Tier)	3Q13	4.5-9.0%	7.2%
RERC	Apartment (Third Tier)	3Q13	4.7-11%	8.1%
RERC	Baltimore Market – Apartment	3Q13	n/a	5.7%
RERC	Washington Market – Apartment	3Q13	n/a	5.7%
PwC	National Apartment	4Q13	3.5-10%	5.8%
PwC	National Apartment*	4Q13	3.5-10%	5.8%
PwC	Apartment (Mid-Atlantic)	4Q13	4-8%	5.77%

- *non-institutional properties*

An average range of 5.7 to 8.1% is indicated for the subject property based on capitalization rates reported in national surveys. The subject would be considered to be most similar to a second tier apartment or Mid-Atlantic property given the new construction and location. Therefore, a rate in a range of 5-7.5% is projected for the subject property based on the rates indicated by the national surveys.

Band of Investment This method of overall capitalization rate estimation is a weighted average of the mortgage and equity positions using data from the market. Together these amounts indicate an overall rate applicable to the subject. The overall rate is a combination of several ingredients that will not only reflect a satisfactory return on the investment, but also adjust for any effect on the value due to potential depreciation or appreciation of the asset. Return on the investment and the applicable recapture, i.e., return of the investment, are not specifically identified, but are inherent in the overall rate.

Mortgage Portion Current mortgage rates vary depending on whether the interest rate is fixed, adjustable, or floating over the prime rate. Based on a survey of several lenders as to interest rates on commercial mortgages at this time, the most likely mortgage terms, whether adjustable, fixed or floating would likely be equivalent to a rate of 5% fixed rate loan, which would be amortized over 25 years (mortgage constant of 0.0695) on a 75% loan to value ratio, with a 5 year call at which time the terms would be renegotiated, plus one point (which adds 0.0020 to the mortgage constant). Thus, the total mortgage constant is 0.0715.

Equity Portion The equity portion of the property value is 25% which is multiplied by the equity dividend rate. This equity dividend rate is the amount remaining after the debt service is deducted from the net operating income divided by the equity amount. The market indicates a wide divergence among investors from a negative equity dividend rate (on small owner occupied office buildings with anticipated value appreciation) to a 12.5% (on rural income properties with little anticipated appreciation) or greater return. An equity dividend rate of 6% is selected to reflect the expectations of an investor of moderate future revenue growth in the subject property. The selected equity dividend rate is reflective of typical market level expectations for an investor who is not solely motivated by the immediate return on an investment in the subject property.

Following is the resulting overall rate by the band of investment based on the preceding conditions:

Mortgage Portion	0.75	x 0.0715	=	0.0536
Equity Portion	0.25	x 0.0600	=	0.0150
Total Property	1.00			0.0686

The indicated overall capitalization rate by this method is 6.86%. It is noted that the overall capitalization rate as calculated by the band of investment is based on current day interest rates and ownership expectations. Mortgage interest rates are projected to remain relatively stable throughout the remainder of the year and into 2014. Ownership expectations (the equity position) are long term and unlikely to change in the next several years.

Conclusion

Based upon indications from the improved comparable sales (which, excluding one sale, reflected overall capitalization rates in the 5% to 5.6% range), the local and national markets, as well as the indication from the mortgage equity method, it is our opinion that 5.5% is an appropriate overall capitalization rate to be applied to the net income before recapture of the subject property. The selected rate is within the range of the market derived capitalization rates and also within the range of rates reported in the national publications. The selected rate reflects the location and condition of the building. The value of the property is projected as follows:

$5,916,878 divided by 5.5%	$107,579,600.00
Value by the income capitalization approach	$107,579,600.00
Rounded to	$107,600,000.00

The above indicated value by the income approach reflects a value based upon "current day" (i.e., late December 2013. Importantly, the value sought herein is the prospective market value of the subject property at stabilized occupancy, which is reasonably projected to be January 1st, 2017.

Therefore, it is necessary to adjust the value indicated above in order to provide an opinion of the reasonably projected prospective market value as of January 1st, 2017. To do so the following adjustment is made.

Changing Market
Conditions:

In the valuation of the subject apartment component at stabilization it was necessary to adjust the indicated market value as of December 2013 to January 1st, 2017. The market conditions adjustment reflects changes in the prices paid for real estate because of the changes in the market over time. As more fully described in the section of this appraisal discussing market condition adjustments to land,

- An 8% per annum upward adjustment was made to the improved apartment comparable sales up to December 2013.
- A subsequent 4% upward market adjustment for the time period January 1st, 2014 to January 2015 was also made.
- For projecting a prospective value as of January 1st, 2017 (at stabilization) a further 2% per annum adjustment shall be made.

Thus, based upon the market condition adjustment used in the improved sales comparison approach it is necessary to make an 8% upward adjustment for changing market conditions for the time period January 2014 to January 2017.

Based upon the above the following prospective value is indicated:

$107,579,598.74 x 1.08	=	$116,185,966.64
Rounded to	=	$116,200,000.00

CONCLUSION

Therefore, based upon the prevailing market conditions and reasonably projected market conditions, the prospective market value of the fee simple estate of the subject property by the income capitalization approach, as complete and operating at a stabilized occupancy level, is estimated as of January 1st, 2017 to be **ONE HUNDRED SIXTEEN MILLION TWO HUNDRED THOUSAND DOLLARS ($116,200,000.00)**.

APARTMENT PROPERTY, AS COMPLETED, PROSPECTIVE MARKET VALUE RECONCILIATION AND FINAL VALUE ESTIMATE

Note:	Effective Date at Completion:	January 1st, 2016
	Effective Date at Stabilization:	January 1st, 2017

First, it is necessary to reconcile the different estimates of value as of the date of stabilization (January 1st, 2017 for the apartment building component. By doing so then the value selected shall be adjusted to the effective date of completion.

Subject to the above, the values estimated for the subject apartment property component as of the reasonably projected date at stabilization are estimated by each approach as follows:

COST APPROACH	**$105,300,000.00**
SALES COMPARISON APPROACH	**$114,400,000.00**
INCOME CAPITALIZATION APPROACH	**$116,200,000.00**

Because appraising is not a science wherein property differences may be precisely measured, it would be unusual for the value estimated by all approaches to be exactly the same. Each approach implements different tools to analyze the market data into an estimate of value and normally indicates a range of values to be reconciled into a final value estimate. The different methods of value estimation reveal both the strengths and weaknesses involved in the analyses and the imperfections in the market and the data used for each.

The subject is assumed to a finished site that is improved with a 416 unit apartment building and garage. The parcel is part of the Annapolis Junction Town Center mixed use development. The subject parcel consists of 8.9303 acres (or 389,004 square feet) that is zoned TOD. The value of the property assuming completion and operating at a stabilized occupancy level is projected by the cost, sales comparison and income capitalization approaches.

In the cost approach, sales of land proposed for apartment development were researched, analyzed and compared to the subject lot to estimate a value of the supporting site. Several of the sales are relatively recent and reflect current pricing for commercial sites. The replacement cost of the improvement is estimated using information obtained from the *Marshall Valuation* Service, a nationally recognized cost service with consideration also given to the developer's estimate of construction cost. The cost approach is considered in projecting the final value of the property as the building will be new and in excellent condition. The cost approach is approximately 12.1% less than the value indication by the income approach and suggests that the project is feasible.

In the valuation of the subject by the sales comparison approach, six sales of improved apartment properties within the larger market area were compared to the subject property to project a value assuming the building is complete and operating at a stabilized occupancy level. The retail center sales are within the general market of the subject property and contain reasonably comparable areas as the subject improvement. In addition, two of the apartment buildings also include parking similar to the subject building. The most pertinent unit of comparison was the sale price per apartment unit, including the supporting land and on-site improvements. The sales, for the most part, indicated an acceptable value range for the subject after adjusting for discernible differences. Generally, the sale properties were improved with well maintained, but not recently constructed apartment buildings. Some reliance is placed on the value indicated by this approach as the approach reflects the actions of buyers and sellers in the market. The indication of value by the sales comparison approach closely supports the indication of value by the income approach.

In the income capitalization approach, the quantity, quality and durability of the net incomes were analyzed through comparable rents, expenses and capitalization rates, to measure the present worth of the future benefits that may be anticipated from ownership of the property. These future benefits, i.e., anticipated net income flow, usually provide the principal motivation for purchase of income producing properties similar to the subject. Although the data in this approach may be limited to the extent of judgment and analytical skills in interpreting the market, these factors, in the final analysis, are based on the economic viability of the neighborhood, and are considered well supported by the market for income, expenses and rates of return. The subject property is valued using a direct capitalization analysis. In projecting a rental rate for the subject, a survey of comparable apartment rentals was made within buildings that are similar to the subject for construction quality and age and condition. No expense information is available for the subject; therefore, expenses are projected based on expenses obtained from national publications. The overall capitalization rate is selected based on market transactions of purchases of apartment properties and supplemented by return requirements of area investors as well as that of industry publications. Most reliance is placed on the value indicated by this approach.

After a review of the degree of adequacy and reliability of the available market data, the relative applicability of each approach to the property being appraised and the market value being sought, the supporting data in the income approach is given primary reliance in estimating a value of the property, assuming completion and operating at a stabilized occupancy level. The supporting data in the sales comparison approach is given secondary support while the indication of value by the cost approach is given least weight in the final selection of the prospective value of the subject as of the reasonably projected date of stabilization.

Accordingly, after a thorough analysis of the influencing factors, it is our reasonable opinion, based upon historical trends and available data as contained within this appraisal report, that the prospective market value of the fee simple estate of the subject property assuming completion and operating at a stabilized occupancy level, subject to the specific assumptions, underlying assumptions and contingent conditions contained herein, as of January 1st, 2017, is projected as:

ONE HUNDRED SIXTEEN MILLION DOLLARS
($116,000,000.00)

Value Adjustment to "At Completion" Date (January 1st, 2016):

The estimated value above assumes that the apartment building is operating at a stabilized occupancy level as of a prospective future date. However, the client requested a value of the property as of the projected date of completion, which is reasonably forecast as January 1st, 2016. At that time, the building will not be operating at a stabilized level. Therefore, deductions are made to the estimated value to reflect the rent loss over the period as well as the time and risk of holding the property during the lease up period.

Based on the experience of other apartment projects within the market area, a rate of 35 units per month is projected to be leased for a total lease up period of approximately one (1.0) year. During the lease up period, the owner will not receive all of the rent payments due when stabilized. The total potential gross income is projected at $9,111,372 annually or $21,902 per unit per year. In the analysis, all units are assumed to be leased at the end of the quarterly period. The discounted cash flow showing the rent loss is shown below.

PERIOD	1	2	3	4	
DATE	1/16-3/16	4/16-6/16	7/16-9/16	10/16-12/16	TOTALS
TOTAL NUMBER OF UNITS	416	416	416	416	
UNITS LEASED DURING PERIOD	105	105	105	101	416
CUMULATIVE UNITS LEASED	105	210	315	416	
UNITS REMAINING	311	206	101	0	
RENT LOSS FOR PERIOD	$2,277,843	$1,702,907	$1,127,970	$553,034	
DISCOUNT RATE	0.980392	0.961169	0.942322	0.923845	
DISCOUNTED RENT LOSS	**$2,233,179**	**$1,636,781**	**$1,062,912**	**$510,918**	**$5,443,790**

Discount Rate

Investors in institutional grade apartment buildings require returns of 6-14% with an average return of 8.17% according to the *PwC Real Estate Investor Survey* for the fourth quarter of 2013. The average discount rate is the same (8.17%) rate that characterized the market one year earlier and lower than which existed three years earlier (8.91%). Discount rates for Mid-Atlantic regional apartments ranged from 5-11.5%, with an average rate of 8.13% , which is lower than the average rate of 9.02% for the fourth quarter of 2012 and significantly lower than the discount rate of 10.04% in the fourth quarter of 2012 (three years ago). The *Real Estate Report* published by RERC reports internal rates of return for the East region in a range of 5.5-10% with an average rate of 8.1% for top tier apartment buildings for the third quarter of 2013. A rate in the range of 5.8-12% with an average of 8.8% is projected for second tier apartment properties for the same calendar period.

A discount rate of 8% is selected as an appropriate rate to reflect the risk and time of holding the subject building. Therefore, the discounted value of the rent loss is projected at a total of $5,443,790 that is deducted from the estimated value of the apartment project as stabilized. Thus, the value of the property net of the rent loss is projected at $110,556,210.00 ($116,000,000, rounded, less rent loss). In addition, a further discount is required to reflect the time that it will take to achieve a stabilized occupancy level. Therefore, the value net of the rent loss is discounted for one year to reflect the time period to achieve stabilized occupancy for the property. The same 8% discount rate is applied for a discounted value of the property as completed as of January 1st, 2016 of $102,366,869.30, rounded to $102,350,000.00 ($110,556,210.00 multiplied by a present worth factor at 8% for one year of 0.925926).

At Completion Value Conclusion:

Accordingly, after a thorough analysis of the influencing factors, it is our reasonable opinion, based upon historical trends and available data as contained within this appraisal report, that the prospective market value of the fee simple estate of the subject property assuming completion, subject to the specific assumptions, underlying assumptions and contingent conditions contained herein, as of January 1st, 2016:

ONE HUNDRED TWO MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS ($102,350,000.00)

PROSPECTIVE MARKET VALUE, ASSUMING COMPLETION OF ALL PUBLIC AND PRIVATE SITE IMPROVEMENTS, APARTMENT BUILDING AND RETAIL CENTER
AS OF A PROSPECTIVE FUTURE DATE
(As of January 1st, 2016)

The value of the property at completion as of January 1st, 2016 consists of the values of the various components as of the prospective date. The combined value of the components as of the projected date of completion follows:

Parcel B – Apartment Building	$102,350,000.00
Parcel C – Office Land	$ 4,750,000.00 (a)
Parcel D – Retail Building	$ 5,350,000.00
Parcel E – Restaurant Pad Site	$ 800,000.00 (a)
Parcel F – Hotel Land	$ 3,750,000.00 (a)
Parcel G – Kiosk Pad Site	$ 75,000.00 (a)
Value of the property	$ 117,075,000.00

Note: (a) above denotes property values estimated within this appraisal report which had an effective date of January 1st, 2015. Said values have not been adjusted to January 1st, 2016 but are discussed in the final selection of the prospective market value as of January 1st, 2016 within this section of the appraisal report.

The estimated component value must now be discounted to reflect a sale to a single purchaser. Importantly, based upon the indicated values and the overall development scheme as developed, the primary motivation to purchase the composite subject property would be to acquire the improved the apartment component and, as well, since it is also completed, the improved retail building. Therefore, in our opinion it is unreasonable to apply any discount to these two components of the overall, composite, subject property but it is reasonable to apply a discount to the above indicated values for the other land use components. Based upon interviews with developers, the buyer of a bulk holding of hotel and office land indicated that the price paid reflected the bulk purchase and that a discount of 25% was used in setting the purchase price of the portfolio. In the subject case the subject property would be more desirable because of the location and mixture of uses. Thus, while a discount shall not be applied to the subject improved apartment component or the improved retail component, a 20% discount (lower than the 25% as opined elsewhere within this appraisal report but done so due to the significantly reduced percentage of overall property value attributed to the "finished land only" subject land components) shall be applied to the remaining subject land use components.

Therefore, other than the improved apartment component and the improved retail component a discount of 20% is applied to the other, aggregated, subject components and results in a value for the subject property of

$102,350,000.00 + $5,350,000.00 + ($9,375,000 x 0.80) = $115,200,000.00

Comments:

It is noted that, in order to estimate the prospective market value of the apartment component, it was first necessary to estimate its value as of January 1st, 2017, the reasonably projected date of market level/stabilized occupancy. Since the client requested a value of the overall subject property as of the projected date of completion (forecast as January 1st, 2016), recognizing that the apartment building will not be operating at a stabilized level, it was necessary to make deductions to the estimated value to reflect the rent loss over the period as well as the time and risk of holding the property during the lease up period. Importantly, and as fully analyzed within this appraisal report, Westholm & Associates has estimated that the market value of the fee simple estate of the apartment building assuming completion and operating at a stabilized occupancy level, subject to the specific assumptions, underlying assumptions and contingent conditions contained herein, as of January 1st, 2017, is projected as One Hundred Sixteen Million Dollars ($116,000,000.00).

Furthermore, it has been noted at the beginning of this section of the appraisal report that the market values of certain subject property components (Parcels C, E, F and G) used in arriving at a final opinion of the prospective market value as of January 1st, 2016 are values opined within this appraisal report based upon an effective date of January 1st, 2015 (one year earlier). When considering the possibility of making an adjustment for changing market conditions for Parcels C, E and G [(o adjustment is considered appropriate for Parcel F, the hotel site) it is noted that were a 2% upward adjustment applied to said parcels for the one year difference and, furthermore, taking into consideration the 20% discount applied above to said parcels, the total adjustment would be approximately $90,000.00, more or less). Considering the overall property value selected it is the appraiser's opinion that no further adjustment (upward) is necessary within this valuation.

CONCLUSION

Accordingly, after a thorough analysis of the influencing factors, it is our reasonable opinion, based upon historical trends and available data as contained within this appraisal report, that the prospective market value of the fee simple estate of the subject property as compete, subject to the specific assumptions, underlying assumptions and contingent conditions contained herein, as of January 1st, 2016, the reasonably projected date of completion, is projected to be:

ONE HUNDRED FIFTEEN MILLION TWO HUNDRED THOUSAND DOLLARS
($115,200,000.00)

MARKETING TIME PROJECTION

Reasonable marketing time is an estimate of the time period that is required to sell a property interest in real estate at the estimated market value level during the period immediately following the effective date of an appraisal. The estimate of a marketing time for the subject property is based on: (1) marketing periods experienced by similar properties; (2) information gathered during the verification of sales; (3) interviews of market participants; and (4) changes that may be expected to occur in market conditions. Additional information regarding market conditions may include identification of typical market participants and typical financing arrangements. An estimate of a reasonable marketing time is a function of price, time, use and expected changes in market conditions. The estimate of the time period necessary to market and sell the subject property is based on the following observations.

Generally, marketing times vary inversely with the existing level of occupancy of a commercial or retail property. For those properties that are fully or substantially leased at market rents, the marketing period is often shorter than for projects with a high vacancy level or poor credit tenants. Shorter duration marketing times generally occur on stabilized occupancy properties with no contract or settlement complications. Delays in or increases in the marketing time for stabilized occupancy properties occur for a number of reasons; failed contracts which took the property off market, feasibility period complications, environmental assessment issues, and financing difficulties, to name a few. Lengthier marketing times generally occur on properties with non-stabilized occupancies, but also may occur for properties experiencing unmotivated sellers and any number of settlement complications. The subject is located in a market characterized by relatively low vacancy rates and older building stock. The subject sites offer a good location with excellent access to the regional road and rail networks and proximity to a growing population base with higher than average income levels. Demand for properties within the subject area continues to remain fairly stable because of the lack of immediate new surrounding commercial development and proximity to Fort Meade and NSA. However, some purchasers continue to report difficulty in securing financing, particularly for land, and will exercise caution when evaluating real estate assets.

The subject lot as a development site to support an apartment building, retail center and eventual development with an office building and a hotel would be readily marketable at the estimated values. In the sales comparison approach, marketing times for the comparable sales ranged from a minimal period as the buyer approached the seller to approximately one year. The marketing times are particularly short for improved and well tenanted apartment projects in the area. An average marketing period of 5.7 months on a range of zero to 18 months is projected by *PwC* for national apartment buildings for the fourth quarter of 2013. The average time period is longer than the 5.1 month average period that characterized the market one year earlier. *PwC* also projects marketing periods for apartment properties in the Mid-Atlantic region. Marketing periods for the fourth quarter of 2013 averaged 5.8 months on a range of two to 18 months. The average marketing period is unchanged for the past year. RERC projects average marketing periods for apartments of 3.0 months as of the end of the third quarter of 2013.

PwC also projects an average marketing period of 6.4 months and range of two to 12 months for national strip shopping centers for the fourth quarter of 2013. The rate is less than the fourth quarter of 2012, when it was 7.1 months. *PwC* also projects an average marketing period of 9.2 months for national suburban office properties and a rate of 5.9 months for suburban Maryland office buildings for the fourth quarter of 2013. Limited service hotel properties traded at an average marketing time of 7.7 months for the third quarter of 2013 according to *PwC*. An average period of 5.4 months is projected by RERC for neighborhood retail centers as of the third quarter of 2013. RERC reports an average marketing period of 5.8 months for hotel properties and 7.2 months for suburban office buildings as of the third quarter of 2013.

The projected marketing time will vary greatly, depending upon the aggressiveness of the marketing agent/company, the method of marketing, the market that is targeted, interest rates and the availability of credit at the time the property is marketed, the supply and demand of similar properties for sale/purchase at the time of sale, the perceived risk/market conditions, and possibly most importantly, the availability of typical due diligence information (such as an environmental study), at the time the property is marketed. A marketing period of not longer than 12 months is projected for each of the subject sites, as presently existing.

REASONABLE EXPOSURE TIME

Reasonable exposure time is defined by The Appraisal Standards Board of The Appraisal Foundation as follows:

> The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events and assuming a competitive and open market.

Reasonable exposure time is presumed to occur prior to the effective date of the evaluation. In addition, different types of properties can have varying exposure periods with longer periods associated with special purpose properties or at higher price ranges. The estimate of a reasonable exposure period can be based on an analysis based on: (1) statistical information about days on market; (2) history of comparable sales; or (3) interviews with market participants.

Several of the sales included in this report had relatively short exposure periods as certain potential purchasers were targeted without the property being actively listed for sale with a broker. Based on interviews with brokers in the area land market, the majority of investors in properties similar to the subject site would base a purchase price on the prices paid on comparable properties and the size of the extent of development permitted on the combined site. The estimated value of the subject land is related to the exposure period for the sale of the unimproved site. For the subject property, as presently existing, an exposure period of twelve months is estimated to have occurred prior to the effective date of this appraisal.

QUALIFICATIONS OF GARY T. WESTHOLM, MAI

EDUCATION

B. A. Degree, University of Baltimore, 1970
Continuing education through Appraisal Institute sponsored seminars and courses since 1971, including:

> Condemnation Appraising: Basic Principles & Applications, 2003
> Condemnation Appraising: Advanced Principles & Applications, 2003
> Uniform Appraisal Standards for Federal Land Acquisitions, 2004
> Uniform Standards of Professional Appraisal Practice (USPAP), having taken both The 15 hour course and the 7 hour update several times each over many years
> General Appraiser Market Analysis and Highest and Best Use
> Valuation of Conservation Easements, 2011

PROFESSIONAL AFFILIATIONS

Member, Appraisal Institute (MAI designation, Member # 6578)
State of Maryland, Certified General Real Estate Appraiser, Registration # 04-498
State of Virginia, Certified General Real Estate Appraiser, No. 4001-006812
State of Delaware, Certified General Real Property Appraiser, No. X1-0000380
Maryland Licensed Real Estate Salesperson
States temporarily licensed as a Certified General Appraiser since 2005: Texas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, Kentucky, West Virginia, Pennsylvania and Montana

EXPERIENCE

Forty (+) years experience in appraisal of real estate
Thirty five (+) years (+) experience as a licensed Real Estate Sales Associate

QUALIFIED EXPERT WITNESS AS AN APPRAISER

(*) And As a Planner on zoning/land use issues
U.S. Federal District Court for Maryland (***)**
U.S. Federal Bankruptcy Court (*)
Property Review Boards: Anne Arundel, Charles, and St. Mary's Counties
Circuit Court: Anne Arundel (*), Charles, Howard, and St. Mary’s Counties
Administrative Hearing Officer, Anne Arundel County (*)
Board of Appeals, Anne Arundel (*), Charles (*), Dorchester (*), Kent and Queen Anne’s Counties (*)
Zoning Board of Appeals, City of Annapolis (*)
Planning and Zoning Commission, City of Annapolis (*) and Kent County
City Council, City of Annapolis (*)
Zoning Hearing Examiner, Prince George’s County
District Court, Anne Arundel County
Liquor Boards for both the City of Annapolis and Anne Arundel County

QUALIFICATIONS OF ANTOINETTE WINEHOLT, MAI

EDUCATION

M. B. A., University of Baltimore, 1985
B. S. Degree in Business Administration, University of Baltimore, 1981

APPRAISAL COURSES

Real Estate Appraisal Principles, 1986
Introduction to Appraising Real Property, 1986
Basic Valuation Procedures, 1986
Maryland Chapter 26, Subdivision Analysis Seminar, 1986
Capitalization Theory and Techniques, Part A, 1987
Capitalization Theory and Techniques, Part B, 1987
Maryland Chapter 26, Highest and Best Use Seminar, 1987
Case Studies in Real Estate Valuation, 1988
Valuation Analysis and Report Writing, 1988
Maryland Chapter 26, Risk Analysis Seminar, 1988
Appraisal Institute, General Certification Review Seminar, 1991
Maryland Chapter of the Appraisal Institute, Subdivision Analysis, 1994
Maryland Chapter of the Appraisal Institute, Standards of Professional Practice, Part A, 1996
Maryland Chapter of the Appraisal Institute, Standards of Professional Practice, Part B, 1996
National Uniform Standards of Professional Appraisal Practice Update Course, 2003, 2006, 2009 and 2012
Commercial Development Update Seminars, 1997, 1998, 1999, 2000, 2002, 2004, 2007 and 2008
Advanced Income Capitalization, 2003
Uniform Appraisal Standards for Federal Land Acquisitions, 2006
Appraisal Curriculum Overview, 2011
Continuing education seminars and courses sponsored by The Appraisal Institute

PROFESSIONAL AFFILIATIONS

Member, Appraisal Institute, MAI Member 11746
Secretary, Maryland Chapter of the Appraisal Institute, 2007
Vice President, Maryland Chapter of the Appraisal Institute, 2006
Treasurer, Maryland Chapter of the Appraisal Institute, 2005
Regional Representative, Maryland Chapter of the Appraisal Institute, 2003-2004
State of Maryland, Certified General Real Estate Appraiser, License Number 04-220
Associate Member, Institute of Real Estate Management, 2003-Present
Member, Anne Arundel County Board of Realtors, Inc., 1988-Present
Maryland Licensed Real Estate Salesperson, 1988-Present

EXPERIENCE

1997 - Present, Real Estate Appraiser and Consultant, The Wineholt Group, Inc.
1993 - 1997, Real Estate Appraiser and Consultant, Powell and Westholm, Inc.
1985 - 1993, Real Estate Appraiser and Consultant, JDC Appraisal Services, Inc.

PROPERTY TYPES APPRAISED

Full narrative appraisal reports of office buildings, industrial facilities, retail centers, special purpose properties and residential development land.

UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS

In conducting this appraisal, your appraisers have assumed that:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

3. Responsible ownership and competent property management are assumed.

4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.

6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report. The property is not subject to flood plain or utility restrictions or moratoriums, except as reported to your appraiser and contained in this report.

9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property.

The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired. Should any subsequent studies, research, or investigation reveal the presence of any potentially hazardous substance, this appraisal is **INVALID**.

12. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication.

14. The appraisers, by reason of this appraisal, are not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

15. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identities of the appraisers, or the firms with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.

16. Any value estimate provided in the report applies to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.

17. Unless stated otherwise, no percolation tests have been performed on this property. In making the appraisal, it has been assumed that the property is capable of passing such tests so as to be developable to its highest and best use, as discussed in this report.

18. No in-depth inspection was made of the plumbing (including well and septic), electrical, or heating systems. The appraisers cannot warrant the adequacy/inadequacy of these systems.

19. The appraisal was prepared by the appraisers for the exclusive use of the client. The information and opinions contained in this appraisal set forth the appraisers' best judgment in light of the information available at the time of the preparation of this report. Any use of this appraisal by any other person or entity, or any reliance or decisions based on this appraisal are the sole responsibility and at the sole risk of the third party. The appraisers accept no responsibility for damages suffered by any third party as a result of reliance on or decisions made or actions taken based on this report.

20. It is our understanding that Hillis-Carnes Engineering Associates, Inc., a regional geotechnical and environmental engineering company, performed Phase I and Phase II environmental site assessments in October 2006 and October 2007, respectively, of the State of Maryland property. The engineering firm concluded that there were no conditions that posed any unacceptable risk in regard to future residential land use of this portion of the property. The firm also determined that no further investigations or actions were deemed necessary with respect to the site.

In August 2009, Kleinfelder East, Inc., a national geotechnical and environmental engineering company, completed a Phase I environmental site assessment of the Boise Cascade property. In January 2010, Andrew Garte & Associates, also a regional geotechnical and environmental engineering company, performed a limited Phase II environmental site assessment on the Boise property and identified petroleum related compounds and other metal and hydrocarbon compounds in the soils resulting from the former use of the property as a lumber storage yard and auto maintenance and repair facility. In October 2010, Kleinfelder completed a full Phase II environmental site assessment of the Boise property. In January 2011 Kleinfelder made application to the Maryland Department of the Environment (MDE) to enroll the property into the State's Voluntary Cleanup Program; the property was accepted by MDE in February 2011. Boise Cascade planned to remediate the areas of concern to acceptable commercial land use standards. Kleinfelder on behalf of Boise Cascade submitted a Response Action Plan (a remediation plan) in April 2012. The proposed remediation plan consisted primarily of the removal and replacement of affected soils with clean soil materials and was approved by MDE. Following Boise's implementation of the remedial work in early 2013, MDE issued a Certificate of Completion to Boise on May 7, 2013. The Certificate of Completion restricted future use of the Boise property to commercial and industrial uses only. The Certificate of Completion and future use of the Boise property also included the following conditions: (1) the groundwater beneath the property shall not be used for any purpose; and (2) no excavated material from the site shall be disposed of in areas with current or proposed residential use zoning. Only commercial uses are proposed for the Boise property based on the approved site development plan. Copies of the Phase I and various Phase II environmental site assessments prepared on the subject property could not be obtained. It is our understanding that Phase I and Phase II Environmental Site Assessments (ESA) were prepared on the subject property. However, copies of the environmental site assessments could not be obtained. According to the underwriter, the subject site is considered environmentally clean and no remediation will be required. It is an assumption of this appraisal that the subject property is environmentally clean. If subsequent information is obtained indicating that these assumptions are incorrect, then this appraisal and any estimate of value may need to be qualified or amended.

21. In addition, the property is appraised subject to an extraordinary assumption that the development will consist of 416 apartment units, 14,000 square feet of retail space, two retail pad sites with potential development of a 3,200 square foot restaurant or commercial building and a 250 square foot kiosk, an office building containing an area of 100,000 square feet in addition to a 150 room hotel. If eventual development of the

property differs significantly from that included in this report, then this appraisal and any estimate of value may need to be amended or qualified.

22. The valuations of the property assuming that all or a portion of the public improvements are constructed as of the effective date are based on a hypothetical assumption as the public improvements were not completed at that time. If the public improvements are not constructed, the value of the property will decrease and this appraisal and any estimate of value contained herein may need to be amended or qualified.

23. The valuation of the property assumes sufficient cross easements for access and parking with the adjoining sites. If subsequent information is obtained indicating this assumption to be incorrect, then this appraisal and any estimate of value may need to be amended or qualified.

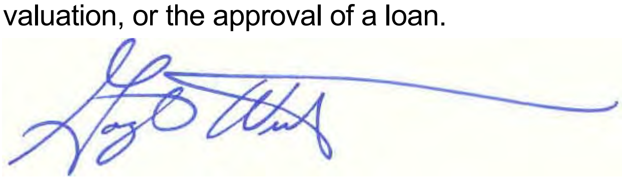
24. Furthermore, it is an assumption of this appraisal that all of the proposed public improvements and private site improvements could be completed as of January 1st, 2015 and that the apartment and retail buildings would be complete as of January 1st, 2016. If subsequent information is obtained indicating this assumption to be incorrect, then this appraisal and any estimate of value may need to be amended or qualified.

25. It is a limiting condition of this appraisal report that the market conditions from which the prospective value opinions are based upon are based upon historical, current and reasonably projected future conditions which are detailed within the report. The appraisers cannot be held accountable for unforeseeable events that alter market conditions prior to the effective dates of the appraisal.

CERTIFICATION OF APPRAISERS

We certify that, to the best of our knowledge and belief, ...

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
- Our engagement in this assignment, including remuneration, was not contingent upon developing or reporting predetermined results, including (1) a requested minimum, (2) specific valuation or (3) the approval of any financing.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors that cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's *Code of Professional Ethics* and *Standards of Professional Appraisal Practice*, which includes the *Uniform Standards of Professional Appraisal Practice*.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the persons signing this report.
- As of the date of this report, both Gary T. Westholm and Antoinette Wineholt have completed the requirements of the continuing education program of the Appraisal Institute.
- We have performed no services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.



Gary T. Westholm, MAI — Date: January 15th, 2014

Antoinette Wineholt, MAI — Date: January 15th, 2014

RESTRICTION UPON DISCLOSURE AND USE

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.

One (or more) of the signatories of this appraisal report is a Member (or Associate Member) of the Appraisal Institute. The By-Laws and Regulations of the Institute require each Member and Associate Member to control the use and distribution of each appraisal report signed by such Member or Associate Member. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by use of advertising media, public relations media, news media, sales media, or other media for public communication without prior written consent of the signatories of this appraisal report.

ADDENDA

COMPARABLE RENTALS - ANNAPOLIS JUNCTION TOWN CENTER RETAIL BUILDING

RENTAL	PROJECT	AREA/SF	BASE RENTAL RATE	EXPENSE BASIS	LEASE DATE	RENTAL INCREASES	CURRENT RENTAL RATE	LEASE TERM/YEARS	USE	TENANT IMPROVEMENTS	COMMENTS
1	Arundel Preserve Town Center	3,682	$32.50	Triple Net	6/12	7.5% every 5 years	$32.50	10	Retail	$50.00/SF LL	Tenant to pay percentage rent above sales of $1.5 million
2	Arundel Preserve Town Center	2,993	$25.00	Triple Net	4/12	0%	$25.00	5	Retail	$150.00 SF LL	Rental is based on 6% rent
3	Arundel Preserve Town Center	2,900	$55.17	Triple Net	4/13	0%	$55.17	10	Retail	$300.00/SF LL	Wine bar with rental based of 10% of sales
4	Shops at Arundel Preserve	1,000	$35.87	Triple Net	4/12	3%	$35.87	5	Retail	$25.00/SF LL	Current rental in a small retail building
5	Shops at Arundel Preserve	1,345	$33.00	Triple Net	3/13	3%	$33.00	10	Retail	$25.00/SF LL	Tenant to pay percentage rent above sales of $887,700 per year
6	Shops at Arundel Preserve	3,000	$30.00	Triple Net	11/12	12.5% every 5 years	$30.00	5	Retail	Minimal by LL	Low parking tenant
7	Waugh Chapel Town Center	6,000-8,000	$40.00-$45.00	Triple Net	Current	3%	$40.00-$45.00	10	Retail	$40.00-$45.00/SF LL	Range of rents for larger space users in Waugh Chapel Town Center

RETAIL RENTALS 1 - 6
SUBJECT PROPERTY
RETAIL RENTAL 7
Baltimore
Towson
Owings Mills
Brooklandville
Stevenson
Pikesville
Randallstown
Woodlawn
Ellicott City
Columbia
Elkridge
Halethorpe
Brooklyn
Curtis Bay
Dundalk
Glen Burnie
Hanover
Jessup
Savage
Laurel
Annapolis Junction
Ft George G Meade
Odenton
Gambrills
Crofton
Pasadena
Severna Park
Arnold
Annapolis
Edgewater
Beltsville
Greenbelt
College Park
Hyattsville
Landover
Largo
Mitchellville
Davidsonville
Bowie
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View of subject frontage looking north along Dorsey Run Road


View of subject frontage looking northwest along Henkels Lane

View looking southeast along Henkels Lane from Dorsey Run Road

View of entrance to the subject property from Dorsey Run Road

View of existing improvements on the subject property

Additional view of existing buildings on the subject property

View of existing parking lots on the subject property

Additional view of the existing parking lots on the subject property

View of one existing storm water management pond on the property

View of existing railroad right of way

44

SHA 61.11-25 2/1/89
OFFICE OF COUNSEL
707 N. Calvert Street
Baltimore, Maryland 21202

Mail Address - P.O. Box 717
Baltimore, Maryland 21203

DEED

TO
THE STATE OF MARYLAND
TO THE USE OF
THE STATE HIGHWAY ADMINISTRATION
OF THE
DEPARTMENT OF TRANSPORTATION

PAGE 1
Right of Way Item No.
78994
State Highway Administration
Project No.
HO 292-301-770

This Deed, Made this 23rd day of April in the year 1990

(A) WHEREAS, the State Highway Administration of the Department of Transportation, acting for and on behalf of the State of Maryland, finds it necessary to acquire the land, easements, rights and/or controls, shown and/or indicated on State Highway Administration's Plats Numbered 51222

RECD FEE 20.50
DEED # 46 #

which are duly recorded, or intended to be recorded, among the Land Records of

H O W A R D County(ies) in the State of [illegible] R01 T10:40
05/02/90

to lay out, open, establish, construct, extend, widen, straighten, grade and improve as a part of the State Roads System of Maryland, a highway and/or bridge, together with the appurtenances thereto belonging, under its Contract Number HO 292-508-770 and known as the

MD Rte. 32 (Patuxent Freeway) Interchange at Relocated Dorsey Run Road

and to thereafter use, maintain and/or further improve said highway and/or bridge, as a part of the Maryland State Roads System.

(B) NOW, THEREFORE, THIS DEED AND RELEASE WITNESSETH: That for and in consideration of the above premises, One Dollar ($1.00) and other good and valuable considerations, the receipt whereof is hereby acknowledged, we do hereby grant and convey unto the STATE OF MARYLAND, TO THE USE OF THE STATE HIGHWAY ADMINISTRATION OF THE DEPARTMENT OF TRANSPORTATION, its successors and assigns, FOREVER IN FEE SIMPLE, all our right, title and interest, free and clear of all liens and encumbrances, in and to

(C) ALL THE LAND, together with the appurtenances thereto belonging, or in anywise appertaining, lying between the outermost lines designated "Right of Way Line," as shown and/or indicated on the hereinbefore mentioned plats, all of which plats are made a part hereof, so far as our property and/or our rights may be affected by the said proposed highway and/or bridge, and the appurtenances thereto belonging, or in anywise appertaining.

(D) [illegible] the Department of Transportation, its successors and assigns, the right to create, use and maintain on the area of the land shown hatched thus on the above designated plats, such slopes as are necessary to retain and support the highway and/or adjacent property; it being agreed between the parties hereto, however, that at such time as the contour of the land over which this slope easement is granted is changed so that the easement required for slopes is no longer necessary to retain, support or protect the highway construction within the area conveyed in fee simple, then said easement for slopes shall cease to exist.

(E) AND THE GRANTORS DO FURTHER GRANT unto the State of Maryland, to the use of the State Highway Administration of the Department of Transportation, its successors and assigns, the perpetual right to create, use and maintain on the area of the land shown cross-hatched thus on the above designated plats such stream changes, side ditches, inlet ditches, outlet ditches, pipes, culverts and all other drainage facilities as are necessary in the opinion of the State Highway Administration to adequately drain the highway or adjacent property and/or control the flow of water through those drainage structures to be built to protect said highway.

(F) AND THE GRANTORS DO FURTHER GRANT unto the State of Maryland, to the use of the State Highway Administration of the Department of Transportation, its successors and assigns, the perpetual right to discharge the flow of water from such stream changes, side ditches, inlet ditches, outlet ditches, pipes, culverts and all other drainage facilities as are necessary in the opinion of the State Highway Administration to adequately drain the highway or adjacent property and/or control the flow of water through those drainage structures to be built to protect said highway (either within the areas shown cross-hatched thus or within the limits of the areas hereinbefore conveyed in the fee simple) into existing waterways or natural drainage courses, as indicated by the symbol and/or upon the existing ground, as indicated by the symbol at the outlet end of the drainage facilities so created by the State Highway Administration, all of which are shown graphically and indicated by appropriate symbols and explanatory notations on the aforesaid plats.

(G) AND THE GRANTORS DO FURTHER GRANT unto the State of Maryland, to the use of the State Highway Administration of the Department of Transportation, its successors and assigns, ANY AND ALL RIGHT WHATSOEVER of the GRANTORS, their heirs, successors and assigns, of any means whatsoever of ingress or egress between the THROUGH HIGHWAY and their remaining property across the lines which are designated "Right of Way Line of Through Highway," to the end that there never will be any vehicular, pedestrian and/or animal access to or from said Through Highway and their remaining property across those lines which are so marked on the above mentioned plats, except by means of such public road connections as are authorized by law.

(H) AND THE GRANTORS DO FURTHER GRANT unto the State of Maryland, to the use of the State Highway Administration of the Department of Transportation, its successors and assigns, ANY AND ALL RIGHT WHATSOEVER of the GRANTORS, their heirs, successors and assigns, of vehicular ingress or egress between their remaining property and the highway across those portions of the right of way lines which are marked "THROUGHOUT THIS PORTION OF THE RIGHT OF WAY LINE ALL VEHICULAR ACCESS IS DENIED," to the end that there never will be any vehicular access to or from said highway and their remaining property across those portions of the said right of way lines which are so marked on the above mentioned plats.

The actual consideration paid by the Grantee to the Grantors is Three Hundred Ninety-five Thousand and 00/100 ($395,000.00) Dollars.

RECEIVED FOR TRANSFER
State Department of
Assessments & Taxation
for Howard County
Calvin A Mills 5/2/90
Date

All Taxes on Assessments certified to the Collector of Taxes for Howard County, Md. by 5/2/90 have been paid. This statement is for the purpose of permitting recordation and is not assurance against further taxation even for prior periods, nor does it guarantee satisfaction of

CONTINUED ON PAGE 2

Agricultural Transfer Tax in the
Amount of $ N/A
Signature Calvin A Mills 5/2/90

20 08-129904

[illegible] 83.13-34 [illegible]

CONTINUED FROM PAGE 1

~~[illegible] the company might during the period of construction to use the area of land shown hatched~~
~~thus [illegible] on the aforesaid Plat(s) for the purpose of~~
~~[illegible] Upon completion of this construction, all right to utilize this area by SHA shall~~
~~[illegible]~~

(7) AND THE GRANTORS [illegible] do hereby covenant and agree, on behalf of themselves, their heirs, successors and [illegible] respect each and every control or restriction set forth in this instrument of writing, it being the intention of this conveyance to perpetuate all the rights and privileges granted to the State of Maryland, to the use of the State Highway Administration, by this deed. It is expressly understood and agreed that these covenants shall run with and bind upon the GRANTORS, their heirs, successors and assigns, forever.

(8)

The undersigned officer on behaif of Henkels, Inc., a Maryland corporation hereby certifies that this conveyance is not part of a transaction in which there is a sale, lease, exchange or other transfer of all or substantially all of the property and assets of Henkels, Inc., a Maryland corporation.

IT BEING a part of the same property conveyed by George V. Spindler and Helen G. Spindler, his wife, to Henkels, Inc., a Maryland corporation, by Deed dated 12/4/80 and recorded on 12/11/80 among the Land Records of Howard County, Maryland, in Liber C.M.P. No. 1031, folio 62.

CONTINUED ON PAGE 3

BINDING MARGIN
DO NOT WRITE IN THIS SPACE

BINDING MARGIN
DO NOT WRITE IN THIS SPACE

* Continuation of clause (z):

Trust securing George V. Spindler and Helen G. Spindler, his wife

(V) TOGETHER with the buildings and improvements thereupon erected, made or being and all and every the rights, roads, alleys, ways, waters, privileges, appurtenances and advantages, to the same belonging, or anywise appertaining.

(W) IT IS UNDERSTOOD AND AGREED that the State Highway Administration shall have no further obligation or liability for the results of construction, reconstruction, maintenance or further construction of said highway and/or bridge.

(X) TO HAVE AND TO HOLD the land and premises above described and mentioned and hereby intended to be conveyed unto the proper use and benefit of the State of Maryland, to the use of the State Highway Administration of the Department of Transportation, its successors and assigns forever in fee simple, together with the rights, easements, privileges and controls hereinbefore mentioned. The property conveyed in fee simple by this instrument is 1.718 acres.

(Y) AND the grantors covenant that they have neither done, nor suffered to be done, anything to encumber the property, easements and/or rights, etc., hereby conveyed, and that they will execute such other and further assurance of same as may be requisite.

(Z) AND Charles T. Albert and Edward J. Levin - Trustees under a Deed of* join in this conveyance for the purpose of releasing the land, easements and/or rights herein conveyed from the operation and effect and any mortgage and/or lien which they hold upon the property of the grantors, retaining their rights as mortgagees and/or lienors in and to the remainder of the land of the grantor not affected by this conveyance.

IN WITNESS WHEREOF we have hereunto set our hands and seals.

WITNESS ____________ HENKELS, INC., a Maryland corporation (SEAL)

WITNESS ____________ ____________ (SEAL)

WITNESS [illegible] By: [illegible] (SEAL)

WITNESS Carol A. [illegible] Charles T. Albert, Trustee (SEAL)

CHARLES T. ALBERT, Trustee

WITNESS ____________ [illegible] Trustee (SEAL)

WITNESS [illegible] EDWARD J. LEVIN, Trustee

WITNESS ____________ ____________ (SEAL)

WITNESS ____________ ____________ (SEAL)

WITNESS ____________ ____________ (SEAL)

WITNESS ____________ ____________ (SEAL)

Please Have Notary Public Complete Acknowledgements on Page 4

SEE PAGE 4 FOR ACKNOWLEDGMENTS

ACKNOWLEDGMENTS

STATE OF MARYLAND - ~~COUNTY~~ City OF Baltimore..................

I hereby certify that, before me, the subscriber, a NOTARY PUBLIC of the STATE OF MARYLAND, ~~in and for~~ ....County, personally appeared......Charles T. Albert and Edward J. Levin Trustees

and each severally acknowledged the aforegoing deed and release to be ~~XXXXXXXX~~ *their respective act, ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ on behalf of George V. Spindler and Helen G. Spindler, Beneficiaries

AS WITNESS MY HAND AND NOTARIAL SEAL, this 9 th day of April ....in the year 1990

NOTARY SEAL

Darlene L. Zoeller NOTARY PUBLIC.

My Commission expires July 1, 1990

DARLENE R. ZOELLER NOTARY PUBLIC ANNE ARUNDEL COUNTY MD

STATE OF MARYLAND - COUNTY OF Howard..................

I hereby certify that, before me, the subscriber, a NOTARY PUBLIC of the STATE OF MARYLAND, in and for Baltimore County, personally appeared J. Timothy Duggan - President Henkels, Inc.

and each severally acknowledged the aforegoing deed and release to be ~~*his *her or *their respective act~~, or *to be the act of the said body corporate. (NOTE: strike out the words not applicable.)

AS WITNESS MY HAND AND NOTARIAL SEAL, this 23rd day of April ....in the year 1990

NOTARY SEAL

....NOTARY PUBLIC.

My Commission expires July 1, 1993

STATE OF MARYLAND - COUNTY OF..................................

I hereby certify that, before me, the subscriber, a NOTARY PUBLIC of the STATE OF MARYLAND, in and for ....County, personally appeared..

and each severally acknowledged the aforegoing deed and release to be *his *her or *their respective act, or *to be the act of the said body corporate. (NOTE: strike out the words not applicable.)

AS WITNESS MY HAND AND NOTARIAL SEAL, this............day of..............................in the year........

NOTARY SEAL

....NOTARY PUBLIC.

My Commission expires

DEED

FROM

....

....

TO

THE STATE OF MARYLAND
TO THE USE OF
THE STATE HIGHWAY ADMINISTRATION
OF THE
DEPARTMENT OF TRANSPORTATION

Received for Record..............19....

at......o'clock......M. Same day recorded in

Liber......No.........Folio........

One of the Land Records of......................County,

and examined per..............................Clerk.

Cost of Record $.........

TO - State Highway Administration

This conveyance has been recorded in the office of Real Estate Ledger.

No Entire property was acquired by deed

Entire property has been acquired and entered in property record - Form RW-91

INDEXED IN LEDGER DATE

By: ....

Ledger Clerk.

OFF CONVEYANCES MADE.

Return Recorded Deed to:
Chief, Records and Research Section
State Highway Administration
707 North Calvert Street - Room 405
Baltimore, Maryland 21203-0717

51B

IN THE CIRCUIT COURT FOR HOWARD COUNTY

STATE RAILROAD ADMINISTRATION, etc.
Plaintiff

v. Case No. 90-CA-14047

JACK GOTTLIEB, et al.
Defendants

ENTERED
FEB 8 1993
CLERK, CIRCUIT COURT
HOWARD COUNTY

Eh

* * * * * *

AGREED INQUISITION

THIS INQUISITION made and taken at Bar in the Circuit Court for Howard County, in the matter of the Petition of the State Railroad Administration, etc. v. Jack Gottlieb, et al., it being hereinafter determined that the Plaintiff has the right to condemn the property hereinafter mentioned, Witnesseth:

THAT upon agreement between the parties to said action resolving all issues herein for determination concerning the damages which the Defendants will sustain by the taking, use and occupation of said property consisting of:

Parcel "A" as shown on a plat of subdivision entitled "Golden Key" and recorded among the Land Records of Howard County, Maryland at Plat Book 5909, consisting of 5.765 acres, more or less.

BEING that the property now held under the provisions of a Deed in Dissolution dated 5/7/84 and recorded on 5/16/84 among the

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Land Records of Howard County, Maryland, in Liber No. 1250, folio 634, wherein, pursuant to Articles of Voluntary Dissolution which were adopted by the Board of Directors of Golden Key Homes, Inc. on 4/19/84 and accepted for record by the State Department of Assessments and Taxation on 5/3/84, Golden Key Homes, Inc. conveyed all of its interest unto Jack Gottlieb.

TOGETHER with the buildings and improvements thereon and the rights, alleys, ways, waters, roads, privileges, appurtenances and advantages to the same belonging or in anyway appertaining.

THE presence of a Jury and the view of the property having been waived, I do find and determine that it is necessary for the Plaintiff to acquire the said property and that the damages to be sustained by the Defendants to this cause for the taking of the property described in the Petition for the purposes therein set out, is the sum of **One Million Four Hundred Seventy-five Thousand and 00/100 ($1,475,000.00) Dollars.** Said sum being inclusive of all prejudgment interest and any and all postjudgment interest for a period of ninety (90) days. If said damages are not paid within ninety (90) days of the date hereof, then commencing on the ninety first (91) day, the Plaintiff shall pay interest thereon at the rate of ten percent (10%) per annum until payment thereof is made, unless the Plaintiff shall file its Election to Abandon as provided by law.

The Defendant, Jack Gottlieb, shall have thirty (30) days from the date that the payment of the aforesaid sum is made to remove all personal property belonging to him from the condemned real estate.

AND upon the payment of said sum to the Defendants or into the registry of the Court in these proceedings, the title to the property shall be held and become vested in the State of Maryland, to the use of the State Railroad Administration, free, clear and discharged from any claims, liens or demands of the Defendants, and the said State Railroad Administration shall thereupon have the right to immediate possession of said property upon the passage of thirty (30) days as aforesaid.

IN WITNESS WHEREOF, I have hereunto signed this Inquisition this 3rd day of February, 1993.

JUDGE

THE presence of a Jury in these proceedings and the view of the premises being hereby waived, the undersigned consent to the passage of the above Inquisition.

Richard T. Brice, IV
Assistant Attorney General
Attorney for Plaintiff

Richard E. Basehoar
Senior Assistant County Attorney

Jack Gottlieb

Frank B. Walsh
Attorney for Defendant

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After recording mail to:

Tony J. Steenkolk, Esq.
Boise Cascade Corporation
(Legal Department)
1111 West Jefferson Street
P.O. Box 50
Boise, ID 83728

Tax Parcel No. 06-403085

11/12/04

For Recorder's Use Only

SPECIAL WARRANTY DEED

(Annapolis Junction, MD)
(Site No. 2-1-19)

This **SPECIAL WARRANTY DEED**, made this 20th day of October, 2004, from **BOISE CASCADE CORPORATION**, a Delaware corporation, having an address of 1111 West Jefferson Street, Boise, Idaho 83728 ("Grantor"), to **BOISE MARYLAND BUSINESS TRUST**, a Maryland business trust, having an address of 8960 Henkels Lane, Annapolis Junction, Howard County, Maryland ("Grantee").

Nature of Conveyance and Consideration:
This instrument is a conveyance (a) in which Grantee is, and has been since its formation, a wholly owned subsidiary of Grantor and (b) without monetary consideration of any kind whatsoever other than the nominal consideration recited hereunder. This conveyance is being made pursuant to Sections 12-108(p)(1) and 13-207(a)(9) of the Tax-Property Article of the Annotated Code of Maryland and is therefore exempt from the payment of recordation and transfer taxes.

20
20
a

WITNESSETH, that Grantor, in consideration of the sum of Five Dollars ($5.00) and other good and valuable consideration, (there being no actual consideration paid by Grantee), does hereby grant, bargain, sell, convey and confirm unto Grantee, and the heirs or successors and assigns of Grantee:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in Howard County, State of Maryland, as further described on "Exhibit A" attached hereto and made a part hereof (the "Property");

TOGETHER with all right, title and interest, if any, of Grantor in and to any streets and roads abutting the Property to the center lines thereof, and all access rights of Grantor in and to the Property (collectively, the "Access Rights"); and

First American Title Order #NCS-90511-CH1 (2 of 6)

AFTER RECORDING, PLEASE RETURN TO:
Attn: Martha Nemitz
First American Title Insurance Co.
401 East Pratt Street, Suite 323
Baltimore, MD 21202
Re: 60405008/90511

TOGETHER with the hereditaments and appurtenances and all the estate and rights of Grantor in and to the Property, including, without limitation, timber rights, mineral rights and water rights (collectively, the "Property Rights");

SUBJECT only to taxes, assessments and other governmental charges not yet delinquent, and the following exceptions, none of which, individually or in the aggregate, materially impair the current use (or materially detract from the value as currently used) of either the Property, the Access Rights or the Property Rights: (i) easements, quasi-easements, licenses, covenants, rights-of-way and other similar restrictions, including any other agreements, conditions, restrictions or other matters which are of record and would be shown by a current title report or other similar report or listing; (ii) any conditions that may be shown by a current survey or physical inspection; and (iii) zoning, building and other similar restrictions (collectively, the "Permitted Exceptions").

GRANTOR hereby binds itself and its successors to warrant and forever defend the right and title unto Grantee, its assigns and successors, subject to the Permitted Exceptions, for all purposes, against the claims of all persons owning, holding or claiming by, through or under Grantor, but against none other, and Grantor hereby represents and warrants further that it has no knowledge that such warranties are untrue as against the claims of any persons owning, holding or claiming, by, through or under any holders in title to the Property prior to Grantor.

TO HAVE AND TO HOLD the Property, the Access Rights and the Property Rights, unto Grantee, the heirs or successors and assigns of Grantee, forever.

[Signatures appear on the following pages]

IN WITNESS WHEREOF, Grantor has duly executed this deed by its duly authorized officer or representative on the day and year first above written.

BOISE CASCADE CORPORATION, a Delaware corporation

By: Stanley Bell

Name: Stanley Bell

Its: Sr.Vice President

WITNESS:

By: Jan Michaelson

Name: Jan Michaelson

Corporate Seal:

By: Cherie H. Anderson

Name: Cherie H. Anderson

STATE OF IDAHO,

COUNTY/CITY OF ADA/BOISE, to wit:

I HEREBY CERTIFY that on this 20th day of October, 2004, before me, a Notary Public for the aforesaid State, personally appeared Stanley Bell, who acknowledged himself/herself to be the Sr. Vice President of the Grantor corporation herein, and that he/she as such Sr. Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing, in my presence, the name of the said corporation by himself/herself as Sr. Vice President.

IN WITNESS WHEREOF, I have set my hand and notary seal as of the day and year first above written.

My Commission Expires:

7-9-10

Jan Michaelson (SEAL)
Notary Public
Jan Michaelson
Residing at: Boise, Idaho

JAN MICHAELSON NOTARY PUBLIC STATE OF IDAHO

I HEREBY CERTIFY that the within and foregoing instrument was prepared by or under the supervision of the undersigned, an attorney admitted to practice before the Court of Appeals of Maryland.

Russell R. Reno, Jr.
Russell R. Reno, Jr.

Mail Tax Bills To:

Property Tax Department
Boise Cascade Corporation
P.O. Box 50
Boise, ID 83728

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

All those lots or parcels of land located in Howard County, Maryland and more particularly described as follows:

BEING KNOWN AND DESIGNATED as Parcel "B" as shown on a plat of subdivision entitled "Golden Key" and recorded among the Land Records of Howard County, as Plat Number 5909. TAX ID NO. 06-403085

Certification of Exemption from Withholding Upon Disposition of Maryland Real Estate Affidavit of Residence or Principal Residence

Based on the certification below, Transferor claims exemption from the tax withholding requirements of § 10-912 of Maryland's Tax General Article. Section 10-912 states that certain tax payments must be withheld when a deed or other instrument that affects a change in ownership of real property is recorded. The requirements of § 10-912 do not apply when a transferor provides a certification of Maryland residence or certification that the transferred property is the transferor's principal residence.

NAME OF TRANSFEROR: BOISE CASCADE CORPORATION., a Delaware corporation

REASON FOR EXEMPTION: BOISE CASCADE CORPORATION., a Delaware corporation has registered with the Maryland State Department of Assessments and Taxation to do business in the State of Maryland and therefore is a "resident entity" within the meaning of Section 10-912 of the Tax-General Article of the Maryland Code.

Under penalty of perjury, We certify that we have examined this declaration and that, to the best of our knowledge, it is true, correct, and complete.

WITNESS: TRANSFEROR

BOISE CASCADE CORPORATION,
a Delaware corporation

By: Stanley Bell

Name: Stanley Bell
Title: Sr. Vice President

IMP FD SURE $ 20.00
RECORDING FEE 20.00
TOTAL 40.00
Rest CH05 Rcpt # 17932
MDR PJR Blk # :543
Nov 15, 2004 11:45 am

LIBER 8772 FOLIO 630

State of Maryland Land Instrument Intake Sheet

☐ Baltimore City ☒ County: Howard

Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office only.

(Type or Print in Black Ink Only - All Copies Must Be Legible)

Space Reserved for Circuit Court Clerk Recording Validation

Type(s) of Instruments	(☐ Check Box If Addendum Intake Form is Attached.) [1] Special Warranty Deed [2] Indemnity Deed of Trust
Conveyance Type (Check Box)	☐ Improved Sale Arms-Length [1] ☐ Unimproved Sale Arms-Length [2] ☐ Multiple Accounts Arms-Length [3] ☒ Not an Arms-Length Sale [9]
Tax Exemptions (if Applicable) Cite or Explain Authority	Recordation: 12-108(p)(1) and 13-207(a)(9) Tax-Property Article (Deed) State Transfer: Indemnity Deed of Trust (as to Trust) County Transfer:

Consideration and Tax Calculations

Consideration Amount		Finance Office Use Only	
Purchase Price/Consideration	Zero -0-	Transfer and Recordation Tax Consideration	
Any New Mortgage	$2,905,000,000.00	Transfer Tax Consideration	
Balance of Existing Mortgage		X ( ) % =	
Other: 2nd		Less Exemption Amount -	
		Total Transfer Tax =	
Other:		Recordation Tax Consideration	
		X ( ) per $500 =	
Full Cash Value		TOTAL DUE	

Fees

Amount of Fees	Doc. 1	Doc. 2	
Recording Charge	20.00	75.00	Agent:
Surcharge	20.00	20.00	Tax Bill:
State Recordation Tax			
State Transfer Tax			C.B. Credit:
County Transfer Tax			
Other			Ag. Tax/Other:
Other			

Description of Property

SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).

District	Property Tax ID No. (1)	Grantor Liber/Folio	Map	Parcel No.	Var. LOG
06	403085	1286/726		B	☐ (5)

Subdivision Name	Lot 3(a)	Block(3b)	Sect/AR(3c)	Plat Ref.	SqFt/Acreage(4)
Golden Key				5909	6.141 ac. +-

Location/Address of Property Being Conveyed (2): 8960 HENKELS LANE

Other Property Identifiers (if applicable): | Water Meter Account No.:

Residential ☐ or Non-Residential ☒ | Fee Simple ☒ or Ground Rent ☐ | Amount:

Partial Conveyance? ☐ Yes ☒ No | Description/Amt. of SqFt/Acreage Transferred:

If Partial Conveyance, List Improvements Conveyed:

Transferred From

Doc. 1 - Grantor(s) Name(s)	Doc. 2 - Grantor(s) Name(s)
BOISE CASCADE CORPORATION	BOISE MARYLAND BUSINESS TRUST
Doc. 1 Owner(s) of Record, if different from Grantor(s)	Doc. 2 Owner(s) of Record, if different from Grantor(s)

Transferred To

Doc. 1 - Grantee(s) Name(s)	Doc. 2 - Grantee(s) Name(s)
BOISE MARYLAND BUSINESS TRUST	FIRST AMERICAN TITLE INSURANCE COMPANY

New Owner's (Grantee) Mailing Address: 8960 HENKELS LANE ANNAPOLIS JUNCTION, MD 20701

Other Names to be Indexed

Doc. 1 - Additional Names to be Indexed (Optional)	Doc. 2 - Additional Names to be Indexed (Optional)
	JPMORGAN CHASE BANK

Contact/Mail Information

Instrument Submitted By or Contact Person

Name: MARTHA NEMITZ FILE NO. NCS-90511/ 60405008

Firm: FIRST AMERICAN TITLE INSURANCE COMPANY

Address: 401 E. PRATT STREET, SUITE #323, BALTIMORE, MD 21202

Phone: (410) 783-0400

☒ Return to Contact Person ☐ Hold for Pickup ☒ Return Address Provided

IMPORTANT: *BOTH* THE ORIGINAL DEED *AND* A PHOTOCOPY MUST ACCOMPANY EACH TRANSFER

Assessment Information

☐ Yes ☐ No Will the property being conveyed be the grantee's principal residence?

☐ Yes ☐ No Does transfer include personal property? If yes, identify:

☐ Yes ☐ No Was property surveyed? If yes, attach copy of survey (if recorded, no copy required).

Space Reserved for County Validation

Assessment Use Only - Do Not Write Below This Line

☐ Terminal Verification ☐ Agricultural Verification ☐ Whole ☐ Part ☐ Tran. Process Verification

Transfer Number | Date Received: | Deed Reference: | Assigned Property No.:

Year	20	20	Geo.	Map	Sub	Block
Land			Zoning	Grid	Plat	Lot
Buildings			Use	Parcel	Section	Occ.Cd.
Total			Town Cd.	Ex.St.	Ex.Cd.	

REMARKS:

11/30/2004.

I HEREBY CERTIFY, THAT THIS PLAT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND IS IN COMPLIANCE WITH THE REGULATIONS SET FORTH IN CHAPTER 08, REGULATION .12 OF THE MINIMUM STANDARDS OF PRACTICE OF MARYLAND.

KEVIN F. STEINKOLBER
MARYLAND PROPERTY LINE SURVEYOR #58 — DATE 06/06/08

LEGEND

o DENOTES PIN W/CAP SET

PURPOSE NOTE

THE PURPOSE OF THIS PLAT IS TO:

1. CONSOLIDATE EXISTING PARCELS.
2. CREATE SIX NON-BUILDABLE BULK PARCELS

OWNERS INFORMATION

STATE OF MARYLAND
301 W. PRESTON STREET
BALTIMORE, MD 21201

STATE RAILROAD ADMINISTRATION
C/O MASS TRANSIT ADMINISTRATION
OFFICE OF REAL ESTATE AND FREIGHT
6 ST. PAUL STREET
BALTIMORE, MD 21202

AREA TABULATION CHART

A. TOTAL NUMBER OF LOTS AND OR PARCELS TO BE RECORDED:

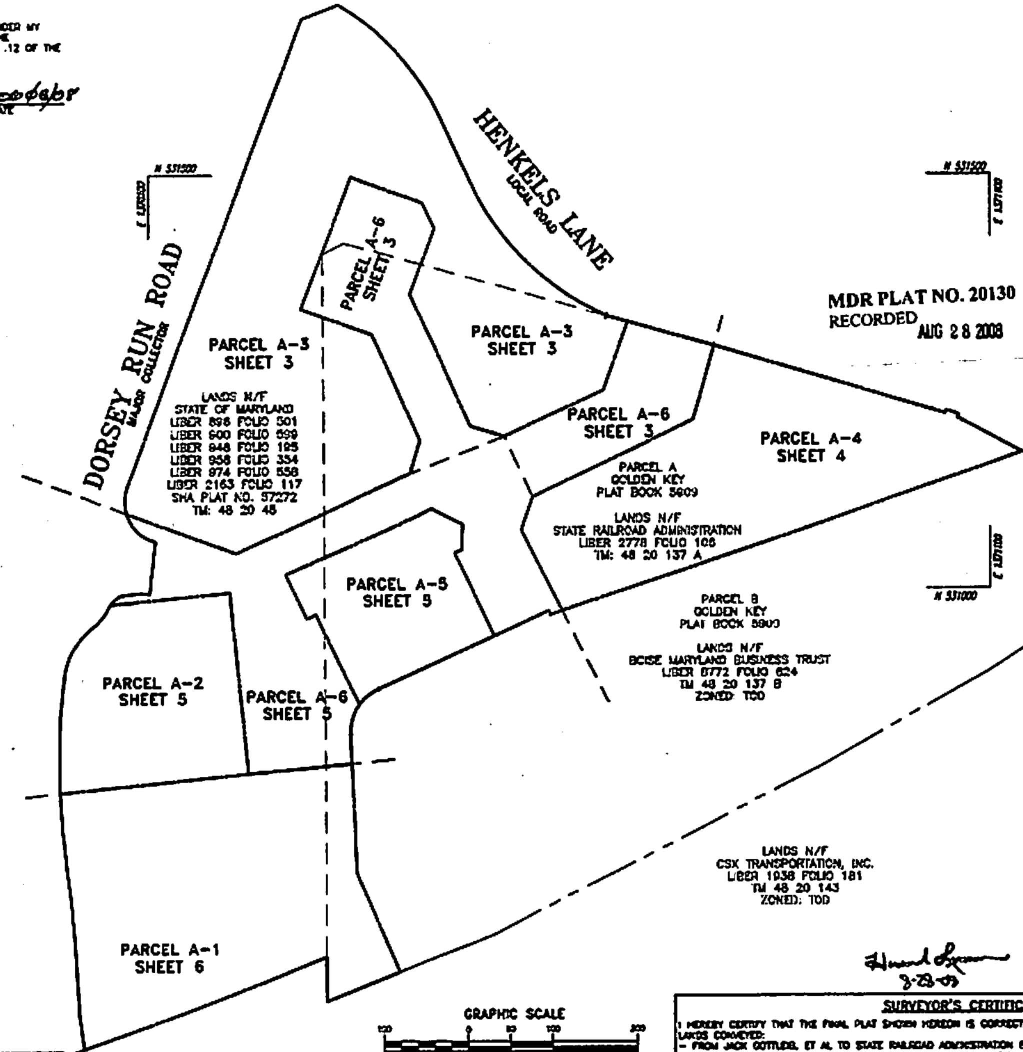
Buildable	0
Non-buildable	6
Open Space	0
Preservation parcels	0

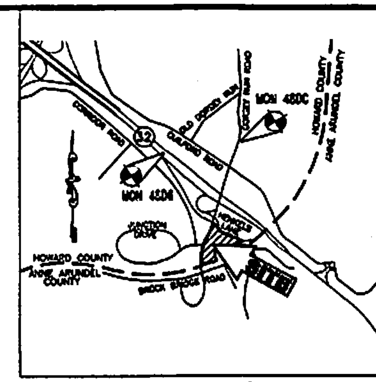
B. TOTAL AREA OF LOTS AND/OR PARCELS TO BE RECORDED:

Buildable	0 AC.±
Non-buildable	12.735 AC.±
Open Space	0 AC.±
Preservation parcels	0 AC.±

C. TOTAL AREA OF ROADWAY TO BE DEDICATED: 0 AC.±

D. TOTAL AREA OF SUBDIVISION: 12.735 AC.±





LOCATION MAP

SCALE: 1" = 2000'

GENERAL NOTES

1. COORDINATES ARE BASED ON NAD 83, MARYLAND COORDINATE SYSTEM AS PROJECTED BY HOWARD COUNTY GEODETIC CONTROL STATIONS MON 480C & MON 4206.
2. AREAS SHOWN HEREON ARE "MORE OR LESS".
3. THIS PLAT IS BASED ON A FIELD RUN MONUMENTED BOUNDARY SURVEY COMPLETED 04/25/07 BY BOHLER ENGINEERING.
4. THE SUBJECT PROPERTY IS ZONED TOD (TRANSIT ORIENTED DEVELOPMENT) DISTRICT PER THE 07/28/06 ZONING REGULATIONS.
5. NO BURIAL GROUNDS OR CEMETERIES EXIST ON SITE.

[redacted]

7. WETLANDS AND AN INTERMITTENT STREAM EXIST ONSITE AS LOCATED BY ECO-SCIENCE PROFESSIONALS, INC. AND CAN BE SEEN ON THE EXISTING CONDITIONS PLANS AS FILED UNDER APPROVED SP-07-08. PERMITS SHALL BE OBTAINED FROM MDE AND WAIVER SHALL BE OBTAINED FROM HOWARD COUNTY (APPROVED 4/23/07, WP-07-84) TO ALLOW FOR MITIGATION AND DEVELOPMENT OF THESE AREAS.
8. SEE DEPARTMENT OF PLANNING AND ZONING FILE NOS. F-03-17, F-93-83, F-03-50, WP-07-84, AND AA-07-018, SP-07-08.
9. WATER AND SEWER SERVICE TO THESE LOTS WILL BE GRANTED UNDER THE PROVISIONS OF SECTION 18.122.B OF THE HOWARD COUNTY CODE.
10. NO GRADING, REMOVAL OF VEGETATIVE COVER OR TREES, PAVING AND NEW STRUCTURES SHALL BE PERMITTED WITHIN THE REQUIRED WETLANDS, STREAMS OR THEIR REQUIRED BUFFERS, EXCEPT AS APPROVED BY THE DEPARTMENT OF PLANNING AND ZONING AS ESSENTIAL DISTURBANCES OR BY WAIVER PETITION WP-07-84.
11. PUBLIC WATER AND SEWAGE ALLOCATION WILL BE GRANTED AT THE TIME OF ISSUANCE OF THE BUILDING PERMIT IF CAPACITY IS AVAILABLE AT THAT TIME.
12. THE FOREST CONSERVATION REQUIREMENTS PER SECTION 16.1200 OF THE HOWARD COUNTY CODE AND THE FOREST CONSERVATION MANUAL FOR THIS SUBDIVISION WILL BE FULFILLED BY A FEE-IN-LIEU REQUEST FOR 43,424.40 S.F. (1.00 AC.) OF FORESTS. THE FOREST CONSERVATION OBLIGATION FOR THIS SUBDIVISION IS 1.0 ACRE OF REFORESTATION WHICH WAS BASED ON A NET TRACT AREA OF 3 ACRES (GROSS TRACT AREA OF 12.7 ACRES – 9.7 ACRES PREVIOUSLY DEVELOPED) WILL BE FULFILLED BY A FEE-IN-LIEU PAYMENT IN THE AMOUNT OF $32,568.00 FOR 43,424.40 SQUARE FEET AT $0.75 PER SQUARE FOOT.
13. WAIVER PETITION WP-07-84, REQUESTING WAIVERS FROM SECTION 16.116(A)(1) "PROTECTION OF WETLANDS", SECTION 16.116(A)(2) "PROTECTION OF INTERMITTENT STREAM BUFFER", AND SECTION 16.120(C)(1) "MINIMUM PUBLIC ROAD FRONTAGE" OF THE HOWARD COUNTY SUBDIVISION AND LAND DEVELOPMENT REGULATIONS WAS APPROVED ON APRIL 23, 2007.
14. AN ADMINISTRATIVE ADJUSTMENT AA-07-018, REQUESTING A REDUCTION IN THE REQUIRED MINIMUM BUILDING SETBACK FROM 30' TO 24' ON PARCEL A-6, AS REQUIRED BY SECTION 127.4.E.2.B (2)(A) OF THE HOWARD COUNTY ZONING REGULATIONS WAS APPROVED ON 8/28/07.
15. THE REQUIRED LANDSCAPE OBLIGATIONS FOR THIS PROJECT IN ACCORDANCE WITH SECTION 16.124 OF THE HOWARD COUNTY CODE AND THE LANDSCAPE MANUAL WILL BE DEFERRED UNTIL THE SITE DEVELOPMENT PLAN SUBMISSIONS AND LANDSCAPE SURETY WILL BE PAID UNDER A DEVELOPER'S AGREEMENT AT THAT TIME.
16. ALL PARCELS ARE NON-BUILDABLE UNTIL A REVISED PLAT HAS BEEN RECORDED AND THE SUBSEQUENT SITE DEVELOPMENT PLANS HAVE BEEN APPROVED.
17. THE EXISTING TRAILER AND SHED LOCATED ON PARCEL A-1 COMPLY WITH THE "TOD" ZONING DISTRICT REGULATIONS AND WILL TEMPORARILY REMAIN UNTIL FUTURE SDP PLAN SUBMISSIONS.
18. THE 65 DBA NOISE CONTOUR LINE DRAWN ON THIS SUBDIVISION PLAN IS ADVISORY AS REQUIRED BY THE HOWARD COUNTY DESIGN MANUAL, CHAPTER 5, REVISED FEBRUARY, 1992 AND CANNOT BE CONSIDERED TO EXACTLY LOCATE THE 65 DBA NOISE EXPOSURE. THE 65 DBA NOISE LINE WAS ESTABLISHED BY HOWARD COUNTY TO ALERT DEVELOPERS, BUILDERS AND FUTURE RESIDENTS THAT AREAS BEYOND THIS THRESHOLD MAY EXCEED GENERALLY ACCEPTED NOISE LEVELS ESTABLISHED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
19. THIS PLAN IS SUBJECT TO THE AMENDED FIFTH EDITION OF THE SUBDIVISION AND LAND DEVELOPMENT REGULATIONS PER COUNCIL BILL NO. 45-2003 AND THE AMENDED ZONING REGULATIONS PER COUNCIL BILL NO. 75-2003. DEVELOPMENT OR CONSTRUCTION ON THIS PROPERTY MUST COMPLY WITH SETBACK AND BUFFER REGULATIONS IN EFFECT AT THE TIME OF SUBMISSION OF THE SITE DEVELOPMENT PLAN, WAIVER PETITION APPLICATION OR BUILDING/GRADING PERMIT APPLICATIONS.
20. ALL PARCELS WITHIN THIS SUBDIVISION SHALL BE SUBJECT TO THE RECORDING OF A SHARED ACCESS AND PARKING AGREEMENT FOR A MIXED USE CENTER IN ACCORDANCE WITH SECTION 16.120(C)(1) OF THE SUBDIVISION AND LAND DEVELOPMENT REGULATIONS. THE SHARED ACCESS AND PARKING AGREEMENT FOR THIS PROJECT WAS RECORDED AT THE HOWARD COUNTY LAND RECORDS OFFICE ALONG WITH THE RECORDING OF THIS FINAL PLAT.

8-28-08

BOHLER ENGINEERING

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING AND ZONING

Chief, Development Engineering Division — Date 8/11/08

Director — Date 8/25/08

APPROVED: FOR PUBLIC WATER AND PUBLIC SEWERAGE SYSTEMS IN ACCORDANCE WITH THE MASTER PLAN OF WATER AND SEWERAGE FOR HOWARD COUNTY.

Howard County Health Department — Date 8/20/2008

OWNER'S CERTIFICATE

THE STATE OF MARYLAND BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND THE STATE RAILROAD ADMINISTRATION BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND DESCRIBED HEREON, HEREBY ADOPTS THIS PLAN OF SUBDIVISION, AND IN CONSIDERATION OF THE APPROVAL OF THIS FINAL PLAT BY THE DEPARTMENT OF PLANNING AND ZONING, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES AND GRANT UNTO HOWARD COUNTY, MARYLAND, ITS SUCCESSORS AND ASSIGNS: (1) THE RIGHT TO LAY, CONSTRUCT AND MAINTAIN SEWERS, DRAINS, WATER PIPES AND OTHER MUNICIPAL UTILITIES AND SERVICES, IN AND UNDER ALL ROADS AND STREET RIGHTS-OF-WAY AND THE SPECIFIC EASEMENT SHOWN HEREON, (2) THE RIGHT TO REQUIRE DEDICATION FOR PUBLIC USE THE BEDS OF THE STREETS AND/OR ROADS, AND FLOODPLAINS AND OPEN SPACE WHERE APPLICABLE AND FOR GOOD AND OTHER VALUABLE CONSIDERATION, HEREBY GRANT THE RIGHT AND OPTION TO HOWARD COUNTY TO ACQUIRE THE FEE SIMPLE TITLE TO THE BEDS OF THE STREETS AND/OR ROADS AND FLOODPLAINS, STORM DRAINAGE FACILITIES AND OPEN SPACE WHERE APPLICABLE; AND (3) THE RIGHT TO REQUIRE DEDICATION OF WATERWAYS AND DRAINAGE EASEMENTS FOR THE SPECIFIC PURPOSE OF THEIR CONSTRUCTION, REPAIR AND MAINTENANCE; AND (4) THAT NO BUILDING OR SIMILAR STRUCTURE OF ANY KIND SHALL BE ERECTED ON OR OVER THE SAID EASEMENTS AND RIGHT-OF-WAYS.

THE REQUIREMENTS OF SECTION 3-108, THE REAL PROPERTY ARTICLE, ANNOTATED CODE OF MARYLAND, 1988 REPLACEMENT VOLUME, (AS SUPPLEMENTED) AS FAR AS THEY RELATE TO THE MAKING OF THIS PLAT AND THE SETTING OF MARKERS HAVE BEEN COMPLIED WITH.

WITNESS OUR HANDS THIS 23rd DAY OF July, 2008.

7/23/08

ATTEST:

PAUL WIEDEFELD, ADMINISTRATOR
STATE OF MARYLAND AND STATE RAILROAD ADMINISTRATION
MARYLAND TRANSIT AUTHORITY — DATE

NOTARY PUBLIC — BALTIMORE CITY

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE FINAL PLAT SHOWN HEREON IS CORRECT; THAT THIS IS A SUBDIVISION OF ALL OF THE LANDS CONVEYED:

- FROM JACK GOTTLIEB, ET AL TO STATE RAILROAD ADMINISTRATION BY DEED DATED FEBRUARY 8, 1993, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2778 FOLIO 106 (TM PARCEL 137)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED AUGUST 9, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 898 FOLIO 501 (TM PARCEL 45)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED NOVEMBER 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 974 FOLIO 558 (TM PARCEL 45)
- FROM ALBERT P. WEIR TO STATE OF MARYLAND BY DEED DATED AUGUST 29, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 900 FOLIO 599 (TM PARCEL 45)
- FROM GEORGE V. SPINDLER TO STATE OF MARYLAND BY DEED DATED JUNE 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 948 FOLIO 195 (TM PARCEL 45)
- FROM HENKLES, INC. TO STATE OF MARYLAND BY DEED DATED MAY 2, 1990, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2163 FOLIO 117 (TM PARCEL 45)
- FROM JACK GOTTLIEB TO STATE OF MARYLAND BY DEED DATED JULY 19, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 958 FOLIO 354 (TM PARCEL 45)

AND THAT ALL MONUMENTS ARE IN PLACE OR WILL BE IN PLACE PRIOR TO THE ACCEPTANCE OF STREETS IN THE SUBDIVISION BY HOWARD COUNTY AS SHOWN IN ACCORDANCE WITH THE ANNOTATED CODE OF MARYLAND AS AMENDED, AND MONUMENTATION IS IN ACCORDANCE WITH THE HOWARD COUNTY SUBDIVISION REGULATIONS.

STATE OF MARYLAND — KEVIN F. STEINKOLBER — PROFESSIONAL LAND SURVEYOR

KEVIN F. STEINKOLBER
MARYLAND PROPERTY LINE SURVEYOR #58 — DATE 06/06/08

RECORDED AS PLAT NUMBER ______ ON ______
AMONG THE LAND RECORDS OF HOWARD COUNTY MARYLAND.

SAVAGE TOWNE CENTRE
PARCELS "A-1" THRU "A-6"

A RESUBDIVISION OF PARCEL "A"
GOLDEN KEY PLAT NO. 5909 AND
A SUBDIVISION OF THE LANDS OF
STATE RAILROAD ADMINISTRATION
LIBER 2778 FOLIO 106
AND THE STATE OF MARYLAND
LIBER 898 FOLIO 501, LIBER 900 FOLIO 599
LIBER 948 FOLIO 195, LIBER 958 FOLIO 354
LIBER 974 FOLIO 558, LIBER 2163 FOLIO 117
TAX MAP 48, GRID 20, PARCEL(S) 45 & 137 & 194
6TH ELECTION DISTRICT HOWARD COUNTY MARYLAND
DATE: APRIL 24, 2008 SCALE: 1"=100'
ZONING: PARCEL 45 TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 137A TOD (TRANSIT ORIENTED DEVELOPMENT)
SHEET 1 OF 6

SD63817-SUB

COUNTY FILE# F-08-124

P155710

MSA C2U 8125 4282-1

MDR PLAT NO. 20131
RECORDED AUG 2 8 2008

COORDINATE LIST

POINT	NORTH	EAST
[illegible]	[illegible]	[illegible]

COORDINATE LIST

POINT	NORTH	EAST
[illegible]	[illegible]	[illegible]

BOUNDARY CURVE TABLE

CURVE	LENGTH	RADIUS	DELTA	TANGENT	CHORD	CHORD BEARING
C1	101.38	1154.46	5°01'54"	50.72	101.35	N05°58'45"W
C2	91.95	1068.51	4°55'50"	46.00	91.92	N02°06'09"W
C3	96.43	722.45	7°38'52"	48.29	96.36	N03°30'23"E
C4	68.44	90.00	43°34'06"	35.97	66.80	N29°06'47"E
C5	33.70	75.00	25°44'50"	17.14	33.42	N37°51'59"E
C6	24.33	25.00	55°45'26"	13.22	23.38	N52°52'33"E
C7	29.97	117.50	14°36'53"	15.07	29.89	N88°04'03"E
C8	82.61	50.00	94°39'55"	54.25	73.53	N27°04'37"W
C9	179.07	295.03	34°46'31"	92.39	176.33	S42°08'06"E
C10	229.85	328.48	40°05'32"	119.86	225.19	S44°47'40"E
C11	69.14	59.06	67°04'29"	39.15	65.26	S31°04'19"W
C12	308.13	4244.47	4°09'34"	154.13	308.06	S69°31'44"W

BOUNDARY LINE TABLE

LINE	BEARING	LENGTH
L1	S72°46'19"E	13.07
L2	N18°21'00"E	4.07
L3	S70°22'37"E	16.02
L4	S20°53'22"W	4.07

I HEREBY CERTIFY, THAT THIS PLAT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND IS IN COMPLIANCE WITH THE REGULATIONS SET FORTH IN CHAPTER 06, REGULATION .12 OF THE MINIMUM STANDARDS OF PRACTICE OF MARYLAND.

KEVIN F. STEINHILBER — DATE 06/06/08
MARYLAND PROPERTY LINE SURVEYOR #83

OWNERS INFORMATION

STATE OF MARYLAND
301 W. PRESTON STREET
BALTIMORE, MD 21201

STATE RAILROAD ADMINISTRATION
C/O MASS TRANSIT ADMINISTRATION
OFFICE OF REAL ESTATE AND FREIGHT
6 ST. PAUL STREET
BALTIMORE, MD 21202

PURPOSE NOTE

THE PURPOSE OF THIS PLAT IS TO:
1. CONSOLIDATE EXISTING PARCELS.
2. CREATE SIX NON-BUILDABLE BULK PARCELS

PLAT FEE-A 2.
PLAT RECORDATION 2.
TOTAL 5.
Rcpt # 6549
Blk # 232
Aug 28, 2008 03:34

BOHLER ENGINEERING

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING AND ZONING

Chief, Development Engineering Division — Date 8/11/08

Director — Date 8/25/08

APPROVED: FOR PUBLIC WATER AND PUBLIC SEWERAGE SYSTEMS IN ACCORDANCE WITH THE MASTER PLAN OF WATER AND SEWERAGE FOR HOWARD COUNTY.

Balufan for Peter Beilenson — 8/20/2008
Howard County Health Department — Date

OWNER'S CERTIFICATE

THE STATE OF MARYLAND BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND THE STATE RAILROAD ADMINISTRATION BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND DESCRIBED HEREON, HEREBY ADOPTS THIS PLAN OF SUBDIVISION, AND IN CONSIDERATION OF THE APPROVAL OF THIS FINAL PLAT BY THE DEPARTMENT OF PLANNING AND ZONING, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES AND GRANT UNTO HOWARD COUNTY, MARYLAND, ITS SUCCESSORS AND ASSIGNS (1) THE RIGHT TO LAY, CONSTRUCT AND MAINTAIN SEWERS, DRAINS, WATER PIPES AND OTHER MUNICIPAL UTILITIES AND SERVICES, IN AND UNDER ALL ROADS AND STREET RIGHTS-OF-WAY AND THE SPECIFIC EASEMENT SHOWN HEREON, (2) THE RIGHT TO REQUIRE DEDICATION FOR PUBLIC USE THE BEDS OF THE STREETS AND/OR ROADS, AND FLOODPLAINS AND OPEN SPACE WHERE APPLICABLE AND FOR GOOD AND OTHER VALUABLE CONSIDERATION, HEREBY GRANT THE RIGHT AND OPTION TO HOWARD COUNTY TO ACQUIRE THE FEE SIMPLE TITLE TO THE BEDS OF THE STREETS AND/OR ROADS AND FLOODPLAINS, STORM DRAINAGE FACILITIES AND OPEN SPACE WHERE APPLICABLE; AND (3) THE RIGHT TO REQUIRE DEDICATION OF WATERWAYS AND DRAINAGE EASEMENTS FOR THE SPECIFIC PURPOSE OF THEIR CONSTRUCTION, REPAIR AND MAINTENANCE; AND (4) THAT NO BUILDING OR SIMILAR STRUCTURE OF ANY KIND SHALL BE ERECTED ON OR OVER THE SAID EASEMENTS AND RIGHT-OF-WAYS.

THE REQUIREMENTS OF SECTION 3-108, THE REAL PROPERTY ARTICLE, ANNOTATED CODE OF MARYLAND, 1988 REPLACEMENT VOLUME, (AS SUPPLEMENTED) AS FAR AS THEY RELATE TO THE MAKING OF THIS PLAT AND THE SETTING OF MARKERS HAVE BEEN COMPLIED WITH.

WITNESS OUR HANDS THIS 28th DAY OF July

ATTEST: Eun g. Kim 7/23/08 — DATE

BY: PAUL WIEDEFELD, ADMINISTRATOR, STATE OF MARYLAND AND STATE RAILROAD ADMINISTRATION BY: MARYLAND TRANSIT AUTHORITY — 7/27/08 DATE

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE FINAL PLAT SHOWN HEREON IS CORRECT; THAT THIS IS A SUBDIVISION OF ALL OF THE LANDS CONVEYED:
- FROM JACK GOTTLIEB, ET AL TO STATE RAILROAD ADMINISTRATION BY DEED DATED FEBRUARY 8, 1993, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2778 FOLIO 108 (TM PARCEL 137)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED AUGUST 9, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 896 FOLIO 501 (TM PARCEL 45)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED NOVEMBER 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 974 FOLIO 556 (TM PARCEL 45)
- FROM ALBERT P. WEIR TO STATE OF MARYLAND BY DEED DATED AUGUST 25, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 900 FOLIO 599 (TM PARCEL 45)
- FROM GEORGE V. SPOEHLER TO STATE OF MARYLAND BY DEED DATED JUNE 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 946 FOLIO 195 (TM PARCEL 45)
- FROM HERCULES, INC. TO STATE OF MARYLAND BY DEED DATED MAY 2, 1990, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2163 FOLIO 117 (TM PARCEL 45)
- FROM JACK GOTTLIEB TO STATE OF MARYLAND BY DEED DATED JULY 19, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 958 FOLIO 354 (TM PARCEL 45)

AND THAT ALL MONUMENTS ARE IN PLACE OR WILL BE IN PLACE PRIOR TO THE ACCEPTANCE OF STREETS IN THE SUBDIVISION BY HOWARD COUNTY AS SHOWN IN ACCORDANCE WITH THE ANNOTATED CODE OF MARYLAND AS AMENDED, AND MONUMENTATION IS IN ACCORDANCE WITH THE HOWARD COUNTY SUBDIVISION REGULATIONS.

STATE OF MARYLAND KEVIN F. STEINHILBER PROPERTY LINE SURVEYOR

KEVIN F. STEINHILBER — 06/06/08 DATE
MARYLAND PROPERTY LINE SURVEYOR #83

8-29-08

RECORDED AS PLAT NUMBER ________ ON ________ AMONG THE LAND RECORDS OF HOWARD COUNTY MARYLAND.

SAVAGE TOWNE CENTRE
PARCELS "A-1" THRU "A-6"

A RESUBDIVISION OF PARCEL "A"
GOLDEN KEY PLAT NO. 5909 AND
A SUBDIVISION OF THE LANDS OF
STATE RAILROAD ADMINISTRATION
LIBER 2778 FOLIO 108
AND THE STATE OF MARYLAND
LIBER 896 FOLIO 501, LIBER 900 FOLIO 599
LIBER 946 FOLIO 195, LIBER 958 FOLIO 354
LIBER 974 FOLIO 556, LIBER 2163 FOLIO 117
TAX MAP 48, GRID 20, PARCEL(S) 45 & 137 & 194
6TH ELECTION DISTRICT HOWARD COUNTY MARYLAND
DATE: APRIL 24, 2008 SCALE: 1"=100'
ZONING: PARCEL 45 TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 137A TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 194 SHEET 2 OF 6 S0645817-SUB

COUNTY FILE# F-08-124

P155711

MSA C3U 2125 4282-2

LEGEND

- ○ DENOTES PIN W/CAP SET
- ▨ PROPOSED ACCESS EASEMENT

PURPOSE NOTE

THE PURPOSE OF THIS PLAT IS TO:
1. CONSOLIDATE EXISTING PARCELS.
2. CREATE SIX NON-BUILDABLE BULK PARCELS

OWNERS INFORMATION

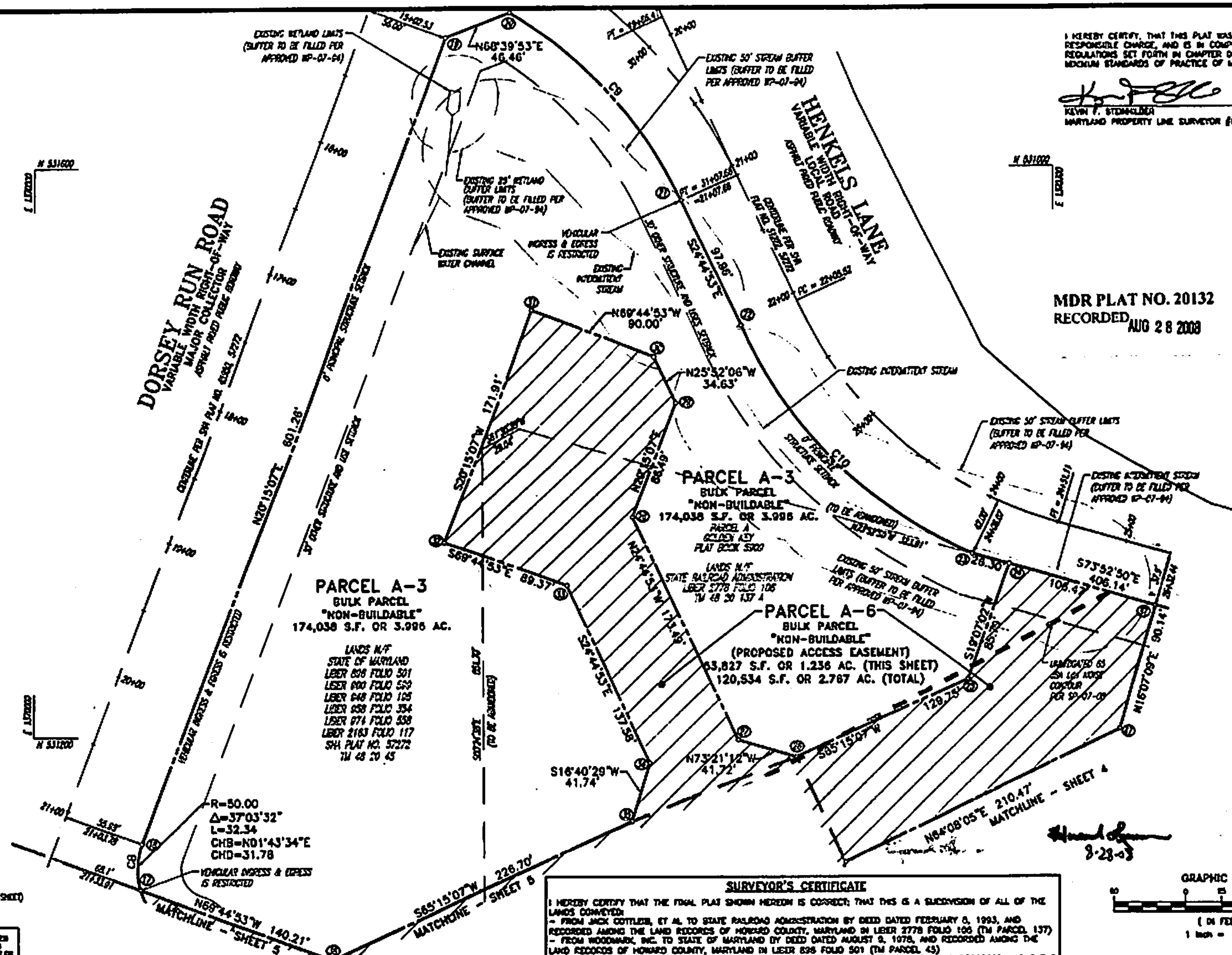
STATE OF MARYLAND
301 W. PRESTON STREET
BALTIMORE, MD 21201

STATE RAILROAD ADMINISTRATION
C/O MASS TRANSIT ADMINISTRATION
OFFICE OF REAL ESTATE AND FREIGHT
6 ST. PAUL STREET
BALTIMORE, MD 21202

I HEREBY CERTIFY, THAT THIS PLAT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND IS IN COMPLIANCE WITH THE REGULATIONS SET FORTH IN CHAPTER 06, REGULATION .12 OF THE MINIMUM STANDARDS OF PRACTICE OF MARYLAND.

KEVIN F. STEINHILBER — 06/06/08
MARYLAND PROPERTY LINE SURVEYOR #88 — DATE

MDR PLAT NO. 20132
RECORDED AUG 2 8 2008



AREA TABULATION CHART – THIS SHEET ONLY

A. TOTAL NUMBER OF LOTS AND OR PARCELS TO BE RECORDED:

Buildable	0
Non-buildable	2
Open Space	0
Preservation parcels	0

B. TOTAL AREA OF LOTS AND/OR PARCELS TO BE RECORDED:

Buildable	0 AC.±
Non-buildable	5.232 AC.±
Open Space	0 AC.±
Preservation parcels	0 AC.±

C. TOTAL AREA OF ROADWAY TO BE DEDICATED: 0 AC.±

D. TOTAL AREA OF SUBDIVISION TO BE RECORDED: 5.232 AC.± (THIS SHEET)

BOHLER ENGINEERING

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING AND ZONING

Chief, Development Engineering Division — Date 8/11/08

Director — Date 8/25/08

APPROVED: FOR PUBLIC WATER AND PUBLIC SEWERAGE SYSTEMS IN ACCORDANCE WITH THE MASTER PLAN OF WATER AND SEWERAGE FOR HOWARD COUNTY.

B. Wilson for Peter Beilenson — 8/20/2008
Howard County Health Department — Date

OWNER'S CERTIFICATE

THE STATE OF MARYLAND BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND THE STATE RAILROAD ADMINISTRATION BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND DESCRIBED HEREON, HEREBY ADOPTS THIS PLAN OF SUBDIVISION, AND IN CONSIDERATION OF THE APPROVAL OF THIS FINAL PLAT BY THE DEPARTMENT OF PLANNING AND ZONING, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES AND GRANT UNTO HOWARD COUNTY, MARYLAND, ITS SUCCESSORS AND ASSIGNS: (1) THE RIGHT TO LAY, CONSTRUCT AND MAINTAIN SEWERS, DRAINS, WATER PIPES AND OTHER MUNICIPAL UTILITIES AND SERVICES, IN AND UNDER ALL ROADS AND STREET RIGHTS-OF-WAY AND THE SPECIFIC EASEMENT SHOWN HEREON; (2) THE RIGHT TO REQUIRE DEDICATION FOR PUBLIC USE THE BEDS OF THE STREETS AND/OR ROADS, AND FLOODPLAINS AND OPEN SPACE WHERE APPLICABLE AND FOR GOOD AND OTHER VALUABLE CONSIDERATION, HEREBY GRANT THE RIGHT AND OPTION TO HOWARD COUNTY TO ACQUIRE THE FEE SIMPLE TITLE TO THE BEDS OF THE STREETS AND/OR ROADS AND FLOODPLAINS, STORM DRAINAGE FACILITIES AND OPEN SPACE WHERE APPLICABLE; AND (3) THE RIGHT TO REQUIRE DEDICATION OF WATERWAYS AND DRAINAGE EASEMENTS FOR THE SPECIFIC PURPOSE OF THEIR CONSTRUCTION, REPAIR AND MAINTENANCE; AND (4) THAT NO BUILDING OR SIMILAR STRUCTURE OF ANY KIND SHALL BE ERECTED ON OR OVER THE SAID EASEMENTS AND RIGHT-OF-WAYS.

THE REQUIREMENTS OF SECTION 3-108, THE REAL PROPERTY ARTICLE, ANNOTATED CODE OF MARYLAND, 1988 REPLACEMENT VOLUME, (AS SUPPLEMENTED) AS FAR AS THEY RELATE TO THE MAKING OF THIS PLAT AND THE SETTING OF MARKERS HAVE BEEN COMPLIED WITH.

WITNESS OUR HANDS THIS 23rd DAY OF July, 2008. — 7/23/08

ATTEST: Eun Y. Kim 7/23/08 — DATE

BY: PAUL WIEDEFELD, ADMINISTRATOR — DATE
STATE OF MARYLAND AND STATE RAILROAD ADMINISTRATION
BY: MARYLAND TRANSIT AUTHORITY

EUN Y. KIM NOTARY PUBLIC BALTIMORE CITY

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE FINAL PLAT SHOWN HEREON IS CORRECT; THAT THIS IS A SUBDIVISION OF ALL OF THE LANDS CONVEYED:
- FROM JACK GOTTLIEB, ET AL TO STATE RAILROAD ADMINISTRATION BY DEED DATED FEBRUARY 8, 1993, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2778 FOLIO 106 (TM PARCEL 137)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED AUGUST 9, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 898 FOLIO 501 (TM PARCEL 45)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED NOVEMBER 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 974 FOLIO 558 (TM PARCEL 45)
- FROM ALBERT P. WEIR TO STATE OF MARYLAND BY DEED DATED AUGUST 28, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 900 FOLIO 599 (TM PARCEL 45)
- FROM GEORGE V. SPINDLER TO STATE OF MARYLAND BY DEED DATED JUNE 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 948 FOLIO 195 (TM PARCEL 45)
- FROM HENKELS, INC. TO STATE OF MARYLAND BY DEED DATED MAY 2, 1990, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2163 FOLIO 117 (TM PARCEL 45)
- FROM JACK GOTTLIEB TO STATE OF MARYLAND BY DEED DATED JULY 19, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 958 FOLIO 354 (TM PARCEL 45)

AND THAT ALL MONUMENTS ARE IN PLACE OR WILL BE IN PLACE PRIOR TO THE ACCEPTANCE OF STREETS IN THE SUBDIVISION BY HOWARD COUNTY AS SHOWN IN ACCORDANCE WITH THE ANNOTATED CODE OF MARYLAND AS AMENDED, AND MONUMENTATION IS IN ACCORDANCE WITH THE HOWARD COUNTY SUBDIVISION REGULATIONS.

STATE OF MARYLAND KEVIN F. STEINHILBER PROPERTY LINE SURVEYOR

KEVIN F. STEINHILBER — 06/06/08
MARYLAND PROPERTY LINE SURVEYOR #88 — DATE

RECORDED AS PLAT NUMBER ________ ON ________
AMONG THE LAND RECORDS OF HOWARD COUNTY MARYLAND.

SAVAGE TOWNE CENTRE
PARCELS "A-1" THRU "A-6"

A RESUBDIVISION OF PARCEL "A"
GOLDEN KEY PLAT NO. 5909 AND
A SUBDIVISION OF THE LANDS OF
STATE RAILROAD ADMINISTRATION
LIBER 2778 FOLIO 106
AND THE STATE OF MARYLAND
LIBER 898 FOLIO 501, LIBER 900 FOLIO 599
LIBER 948 FOLIO 195, LIBER 958 FOLIO 354
LIBER 974 FOLIO 558, LIBER 2163 FOLIO 117
TAX MAP 48, GRID 20, PARCEL(S) 45 & 137 & 194
6TH ELECTION DISTRICT HOWARD COUNTY MARYLAND
DATE: APRIL 24, 2008 SCALE: 1"=100'
ZONING: PARCEL 45 TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 137A TOD (TRANSIT ORIENTED DEVELOPMENT)
Parcel 194 SHEET 3 OF 6 S063417-SUB

P155712

COUNTY FILE# F-08-124
HSA CSU-95854282-3

LEGEND

- ○ DENOTES PIN W/CAP SET
- ▨ PROPOSED ACCESS EASEMENT

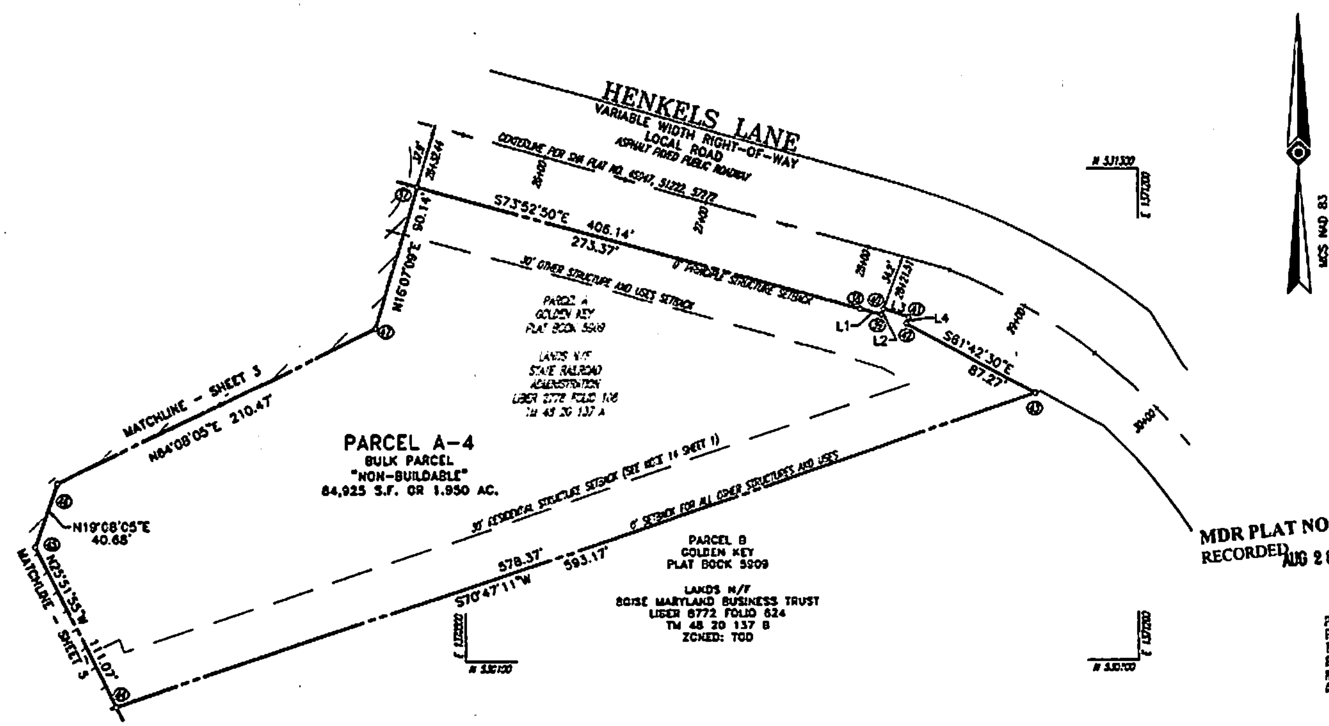
PURPOSE NOTE

THE PURPOSE OF THIS PLAT IS TO:
1. CONSOLIDATE EXISTING PARCELS.
2. CREATE SIX NON-BUILDABLE BULK PARCELS

OWNERS INFORMATION

STATE OF MARYLAND
301 W. PRESTON STREET
BALTIMORE, MD 21201

STATE RAILROAD ADMINISTRATION
C/O MASS TRANSIT ADMINISTRATION
OFFICE OF REAL ESTATE AND FREIGHT
6 ST. PAUL STREET
BALTIMORE, MD 21202



MDR PLAT NO. 20133
RECORDED AUG 28 2008

AREA TABULATION CHART – THIS SHEET ONLY

A. TOTAL NUMBER OF LOTS AND OR PARCELS TO BE RECORDED:

Buildable	0
Non-buildable	1
Open Space	0
Preservation parcels	0

B. TOTAL AREA OF LOTS AND/OR PARCELS TO BE RECORDED:

Buildable	0 AC.±
Non-buildable	1.950 AC.±
Open Space	0 AC.±
Preservation parcels	0 AC.±

C. TOTAL AREA OF ROADWAY TO BE DEDICATED: 0 AC.±

D. TOTAL AREA OF SUBDIVISION TO BE RECORDED: 1.950 AC.± (THIS SHEET)

I HEREBY CERTIFY, THAT THIS PLAT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND IS IN COMPLIANCE WITH THE REGULATIONS SET FORTH IN CHAPTER 09, REGULATION .13 OF THE MINIMUM STANDARDS OF PRACTICE OF MARYLAND.

KEVIN F. STEINHILBER — 06/06/08
MARYLAND PROPERTY LINE SURVEYOR #88 — DATE

9-23-08

GRAPHIC SCALE

(IN FEET)
1 inch = 50 ft.

BOHLER ENGINEERING

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING AND ZONING

Chief, Development Engineering Division — 8/11/08 — Date

Director — 8/27/08 — Date

APPROVED: FOR PUBLIC WATER AND PUBLIC SEWERAGE SYSTEMS IN ACCORDANCE WITH THE MASTER PLAN OF WATER AND SEWERAGE FOR HOWARD COUNTY.

Howard County Health Department — 8/20/2008 — Date

OWNER'S CERTIFICATE

THE STATE OF MARYLAND BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND THE STATE RAILROAD ADMINISTRATION BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND DESCRIBED HEREON, HEREBY ADOPTS THIS PLAN OF SUBDIVISION, AND IN CONSIDERATION OF THE APPROVAL OF THIS FINAL PLAT BY THE DEPARTMENT OF PLANNING AND ZONING, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES AND GRANT UNTO HOWARD COUNTY, MARYLAND, ITS SUCCESSORS AND ASSIGNS: (1) THE RIGHT TO LAY, CONSTRUCT AND MAINTAIN SEWERS, DRAINS, WATER PIPES AND OTHER MUNICIPAL UTILITIES AND SERVICES, IN AND UNDER ALL ROADS AND STREET RIGHTS-OF-WAY AND THE SPECIFIC EASEMENT SHOWN HEREON. (2) THE RIGHT TO REQUIRE DEDICATION FOR PUBLIC USE THE BEDS OF THE STREETS AND/OR ROADS, AND FLOODPLAINS AND OPEN SPACE WHERE APPLICABLE AND FOR GOOD AND OTHER VALUABLE CONSIDERATION, HEREBY GRANT THE RIGHT AND OPTION TO HOWARD COUNTY TO ACQUIRE THE FEE SIMPLE TITLE TO THE BEDS OF THE STREETS AND/OR ROADS AND FLOODPLAINS, STORM DRAINAGE FACILITIES AND OPEN SPACE WHERE APPLICABLE; AND (3) THE RIGHT TO REQUIRE DEDICATION OF WATERWAYS AND DRAINAGE EASEMENTS FOR THE SPECIFIC PURPOSE OF THEIR CONSTRUCTION, REPAIR AND MAINTENANCE; AND (4) THAT NO BUILDING OR SIMILAR STRUCTURE OF ANY KIND SHALL BE ERECTED ON OR OVER THE SAID EASEMENTS AND RIGHT-OF-WAYS.

THE REQUIREMENTS OF SECTION 3-108, THE REAL PROPERTY ARTICLE, ANNOTATED CODE OF MARYLAND, 1988 REPLACEMENT VOLUME, (AS SUPPLEMENTED) AS FAR AS THEY RELATE TO THE MAKING OF THIS PLAT AND THE SETTING OF MARKERS HAVE BEEN COMPLIED WITH.

WITNESS OUR HANDS THIS 23rd DAY OF July 2008. — 7/23/08

ATTEST: Eun Y. Kim 7/23/08 — DATE

PAUL WIEDEFELD, ADMINISTRATOR — DATE
STATE OF MARYLAND AND STATE RAILROAD ADMINISTRATION
BY: MARYLAND TRANSIT AUTHORITY

EUN Y. KIM NOTARY PUBLIC BALTIMORE CITY

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE FINAL PLAT SHOWN HEREON IS CORRECT; THAT THIS IS A SUBDIVISION OF ALL OF THE LANDS CONVEYED:
- FROM JACK GOTTLIEB, ET AL TO STATE RAILROAD ADMINISTRATION BY DEED DATED FEBRUARY 8, 1993, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2778 FOLIO 106 (TM PARCEL 137)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED AUGUST 9, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 896 FOLIO 501 (TM PARCEL 45)
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- FROM ALBERT P. WEIR TO STATE OF MARYLAND BY DEED DATED AUGUST 28, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 900 FOLIO 399 (TM PARCEL 45)
- FROM GEORGE V. SPONSLER TO STATE OF MARYLAND BY DEED DATED JUNE 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 948 FOLIO 195 (TM PARCEL 45)
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- FROM JACK GOTTLIEB TO STATE OF MARYLAND BY DEED DATED JULY 19, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 958 FOLIO 354 (TM PARCEL 45)

AND THAT ALL MONUMENTS ARE IN PLACE OR WILL BE IN PLACE PRIOR TO THE ACCEPTANCE OF STREETS IN THE SUBDIVISION BY HOWARD COUNTY AS SHOWN IN ACCORDANCE WITH THE ANNOTATED CODE OF MARYLAND AS AMENDED, AND MONUMENTATION IS IN ACCORDANCE WITH THE HOWARD COUNTY SUBDIVISION REGULATIONS.

STATE OF MARYLAND — KEVIN F. STEINHILBER — PROPERTY LINE SURVEYOR

KEVIN F. STEINHILBER — 06/06/08
MARYLAND PROPERTY LINE SURVEYOR #88 — DATE

RECORDED AS PLAT NUMBER ________ ON ________ AMONG THE LAND RECORDS OF HOWARD COUNTY MARYLAND.

SAVAGE TOWNE CENTRE
PARCELS "A-1" THRU "A-6"

A RESUBDIVISION OF PARCEL "A"
GOLDEN KEY PLAT NO. 5909 AND
A SUBDIVISION OF THE LANDS OF
STATE RAILROAD ADMINISTRATION
LIBER 2778 FOLIO 106
AND THE STATE OF MARYLAND
LIBER 896 FOLIO 501, LIBER 900 FOLIO 399
LIBER 948 FOLIO 195, LIBER 958 FOLIO 354
LIBER 974 FOLIO 556, LIBER 2163 FOLIO 117
TAX MAP 48, GRID 20, PARCEL(S) 45 & 137 & 141
6TH ELECTION DISTRICT HOWARD COUNTY MARYLAND
DATE: APRIL 24, 2008 SCALE: 1"=100'
ZONING: PARCEL 45 TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 137A TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCELV44 SHEET 4 OF 6 S063417-SUB

COUNTY FILE F-08-124

MSA C.M. 6125-4382-4

P155713

LEGEND

- ○ DENOTES PIN W/CAP SET
- PROPOSED ACCESS EASEMENT

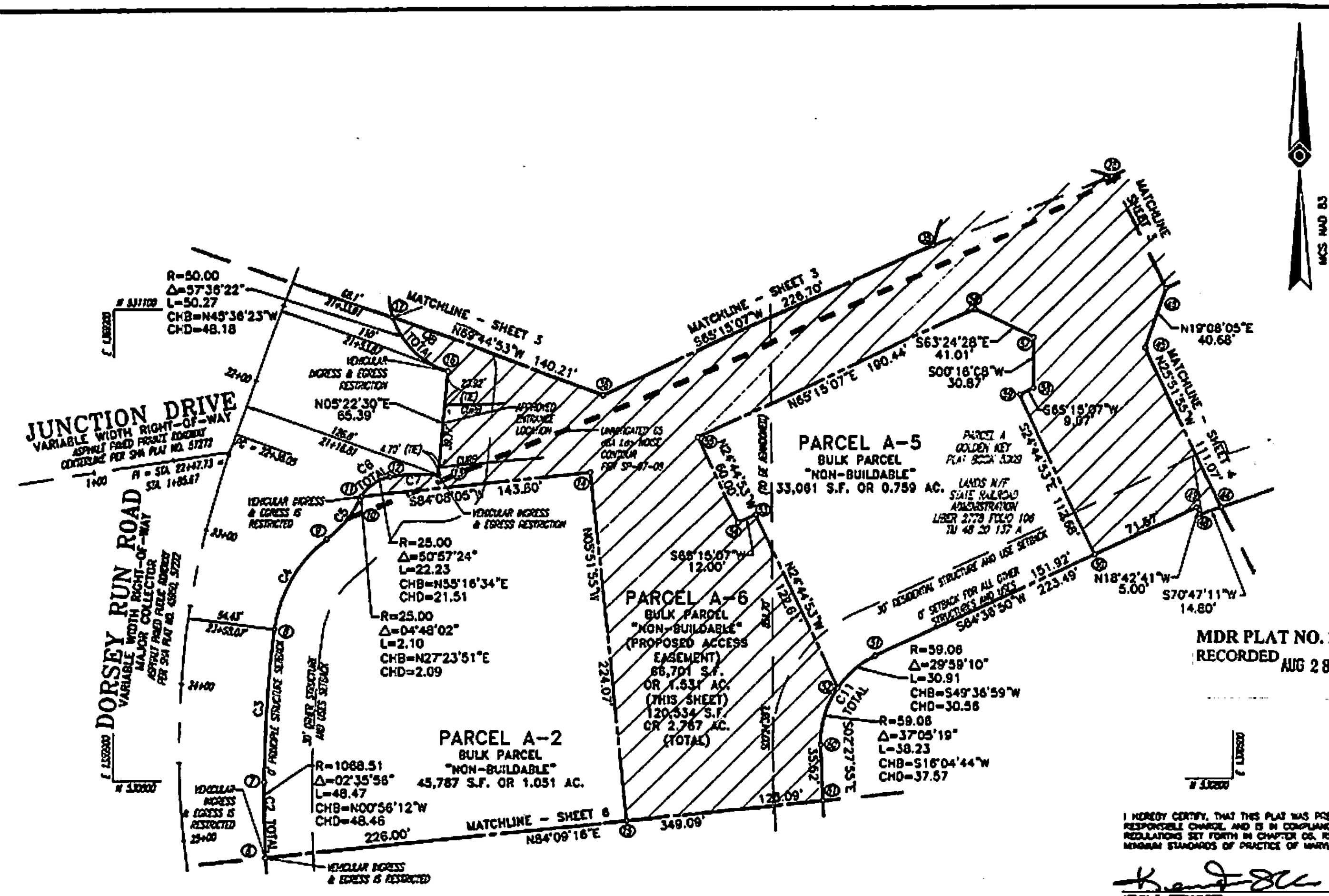
PURPOSE NOTE

THE PURPOSE OF THIS PLAT IS TO:
1. CONSOLIDATE EXISTING PARCELS.
2. CREATE SIX NON-BUILDABLE BULK PARCELS

OWNERS INFORMATION

STATE OF MARYLAND
301 W. PRESTON STREET
BALTIMORE, MD 21201

STATE RAILROAD ADMINISTRATION
C/O MASS TRANSIT ADMINISTRATION
OFFICE OF REAL ESTATE AND FREIGHT
6 ST. PAUL STREET
BALTIMORE, MD 21202



PLAT FEE-A	
PLAT RECORDATION	
TOTAL	

I HEREBY CERTIFY, THAT THIS PLAT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND IS IN COMPLIANCE WITH THE REGULATIONS SET FORTH IN CHAPTER 09, REGULATION .12 OF THE MINIMUM STANDARDS OF PRACTICE OF MARYLAND.

KEVIN F. STEINHILBER 05/06/08
MARYLAND PROPERTY LINE SURVEYOR #88 DATE

8-29-08

GRAPHIC SCALE

(IN FEET)
1 inch = 50 ft.

AREA TABULATION CHART – THIS SHEET ONLY

A. TOTAL NUMBER OF LOTS AND OR PARCELS TO BE RECORDED

Buildable	0
Non-buildable	3
Open Space	0
Preservation parcels	0

B. TOTAL AREA OF LOTS AND/OR PARCELS TO BE RECORDED

Buildable	0 AC.±
Non-buildable	3.341 AC.±
Open Space	0 AC.±
Preservation parcels	0 AC.±

C. TOTAL AREA OF ROADWAY TO BE DEDICATED 0 AC.±

D. TOTAL AREA OF SUBDIVISION TO BE RECORDED 3.341 AC.± (THIS SHEET)

BOHLER ENGINEERING

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING AND ZONING

Chief, Development Engineering Division 8/11/08 Date

Director 8/20/08 Date

APPROVED: FOR PUBLIC WATER AND PUBLIC SEWERAGE SYSTEMS IN ACCORDANCE WITH THE MASTER PLAN OF WATER AND SEWERAGE FOR HOWARD COUNTY.

Howard County Health Department 8/20/2008 Date

OWNER'S CERTIFICATE

THE STATE OF MARYLAND BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND THE STATE RAILROAD ADMINISTRATION BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND DESCRIBED HEREON, HEREBY ADOPTS THIS PLAN OF SUBDIVISION, AND IN CONSIDERATION OF THE APPROVAL OF THIS FINAL PLAT BY THE DEPARTMENT OF PLANNING AND ZONING, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES AND GRANT UNTO HOWARD COUNTY, MARYLAND, ITS SUCCESSORS AND ASSIGNS: (1) THE RIGHT TO LAY, CONSTRUCT AND MAINTAIN SEWERS, DRAINS, WATER PIPES AND OTHER MUNICIPAL UTILITIES AND SERVICES, IN AND UNDER ALL ROADS AND STREET RIGHTS-OF-WAY AND THE SPECIFIC EASEMENT SHOWN HEREON. (2) THE RIGHT TO REQUIRE DEDICATION FOR PUBLIC USE THE BEDS OF THE STREETS AND/OR ROADS, AND FLOODPLAINS AND OPEN SPACE WHERE APPLICABLE AND FOR GOOD AND OTHER VALUABLE CONSIDERATION, HEREBY GRANT THE RIGHT AND OPTION TO HOWARD COUNTY TO ACQUIRE THE FEE SIMPLE TITLE TO THE BEDS OF THE STREETS AND/OR ROADS AND FLOODPLAINS, STORM DRAINAGE FACILITIES AND OPEN SPACE WHERE APPLICABLE; AND (3) THE RIGHT TO REQUIRE DEDICATION OF WATERWAYS AND DRAINAGE EASEMENTS FOR THE SPECIFIC PURPOSE OF THEIR CONSTRUCTION, REPAIR AND MAINTENANCE; AND (4) THAT NO BUILDING OR SIMILAR STRUCTURE OF ANY KIND SHALL BE ERECTED ON OR OVER THE SAID EASEMENTS AND RIGHT-OF-WAYS.

THE REQUIREMENTS OF SECTION 3-108, THE REAL PROPERTY ARTICLE, ANNOTATED CODE OF MARYLAND, 1988 REPLACEMENT VOLUME, (AS SUPPLEMENTED) AS FAR AS THEY RELATE TO THE MAKING OF THIS PLAT AND THE SETTING OF MARKERS HAVE BEEN COMPLIED WITH.

WITNESS OUR HANDS THIS 23rd DAY OF July 2008

ATTEST: Eun y. Kim 7/23/08 DATE

RICHARD WIEDEFELD, ADMINISTRATOR 7/23/08 DATE
STATE OF MARYLAND AND STATE RAILROAD ADMINISTRATION
BY: MARYLAND TRANSIT AUTHORITY

EUN Y. KIM BALTIMORE CITY

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE FINAL PLAT SHOWN HEREON IS CORRECT; THAT THIS IS A SUBDIVISION OF ALL OF THE LANDS CONVEYED:
- FROM JACK GOTTLIEB, ET AL TO STATE RAILROAD ADMINISTRATION BY DEED DATED FEBRUARY 8, 1993, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2778 FOLIO 106 (TM PARCEL 137)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED AUGUST 9, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 896 FOLIO 501 (TM PARCEL 45)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED NOVEMBER 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 974 FOLIO 558 (TM PARCEL 45)
- FROM ALBERT P. WEIR TO STATE OF MARYLAND BY DEED DATED AUGUST 28, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 900 FOLIO 509 (TM PARCEL 45)
- FROM GEORGE V. SPOKLER TO STATE OF MARYLAND BY DEED DATED JUNE 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 948 FOLIO 195 (TM PARCEL 45)
- FROM HINKLES, INC. TO STATE OF MARYLAND BY DEED DATED MAY 2, 1990, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2163 FOLIO 117 (TM PARCEL 45)
- FROM JACK GOTTLIEB TO STATE OF MARYLAND BY DEED DATED JULY 19, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 958 FOLIO 354 (TM PARCEL 45)

AND THAT ALL MONUMENTS ARE IN PLACE OR WILL BE IN PLACE PRIOR TO THE ACCEPTANCE OF STREETS IN THE SUBDIVISION BY HOWARD COUNTY AS SHOWN IN ACCORDANCE WITH THE ANNOTATED CODE OF MARYLAND AS AMENDED, AND MONUMENTATION IS IN ACCORDANCE WITH THE HOWARD COUNTY SUBDIVISION REGULATIONS.

STATE OF MARYLAND
KEVIN F. STEINHILBER
PROPERTY LINE SURVEYOR

KEVIN F. STEINHILBER 05/06/08
MARYLAND PROPERTY LINE SURVEYOR #88 DATE

RECORDED AS PLAT NUMBER ________ ON ________
AMONG THE LAND RECORDS OF HOWARD COUNTY MARYLAND.

SAVAGE TOWNE CENTRE
PARCELS "A-1" THRU "A-6"

A RESUBDIVISION OF PARCEL "A"
GOLDEN KEY PLAT NO. 5909 AND
A SUBDIVISION OF THE LANDS OF
STATE RAILROAD ADMINISTRATION
LIBER 2778 FOLIO 106
AND THE STATE OF MARYLAND
LIBER 896 FOLIO 501, LIBER 900 FOLIO 599
LIBER 948 FOLIO 195, LIBER 958 FOLIO 354
LIBER 974 FOLIO 558, LIBER 2163 FOLIO 117
TAX MAP 48, GRID 20, PARCEL(S) 45 & 137 & 194
6TH ELECTION DISTRICT HOWARD COUNTY MARYLAND
DATE: APRIL 24, 2008 SCALE: 1"=100'
ZONING: PARCEL 45 TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 137A TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 194 SHEET 5 OF 6 2063617-SUB

P155714

COUNTY FILE# F-08-124
MSA CAL 2125 4282-5

LEGEND

○ DENOTES PIN W/CAP SET

▨ PROPOSED ACCESS EASEMENT

PURPOSE NOTE

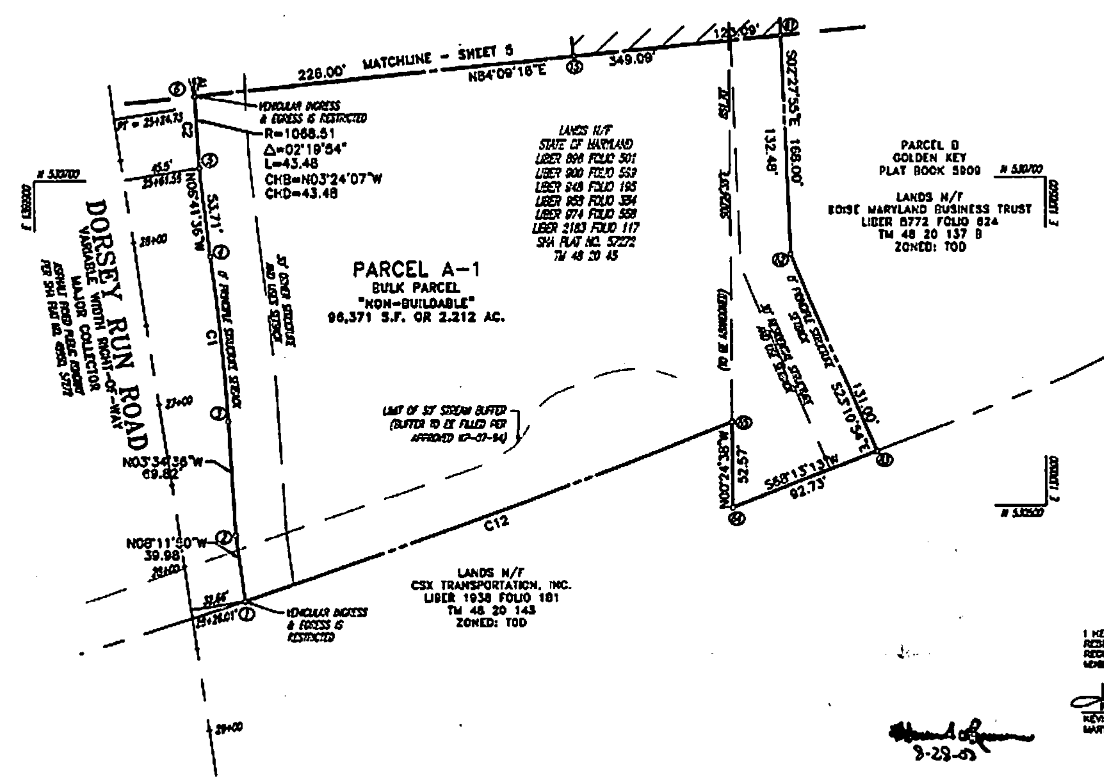
THE PURPOSE OF THIS PLAT IS TO:

1. CONSOLIDATE EXISTING PARCELS.
2. CREATE SIX NON-BUILDABLE BULK PARCELS

OWNERS INFORMATION

STATE OF MARYLAND
301 W. PRESTON STREET
BALTIMORE, MD 21201

STATE RAILROAD ADMINISTRATION
C/O MASS TRANSIT ADMINISTRATION
OFFICE OF REAL ESTATE AND FREIGHT
6 ST. PAUL STREET
BALTIMORE, MD 21202



PLAT FEE-A
PLAT RECORDATION
TOTAL

MDR PLAT NO. 20135
RECORDED AUG 28 2008

AREA TABULATION CHART - THIS SHEET ONLY

A. TOTAL NUMBER OF LOTS AND OR PARCELS TO BE RECORDED:

Buildable	0
Non-buildable	1
Open Space	0
Preservation parcels	0

B. TOTAL AREA OF LOTS AND/OR PARCELS TO BE RECORDED:

Buildable	0 AC.±
Non-buildable	2.212 AC.±
Open Space	0 AC.±
Preservation parcels	0 AC.±

C. TOTAL AREA OF ROADWAY TO BE DEDICATED: 0 AC.±

D. TOTAL AREA OF SUBDIVISION TO BE RECORDED: 2.212 AC.± (THIS SHEET)

I HEREBY CERTIFY, THAT THIS PLAT WAS PREPARED UNDER MY RESPONSIBLE CHARGE, AND IS IN COMPLIANCE WITH THE REGULATIONS SET FORTH IN CHAPTER 09, REGULATION .12 OF THE MINIMUM STANDARDS OF PRACTICE OF MARYLAND.

KEVIN F. STEINHILBER — 06/06/08
MARYLAND PROPERTY LINE SURVEYOR #88 — DATE

8-28-08

GRAPHIC SCALE

50 0 25 50 100

(IN FEET)
1 inch = 50 ft.

BOHLER ENGINEERING

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING AND ZONING

Chief, Development Engineering Division — Date 8/11/08

Director — Date

APPROVED: FOR PUBLIC WATER AND PUBLIC SEWERAGE SYSTEMS IN ACCORDANCE WITH THE MASTER PLAN OF WATER AND SEWERAGE FOR HOWARD COUNTY.

B. Nelson for Peter Beilenson 5/20/2008
Howard County Health Department — Date

OWNER'S CERTIFICATE

THE STATE OF MARYLAND BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND THE STATE RAILROAD ADMINISTRATION BY PAUL WIEDEFELD, ADMINISTRATOR, OWNER OF A PORTION OF THE PROPERTY SHOWN AND DESCRIBED HEREON, HEREBY ADOPTS THIS PLAN OF SUBDIVISION, AND IN CONSIDERATION OF THE APPROVAL OF THIS FINAL PLAT BY THE DEPARTMENT OF PLANNING AND ZONING, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES AND GRANT UNTO HOWARD COUNTY, MARYLAND, ITS SUCCESSORS AND ASSIGNS: (1) THE RIGHT TO LAY, CONSTRUCT AND MAINTAIN SEWERS, DRAINS, WATER PIPES AND OTHER MUNICIPAL UTILITIES AND SERVICES, IN AND UNDER ALL ROADS AND STREET RIGHTS-OF-WAY AND THE SPECIFIC EASEMENT SHOWN HEREON, (2) THE RIGHT TO ACQUIRE DEDICATION FOR PUBLIC USE THE BEDS OF THE STREETS AND/OR ROADS, AND FLOODPLAINS AND OPEN SPACE WHERE APPLICABLE AND FOR GOOD AND OTHER VALUABLE CONSIDERATION, HEREBY GRANT THE RIGHT AND OPTION TO HOWARD COUNTY TO ACQUIRE THE FEE SIMPLE TITLE TO THE BEDS OF THE STREETS AND/OR ROADS AND FLOODPLAINS, STORM DRAINAGE FACILITIES AND OPEN SPACE WHERE APPLICABLE; AND (3) THE RIGHT TO REQUIRE DEDICATION OF WATERWAYS AND DRAINAGE EASEMENTS FOR THE SPECIFIC PURPOSE OF THEIR CONSTRUCTION, REPAIR AND MAINTENANCE; AND (4) THAT NO BUILDING OR SIMILAR STRUCTURE OF ANY KIND SHALL BE ERECTED ON OR OVER THE SAID EASEMENTS AND RIGHT-OF-WAYS.

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WITNESS OUR HANDS THIS 23rd DAY OF July 2008.

ATTEST: Eun y. Kim 7/23/08 — DATE

PAUL WIEDEFELD, ADMINISTRATOR — 7/23/08 DATE
STATE OF MARYLAND AND STATE RAILROAD ADMINISTRATION
BY: MARYLAND TRANSIT AUTHORITY

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE FINAL PLAT SHOWN HEREON IS CORRECT; THAT THIS IS A SUBDIVISION OF ALL OF THE LANDS CONVEYED:
- FROM JACK GOTTLIEB, ET AL TO STATE RAILROAD ADMINISTRATION BY DEED DATED FEBRUARY 8, 1993, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2778 FOLIO 106 (TM PARCEL 137)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED AUGUST 9, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 898 FOLIO 501 (TM PARCEL 45)
- FROM WOODMARK, INC. TO STATE OF MARYLAND BY DEED DATED NOVEMBER 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 974 FOLIO 558 (TM PARCEL 45)
- FROM ALBERT P. WEIR TO STATE OF MARYLAND BY DEED DATED AUGUST 28, 1978, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 900 FOLIO 599 (TM PARCEL 45)
- FROM GEORGE V. SPINDLER TO STATE OF MARYLAND BY DEED DATED JUNE 27, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 948 FOLIO 195 (TM PARCEL 45)
- FROM HENKLES, INC. TO STATE OF MARYLAND BY DEED DATED MAY 2, 1990, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 2163 FOLIO 117 (TM PARCEL 45)
- FROM JACK GOTTLIEB TO STATE OF MARYLAND BY DEED DATED JULY 18, 1979, AND RECORDED AMONG THE LAND RECORDS OF HOWARD COUNTY, MARYLAND IN LIBER 958 FOLIO 334 (TM PARCEL 45)

AND THAT ALL MONUMENTS ARE IN PLACE OR WILL BE IN PLACE PRIOR TO THE ACCEPTANCE OF STREETS IN THE SUBDIVISION BY HOWARD COUNTY AS SHOWN IN ACCORDANCE WITH THE ANNOTATED CODE OF MARYLAND AS AMENDED, AND MONUMENTATION IS IN ACCORDANCE WITH THE HOWARD COUNTY SUBDIVISION REGULATIONS.

KEVIN F. STEINHILBER — 06/06/08
MARYLAND PROPERTY LINE SURVEYOR #88 — DATE

RECORDED AS PLAT NUMBER __________ ON __________
AMONG THE LAND RECORDS OF HOWARD COUNTY MARYLAND.

SAVAGE TOWNE CENTRE
PARCELS "A-1" THRU "A-6"

A RESUBDIVISION OF PARCEL "A"
GOLDEN KEY PLAT NO. 5909 AND
A SUBDIVISION OF THE LANDS OF
STATE RAILROAD ADMINISTRATION
LIBER 2778 FOLIO 106
AND THE STATE OF MARYLAND
LIBER 898 FOLIO 501, LIBER 900 FOLIO 599
LIBER 948 FOLIO 195, LIBER 958 FOLIO 334
LIBER 974 FOLIO 558, LIBER 2163 FOLIO 117
TAX MAP 48, GRID 20, PARCEL(S) 45 & 137 & 194
6TH ELECTION DISTRICT HOWARD COUNTY MARYLAND
DATE: APRIL 24, 2008 SCALE: 1"=100'
ZONING: PARCEL 45 TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 137A TOD (TRANSIT ORIENTED DEVELOPMENT)
PARCEL 194
SHEET 6 OF 6

COUNTY FILE# F-08-124

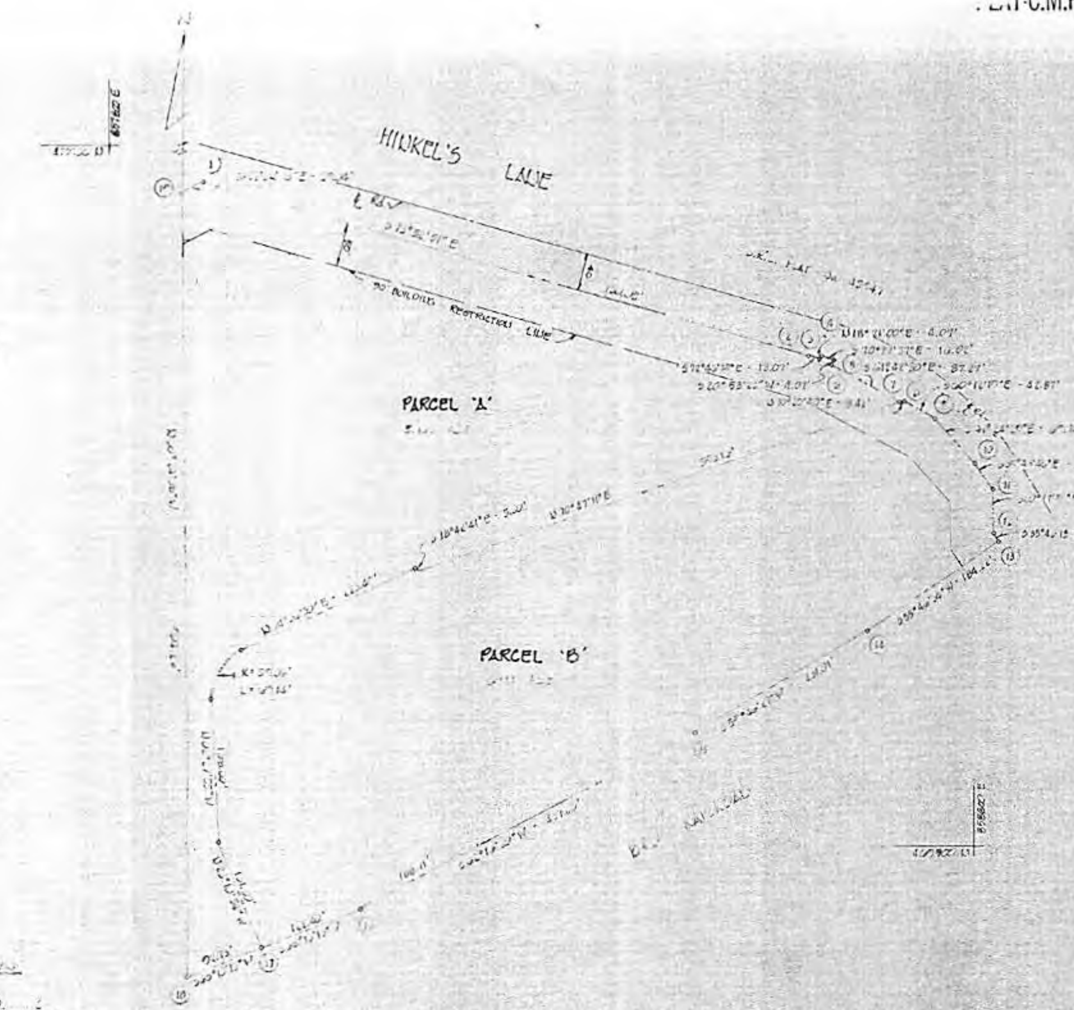
P155715

MSA C2K 2125 4282-6

PLAT C.M.P. NO. 5909

1	470468.37	857012.75
2	470465.42	858614.10
3	470461.95	858626.58
4	470465.41	858627.80
5	470460.05	858642.75
6	470456.28	858641.50
7	470414.87	858718.51
8	470416.02	858721.96
9	470392.11	858758.76
10	470342.41	858808.89
11	470319.12	858829.76
12	470261.37	858826.28
13	470253.04	858852.22
14	470147.45	858973.20
15	470095.14	858480.50
16	469890.84	858078.48
17	469784.42	857770.82
18	469750.02	857803.71
19	470064.25	857887.29

HOWARD CO. CONTROL # 184121 & # 185007.



NOTES:
1. THIS PLAT SUBJECT TO V.P. 84-136
2. SUBJECT PROPERTY ZONED M-2
3. EX. STRUCTURES ON PARCELS A & B
4. NO NEW BLDGS, EXTENSIONS OR ADDITIONS TO THE EXISTING BLDGS ARE TO BE CONSTRUCTED AT A DISTANCE OF LESS THAN THE ZONING REGS ALLOW

SITE TABULATION

TOTAL NO. PARCELS
TOTAL AREA PARCELS
TOTAL AREA DEDICATION
TOTAL AREA

FILED AUG 27 1984

STATE DEPT. OF ASSESSMENTS & TAXATION
HOWARD COUNTY
Karen L. Price
RECEIVED BY:
DATE: 8/27/84 PLAT:

APPROVED: For PRIVATE water and PRIVATE sewerage systems.
Howard County Health Department

County Health Officer — Date 8/20/84

APPROVED: Howard County Office of Planning and Zoning

Director — Date

APPROVED: For storm drainage systems and public roads.
Howard County Department of Public Works

Director — Date

OWNER'S CERTIFICATE

I, JACK GOTTLIEB,
owners of the property shown and described hereon, hereby adopt this plan of subdivision, and in consideration of the approval of this Final Plat by the Office of Planning and Zoning, establish the minimum building restriction lines and grant unto Howard County, Maryland, its successors and assigns, (1) the right to lay, construct and maintain sewers, drains, water pipes and other municipal utilities and services, in and under all roads and street right of way and the specific easement areas shown hereon (2) the right to require dedication for public use the beds of the streets and/or roads and floodplains and open space where applicable, and for goods and other valuable considerations, hereby grant the right and option to Howard County to acquire the fee simple title to the beds of the streets and/or roads and floodplains, storm drainage facilities and open space where applicable; (3) the right to require dedication of waterways and drainage easements for the specific purpose of their construction, repair and maintenance; and (4) that no building or similar structure of any kind shall be erected on or over the said easements and right-of-ways.

Witness my hand this 12th day of July, 1984

Jack Gottlieb

SURVEYOR'S CERTIFICATE

I hereby certify that the final plat shown hereon is correct; that it is a subdivision of PART of the lands conveyed. By GOLDEN KEY HOMES INC. A MARYLAND CORP. TO JACK GOTTLIEB, by deed dated MAY 7 1964 and recorded in the Land Records of Howard County in Liber 1290, Folio 634 and that all monuments are in place as shown in accordance with the annotated code of Maryland, as amended.

7-12-84
Date

W. THOMAS TYLER, /NO

PARCELS A & B
GOLDEN KEY

SIXTH ELECTION DISTRICT
HOWARD COUNTY, MARYLAND
SCALE 1"=100' TAX MAP 48

OWNER & DEVELOPER
JACK GOTTLIEB
HOWARD COUNTY, MD

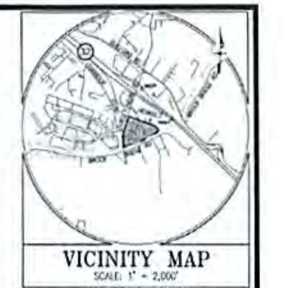
P121525 MSA SU 1242-25 F-85-17

md HA 4429

SITE DEVELOPMENT PLAN
ANNAPOLIS JUNCTION TOWN CENTER

GENERAL NOTES

AREA OVERVIEW
SCALE : 1" = 150'



VICINITY MAP
SCALE: 1" = 2,000'

LEGEND

SHEET INDEX

1. COVER SHEET
2. OVERALL SITE DEVELOPMENT SHEET
3. PHASE I CONSTRUCTION PLAN
4. SITE DEVELOPMENT PLAN - RESIDENTIAL - NORTH
5. SITE DEVELOPMENT PLAN - RESIDENTIAL - SOUTH
6. SITE DEVELOPMENT PLAN - COMMERCIAL - WEST
7. SITE DEVELOPMENT PLAN - COMMERCIAL - EAST
8. RESIDENTIAL - POOL AREA ENLARGEMENT GRADING PLAN
9. RESIDENTIAL - AMENITY ENLARGEMENT GRADING PLAN
9. RESIDENTIAL - PARKING PLANS & BUILDING ELEVATIONS
10. HANDICAP ACCESSIBILITY/ SITE DETAILS
11. HANDICAP ACCESSIBILITY/ SITE DETAILS
12. CURB & PAVING DELINEATION PLAN
13. SITE DETAILS
14. BUILDING ELEVATIONS
15. BUILDING ELEVATIONS
16. GARAGE ELEVATIONS
17. BUILDING ELEVATIONS
18. SEDIMENT & EROSION CONTROL PLAN - PHASE I CONSTRUCTION
19. SEDIMENT & EROSION CONTROL PLAN - RESIDENTIAL NORTH
20. SEDIMENT & EROSION CONTROL PLAN - RESIDENTIAL SOUTH
21. SEDIMENT & EROSION CONTROL PLAN - COMMERCIAL WEST
22. SEDIMENT & EROSION CONTROL PLAN - COMMERCIAL EAST
23. SEDIMENT & EROSION CONTROL DETAILS & NOTES
24. STORM DRAIN DRAINAGE AREA MAP
25-28. STORM DRAIN PROFILES
29. ESD DRAINAGE AREA MAP
30. STORMWATER MANAGEMENT DETAILS
31. STORMWATER MANAGEMENT DETAILS
32. STORMWATER MANAGEMENT DETAILS
33. MICRO ESD RETENTION ENLARGEMENT DETAILS
34. UTILITY PLAN
35. UTILITY PROFILES
36. EXISTING CONDITIONS PLAN & DEMOLITION PLAN
37. SWM RISER PLAN
38. SWM RISER DETAILS
39. STRUCTURAL DETAILS
40. LANDSCAPE PLAN AREA 1
41. LANDSCAPE PLAN AREA 2
42. LANDSCAPE PLAN AREA 3
43. LANDSCAPE PLAN AREA 4
44. LANDSCAPE SCHEDULES
45. PEDESTRIAN AMENITY AREA CALCULATIONS
46. RESIDENTIAL AMENITY LAYOUT PLAN
47. POOL LAYOUT PLAN
48. ENTRANCE COURTYARD LAYOUT PLAN
49. FIRE COURTYARD LAYOUT PLAN
50. PLANT LIST AND PLANTING NOTES
51. PLANTING DETAILS
52. DECORATIVE CONCRETE DETAILS & FENCE DETAILS
53. CONCEPTUAL DETAILS FOR PROPOSED AMENITY SCHEDULES
54. CONCEPTUAL DETAILS FOR PROPOSED STRUCTURES
55. MAINTENANCE OF TRAFFIC PLAN - PHASE 1
56. MAINTENANCE OF TRAFFIC PLAN - PHASE 1
57. MAINTENANCE OF TRAFFIC PLAN - PHASE 2
58. MAINTENANCE OF TRAFFIC PLAN - PHASE 3
59. MAINTENANCE OF TRAFFIC PLAN - PHASE 4
60. MAINTENANCE OF TRAFFIC PLAN - PHASE 5a
61. MAINTENANCE OF TRAFFIC PLAN - PHASE 5b
62. MAINTENANCE OF TRAFFIC PLAN - PHASE 6a
63. MAINTENANCE OF TRAFFIC PLAN - PHASE 6b
64. FOREST STAND DELINEATION & FOREST CONSERVATION PLAN

ADDRESS CHART

PERMIT INFORMATION CHART

SUBDIVISION NAME: ANNAPOLIS JUNCTION TOWN CENTER			SECTION/AREA N/A		PARCELS A-G
PLAT No.	ZONE T.O.D	TAX MAP 40	BLOCK 20	ELEC. DIST. 6	CENSUS TRACT 606902
WATER ZONE: 400			TEST GRADIENT: 350		

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING & ZONING

Director — Date

Chief, Division of Land Development — Date

Chief, Development Engineering Division — Date

OWNERS:

APPROVED: FOR PRIVATE WATER AND PRIVATE SEWERAGE SYSTEMS, HOWARD COUNTY HEALTH DEPARTMENT

County Health Officer — Date

GLW GUTSCHICK LITTLE & WEBER, P.A.

CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS, LANDSCAPE ARCHITECTS

PREPARED FOR:
ANNAPOLIS JUNCTION TOWN CENTER, LLC
4816 DEL RAY AVENUE
BETHESDA, MARYLAND 20814
ATTN: PETER ZADORETZKY
410-287-8686

PROFESSIONAL CERTIFICATION
I HEREBY CERTIFY THAT THESE PLANS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.

COVER SHEET

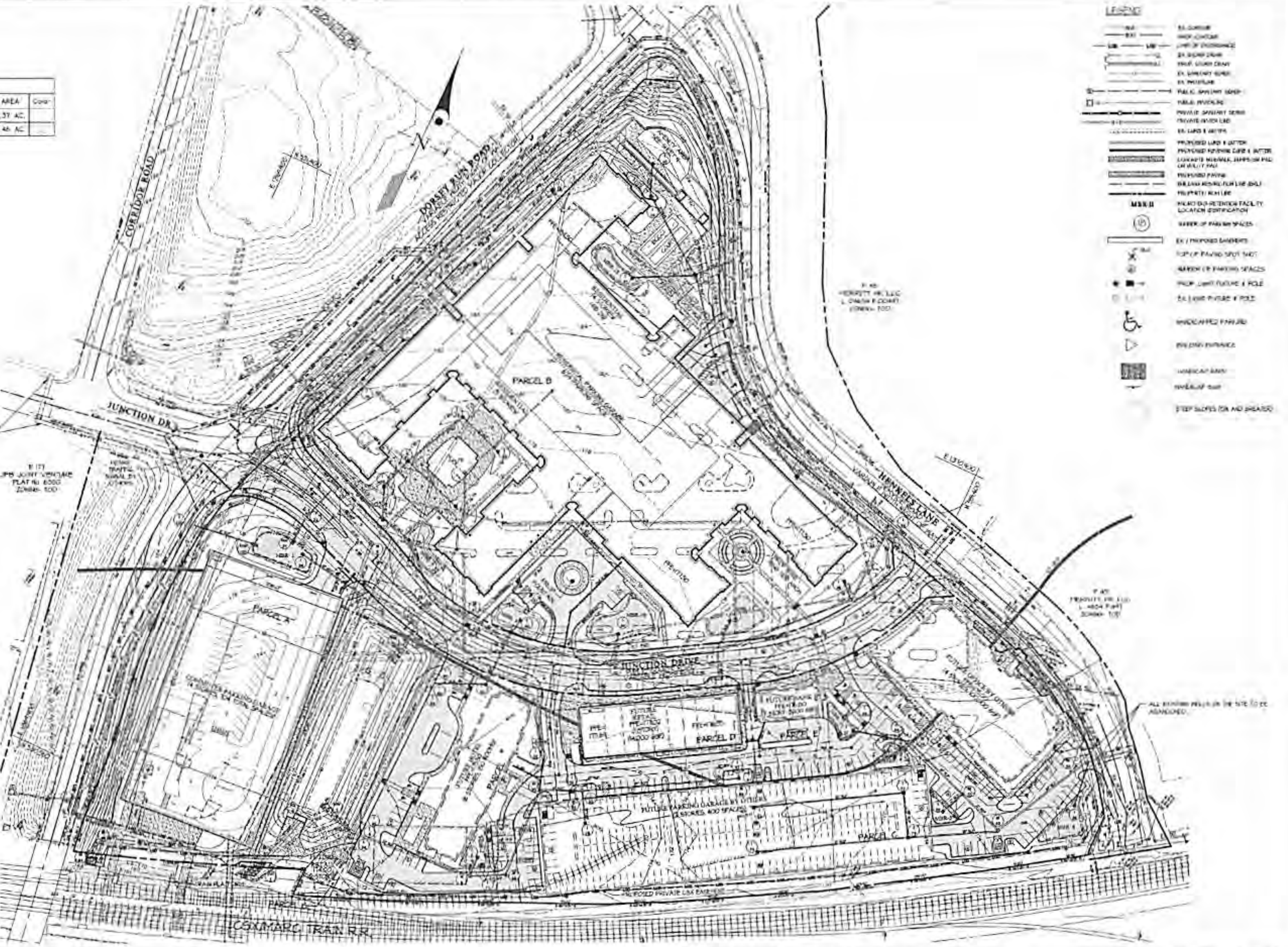
ANNAPOLIS JUNCTION TOWN CENTER
RETAIL/HOTEL/RESIDENTIAL/OFFICE/BANK/COMMUTER GARAGE
PARCELS A - G
PLAT No. ______

ELECTION DISTRICT No. 6 GUILFORD — HOWARD COUNTY, MARYLAND

SCALE	ZONING	G. L. W. FILE No.
AS SHOWN	T.O.D	11107
DATE	TAX MAP - GRID	SHEET
JAN., 2013	48-20	1 OF 64

SDP-13-048

Slopes Table				
Number	Minimum Slope	Maximum Slope	AREA	Color
1	15.00%	24.90%	0.37 AC.	
2	25.00%	Vertical	0.46 AC.	



FUTURE SIDEWALK TO CONNECT TO EXISTING SIDEWALK ON NORTHWEST CORNER OF JUNCTION DRIVE AND CORRIDOR ROAD. DEVELOPER TO PAY FEE IN LIEU FOR THIS WORK SO IT CAN BE CONSTRUCTED AS PART OF TRAFFIC SIGNAL CONSTRUCTION.

SCALE: 1" = 60'

0' 30' 60' 120' 240'

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING & ZONING

Director — Date

Chief, Division of Land Development — Date

Chief, Development Engineering Division — Date

GLW GUTSCHICK LITTLE & WEBER, P.A.

CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS, LANDSCAPE ARCHITECTS

PREPARED FOR:
ANNAPOLIS JUNCTION TOWN CENTER, LLC
4416 DEL RAY AVENUE
BETHESDA, MARYLAND 20814
ATTN: PETER ZADOROZNY

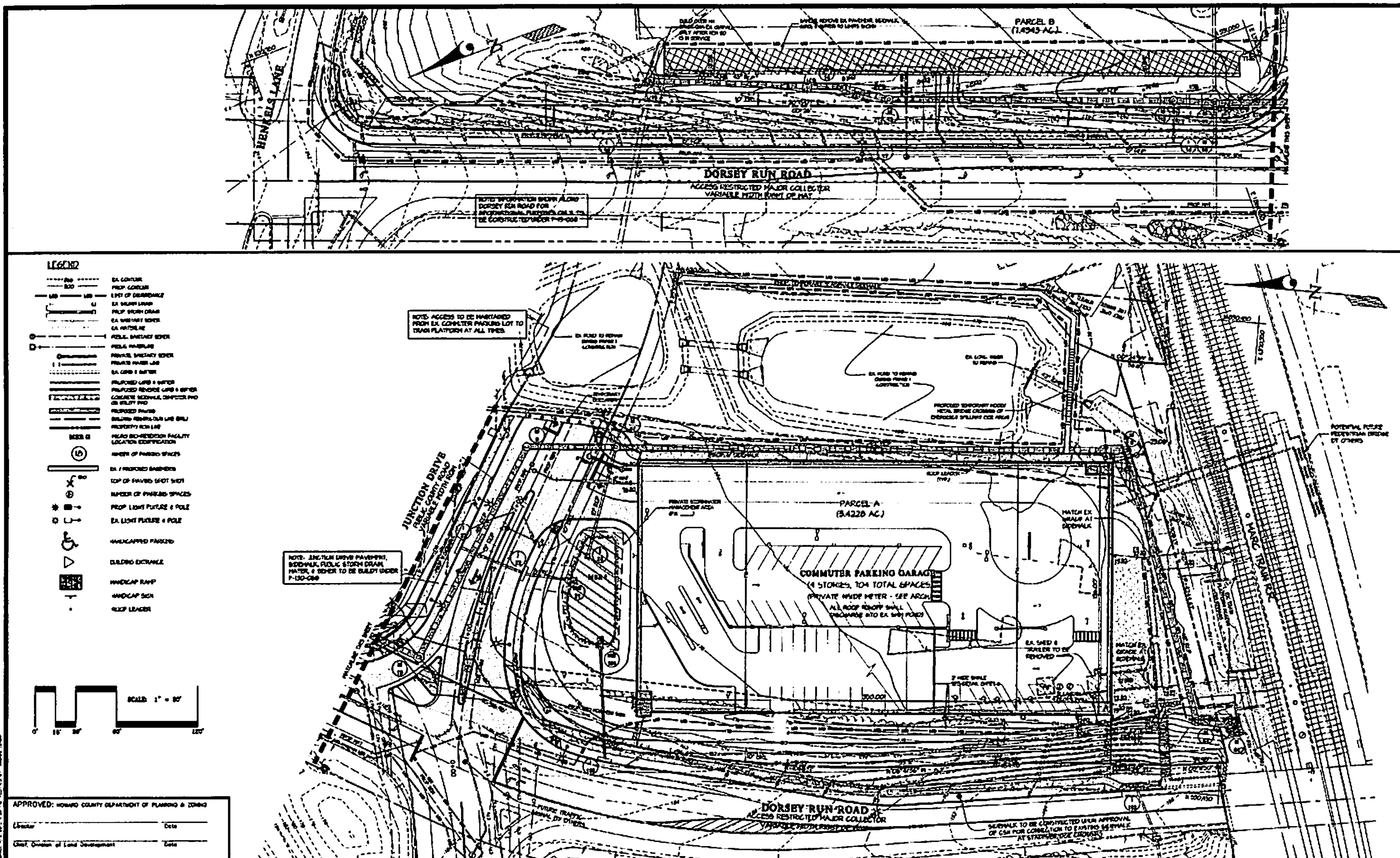
PROFESSIONAL CERTIFICATION
I HEREBY CERTIFY THAT THESE PLANS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.

OVERALL SITE DEVELOPMENT PLAN

ANNAPOLIS JUNCTION TOWN CENTER
RETAIL/HOTEL/RESIDENTIAL/OFFICE/BANK/COMMUTER GARAGE
PARCELS A - G
PLAT No. ________

ELECTION DISTRICT No. 6 (5TH) — HOWARD COUNTY, MARYLAND

SCALE	ZONING	G. L. W. FILE No.
1"=60'	TOD	11107
DATE	TAX MAP - GRID	SHEET
JAN., 2013	46-20	2 OF 64



APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING & ZONING

Director — Date

Chief, Division of Land Development — Date

Chief, Development Engineering Division — Date

GLW GUTSCHICK LITTLE & WEBER, P.A.
CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS, LANDSCAPE ARCHITECTS

PREPARED FOR
ANNAPOLIS JUNCTION TOWN CENTER, LLC
4416 DEL RAY AVENUE
BETHESDA, MARYLAND 20814
ATTN: PETER ZADORETZKY
410-267-8528

PROFESSIONAL CERTIFICATION

PHASE I CONSTRUCTION

ANNAPOLIS JUNCTION TOWN CENTER
RETAIL/HOTEL/RESIDENTIAL/OFFICE/BANK/COMMUTER GARAGE
PARCELS A - O
PLAT No. ______

ELECTION DISTRICT No. 6 GUILFORD — HOWARD COUNTY, MARYLAND

SCALE	ZONING	G.L.W. FILE No.
1"=30'	100	11107
DATE	TAX MAP - GRID	SHEET
JAN. 2013	43-20	3 OF 64

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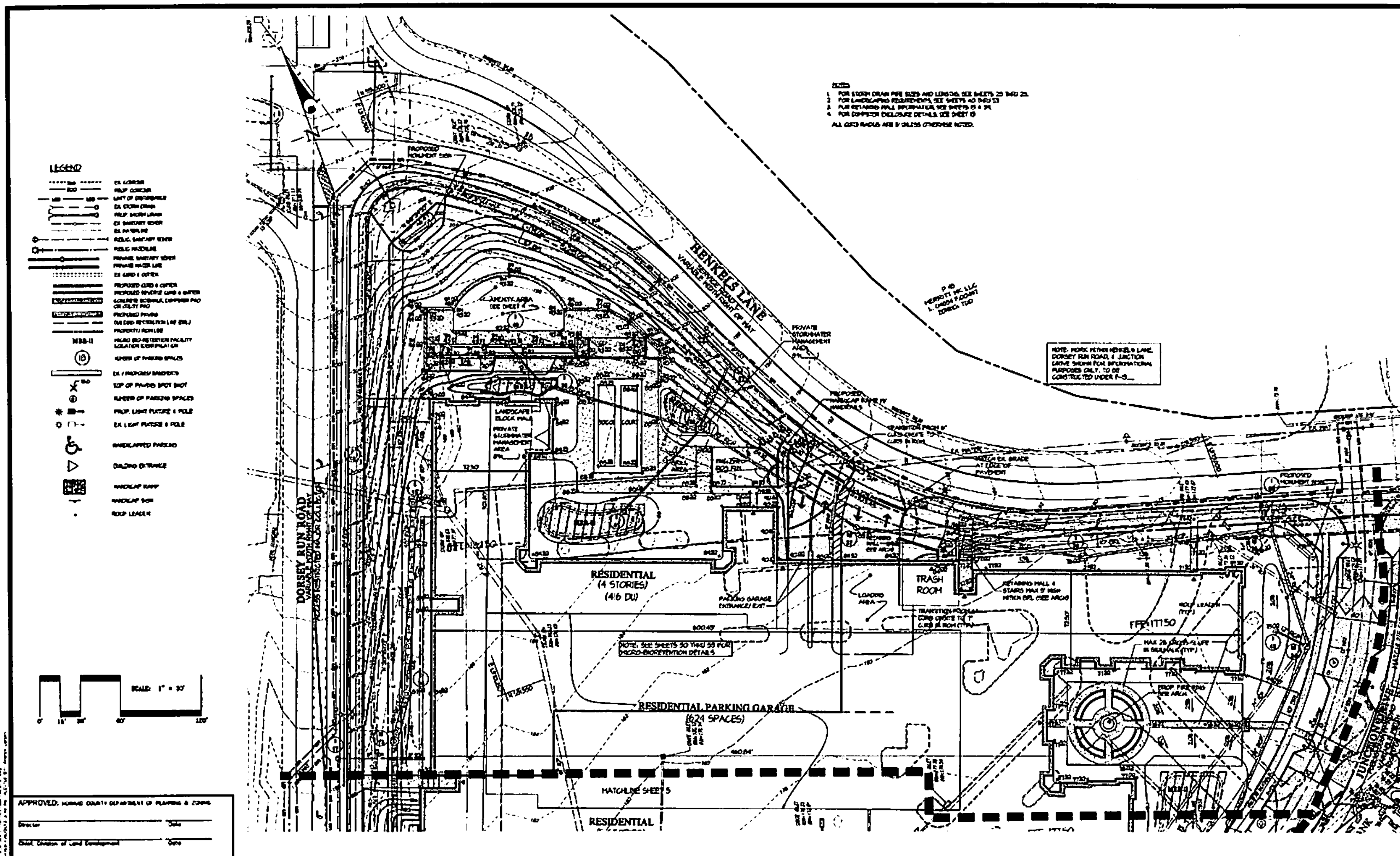
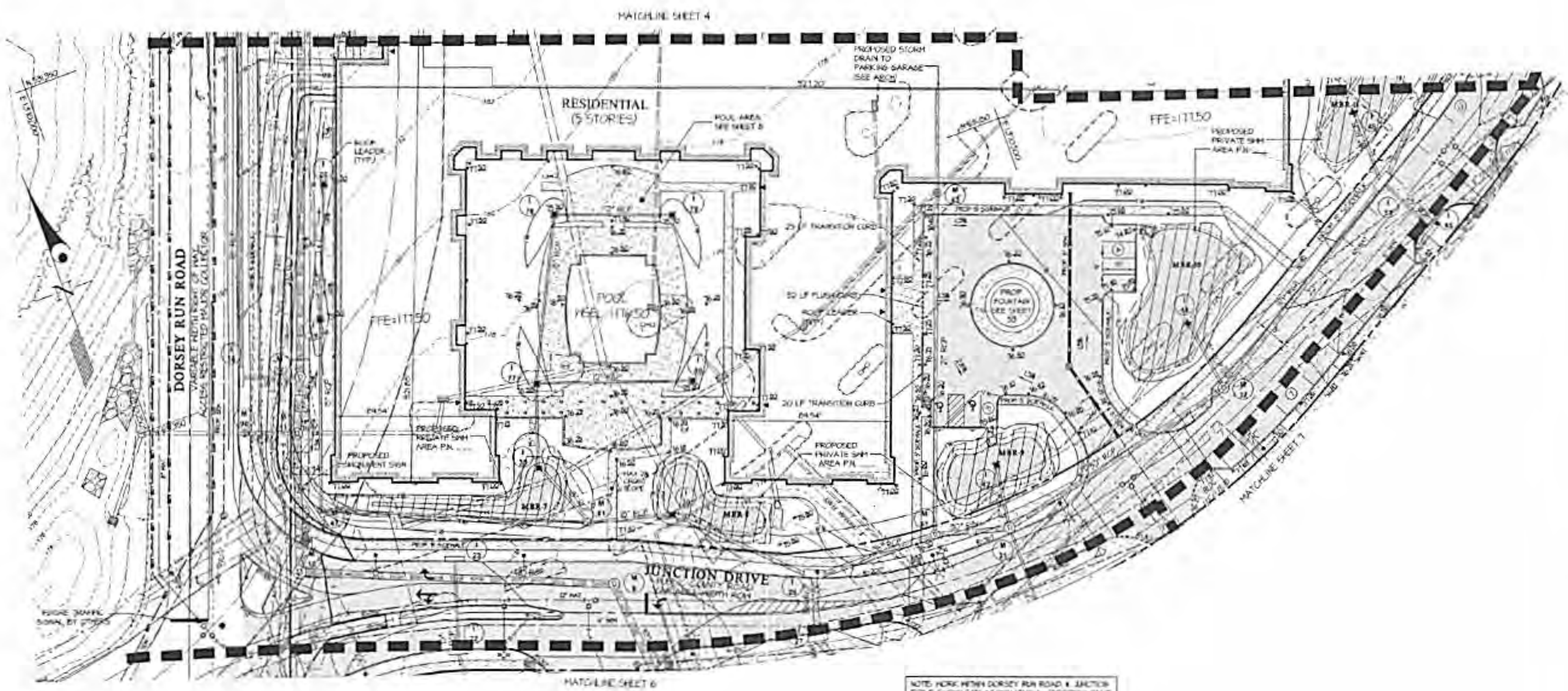


GLW GUTSCHICK LITTLE & WEBER, P.A.

PREPARED FOR:	PROFESSIONAL CERTIFICATION	SITE DEVELOPMENT PLAN - RESIDENTIAL NORTH	SCALE	ZONING	G.L.W. FILE No.
ANNAPOLIS JUNCTION TOWN CENTER, LLC 4816 DEL RAY AVENUE BETHESDA, MARYLAND 20814 ATTN: PETER ZADORETZKY 410-267-8688	I HEREBY CERTIFY THAT THESE PLANS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.	ANNAPOLIS JUNCTION TOWN CENTER RETAIL/HOTEL/RESIDENTIAL/OFFICE/BANK/COMMUTER GARAGE PARCELS A - G PLAT No. ________	1" = 30'	T.O.D.	11107
		ELECTION DISTRICT No. 6	DATE: JAN. 2013	TAX MAP - GRID: 48-20	SHEET: 4 OF 64

LEGEND

- EX. CONTOUR
- PROP. CONTOUR
- LIMIT OF DISTURBANCE
- EX. STORM DRAIN
- PROP. STORM DRAIN
- EX. SANITARY SEWER
- EX. WATERLINE
- PUBLIC SANITARY SEWER
- PUBLIC WATERLINE
- PRIVATE SANITARY SEWER
- PRIVATE WATER LINE
- EX. CURB & GUTTER
- PROPOSED CURB & GUTTER
- PROPOSED REVERSE CURB & GUTTER
- CONCRETE SIDEWALK, DUMPSTER PAD OR UTILITY PAD
- PROPOSED PAVING
- BUILDING RESTRICTION LINE (BRL)
- PROPERTY/ ROW LINE
- MICRO BIO-RETENTION FACILITY LOCATION IDENTIFICATION
- NUMBER OF PARKING SPACES
- EX. / PROPOSED EASEMENTS
- TOP OF PAVING SPOT SHOT
- NUMBER OF PARKING SPACES
- PROP. LIGHT FIXTURE & POLE
- EX. LIGHT FIXTURE & POLE
- HANDICAPPED PARKING
- BUILDING ENTRANCE
- EX. TREES (PER F-15-060)
- WHEELCHAIR RAMP
- WHEELCHAIR SIGN
- ROOF LEADER



NOTE: WORK WITHIN DORSEY RUN ROAD & JUNCTION DRIVE SHOWN FOR INFORMATIONAL PURPOSES ONLY. TO BE CONSTRUCTED UNDER F-15-060

SCALE: 1" = 30'

0' 15' 30' 60' 100'

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING & ZONING

Director — Date

Chief, Division of Land Development — Date

Chief, Development Engineering Division — Date

GLW GUTSCHICK LITTLE & WEBER, P.A.

CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS, LANDSCAPE ARCHITECTS

DATE	REVISION	BY	APP'R

PREPARED FOR:
ANNAPOLIS JUNCTION TOWN CENTER, LLC
4915 DEL RAY AVENUE
BETHESDA, MARYLAND 20814
ATTN: PETER ZAGORETZKY
410-207-0000

PROFESSIONAL CERTIFICATION
I HEREBY CERTIFY THAT THESE PLANS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.

SITE DEVELOPMENT PLAN - RESIDENTIAL SOUTH

ANNAPOLIS JUNCTION TOWN CENTER

RETAIL/HOTEL/RESIDENTIAL/OFFICE/BANK/COMMUTER GARAGE

PARCELS A - G

PLAT No. ________

ELECTION DISTRICT No. 6 GUILFORD — HOWARD COUNTY, MARYLAND

SCALE	ZONING	G. L. W. FILE No.
1"=30'	T.O.D.	11107
DATE	TAX MAP - GRID	SHEET
JAN., 2015	48-20	5 OF 34

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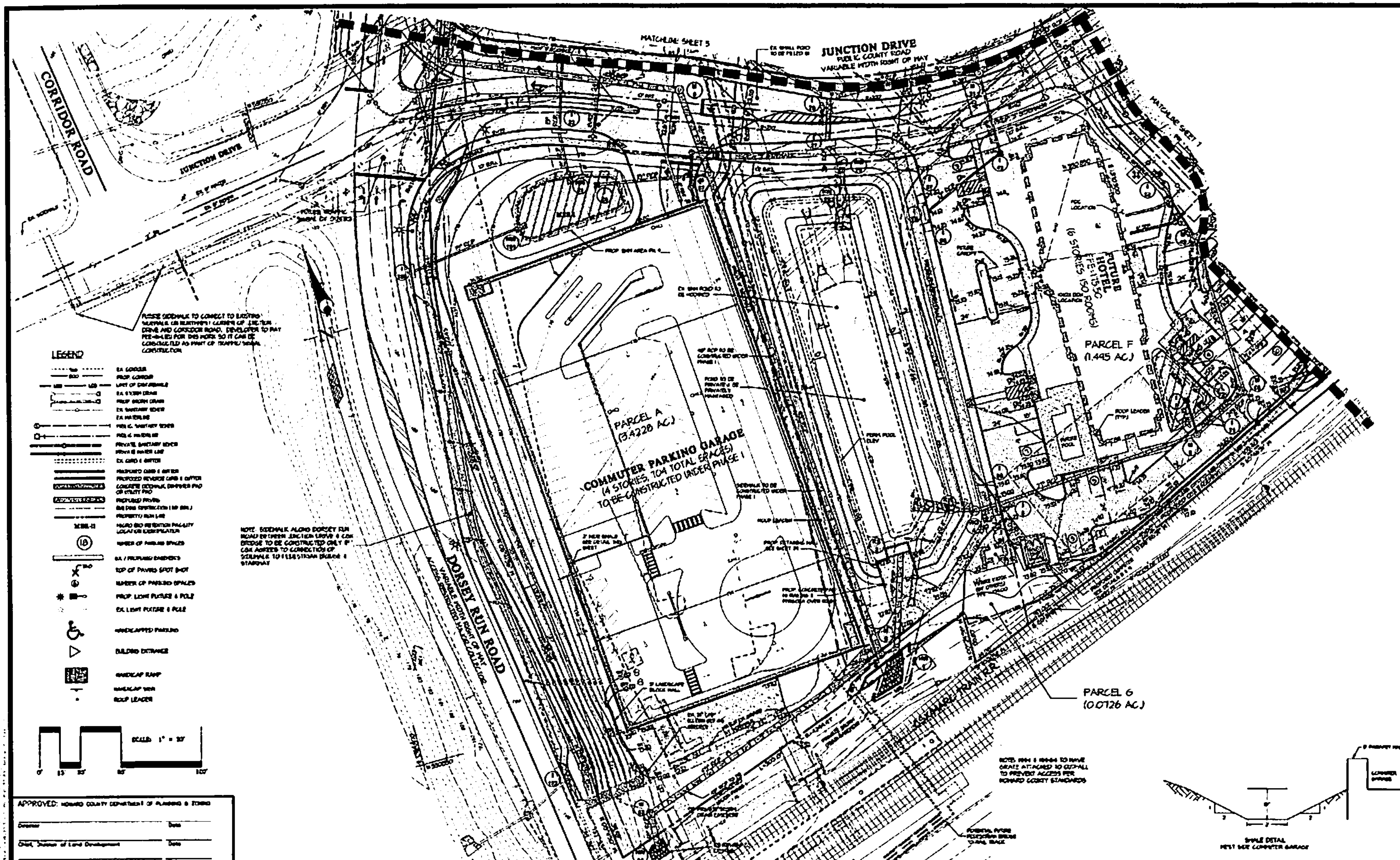

APPROVED: HOWARD COUNTY DEPARTMENT OF PLANNING & ZONING

Director	Date
Chief, Division of Land Development	Date
Chief, Development Engineering Division	Date

GLW Gutschick Little & Weber, P.A.
CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS, LANDSCAPE ARCHITECTS

PREPARED FOR:
ANNAPOLIS JUNCTION TOWN CENTER, LLC
4550 DEL RAY AVENUE
BETHESDA, MARYLAND 20814
ATTN: PETER ZADOERIZKY
410-287-6688

PROFESSIONAL CERTIFICATION
I HEREBY CERTIFY THAT THESE PLANS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.

SITE DEVELOPMENT PLAN - WEST COMMERCIAL

ANNAPOLIS JUNCTION TOWN CENTER

RETAIL/HOTEL/RESIDENTIAL/OFFICE/BANK/COMMUTER GARAGE

PARCELS A - G

PLAT No. ______

ELECTION DISTRICT No. 6 GUILFORD — HOWARD COUNTY, MARYLAND

SCALE	ZONING	G. L. W. FILE No.
1"=30'	T.O.D.	11107
DATE	TAX MAP - GRID	SHEET
JAN., 2013	48-20	6 OF 64

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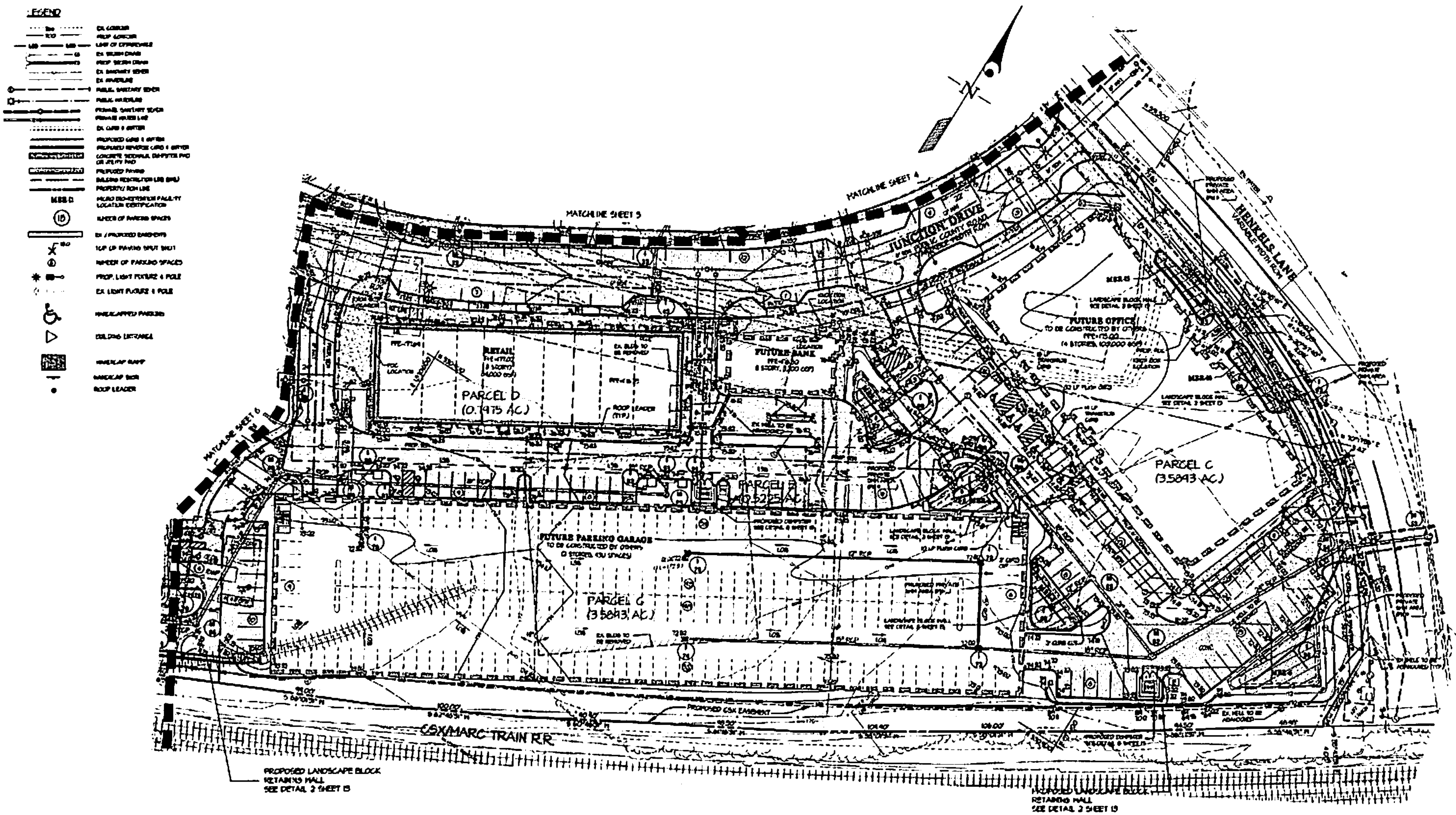

NOTE: SEE SHEETS 30 THROUGH 53 FOR SWM DETAILS

SCALE: 1" = 30'

0' 15' 30' 60' 120'

APPROVED HOWARD COUNTY DEPARTMENT OF PLANNING & ZONING

Director — Date

Chief, Division of Land Development — Date

Chief, Development Engineering Division — Date

GLW GUTSCHICK LITTLE & WEBER, P.A.

CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS, LANDSCAPE ARCHITECTS

PREPARED FOR:
ANNAPOLIS JUNCTION TOWN CENTER, LLC
4676 DEL RAY AVENUE
BETHESDA, MARYLAND 20814
ATTN: PETER ZADORETZKY
410-297-8003

PROFESSIONAL CERTIFICATION
I HEREBY CERTIFY THAT THESE PLANS WERE PREPARED OR APPROVED BY ME, AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MARYLAND.

SITE DEVELOPMENT PLAN - EAST COMMERCIAL

ANNAPOLIS JUNCTION TOWN CENTER

RETAIL/HOTEL/RESIDENTIAL/OFFICE/BANK/COMMUTER GARAGE

PARCELS A - G

PLAT No. ________

SCALE	ZONING	G.L.W. FILE No.
1" = 30'	T.O.D.	11107
DATE	TAX MAP - GRID	SHEET
JAN. 2013	48-20	7 OF 64

ELECTION DISTRICT No. 6 GUILFORD — HOWARD COUNTY, MARYLAND

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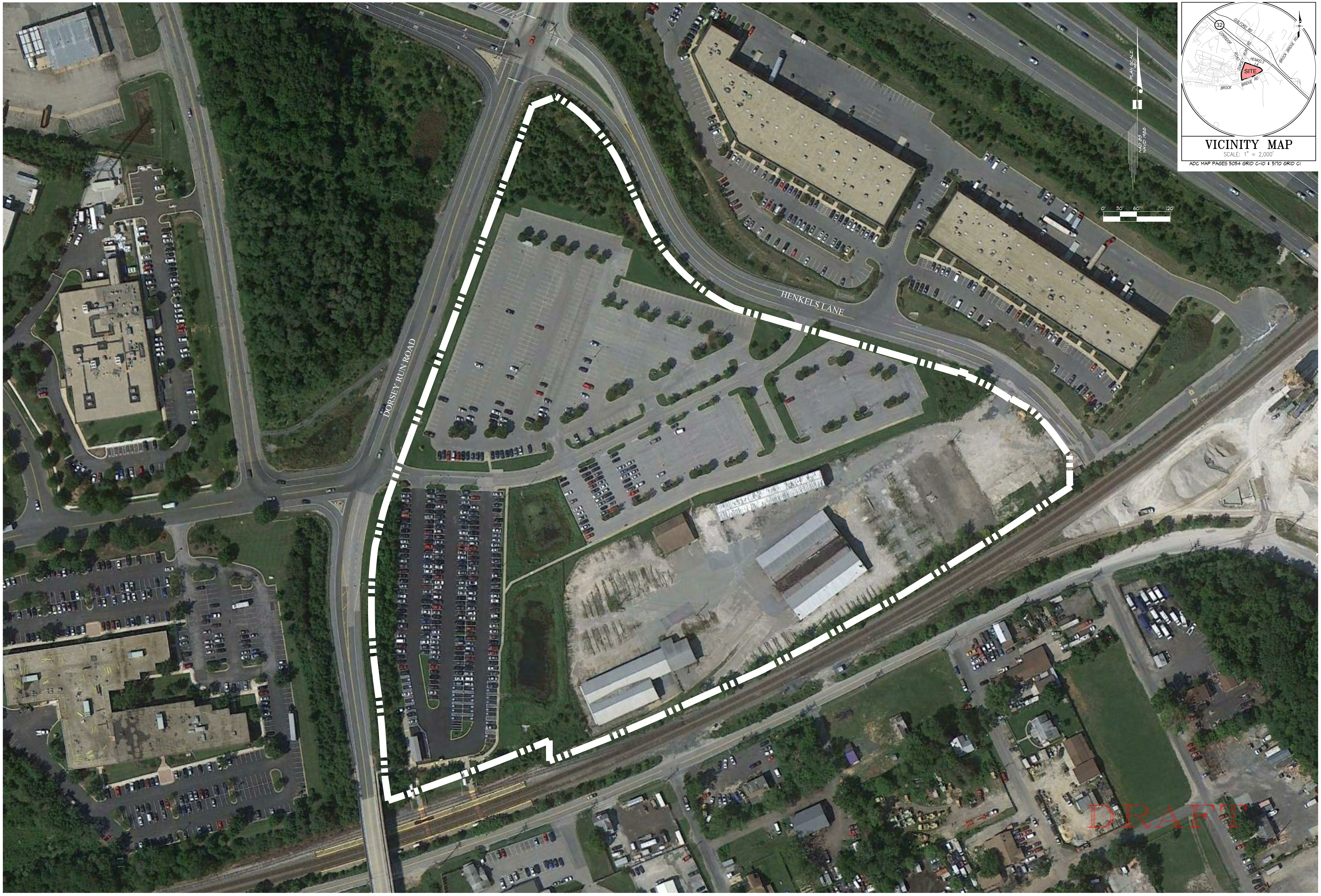


GLW GUTSCHICK LITTLE & WEBER, P.A. CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS, LANDSCAPE ARCHITECTS 3909 NATIONAL DRIVE – SUITE 250 – BURTONSVILLE OFFICE PARK BURTONSVILLE, MARYLAND 20866 TEL: 301-421-4024 BALT: 410-880-1820 DC/VA: 301-989-2524 FAX: 301-421-4186		
L:\CADD\DRAWINGS\11107\PLANS BY GLW\EXHIBIT\MDA\11107MDA – Exhibit 4 – Site Plan	DES. MAJ DRN. AWL	CHK.

DATE	REVISION	BY	APP'R.

PREPARED FOR:	SCALE	ZONING	REVISED EXHIBIT 4 - SITE PLAN	G. L. W. FILE No.
ANNAPOLIS JUNCTION TOWN CENTER, LLC	1"=60'	T.O.D.	**ANNAPOLIS JUNCTION TOWN CENTER**	11107
	DATE	TAX MAP – GRID		SHEET
		48	GUILFORD ELECTION DISTRICT No. 6 — HOWARD COUNTY, MARYLAND	1 OF 1

Elevations- Apartment Building

Annapolis Junction Town Center

Howard County, Maryland 20701

March 20, 2013

SOMERSET CONSTRUCTION COMPANY 301-657-4848

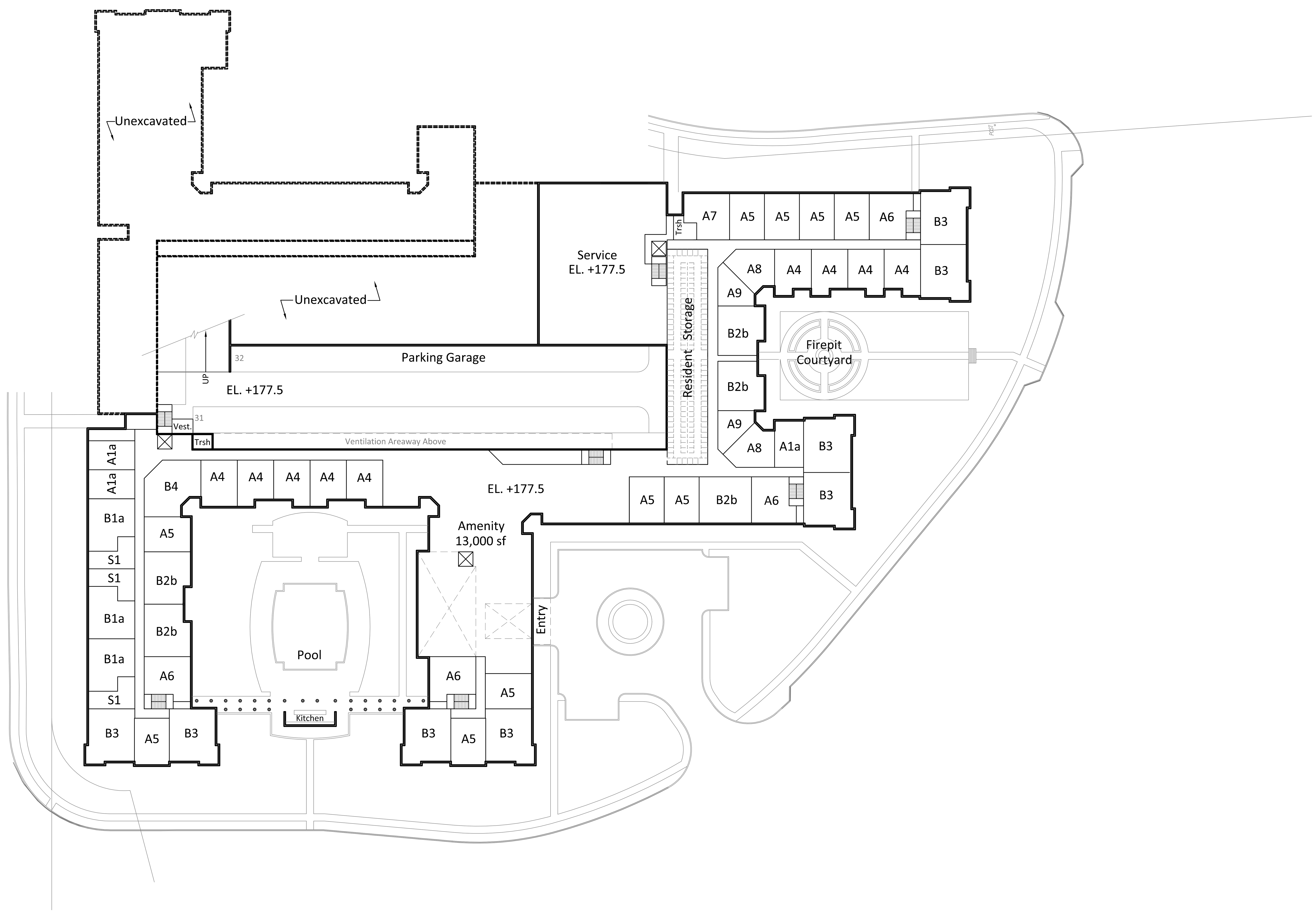
OA PARTNERS, LLC
164 Conduit Street
Annapolis, MD 21401
(410) 267-8688 - main
(410) 268-1332 - fax

Gutschick, Little & Weber, P.A.
3909 National Drive, Suite 250, Burtonsville, MD 20866
P 301.421.4024 F 301.421.4186

The Faux Group, Inc.
2200 Somerville Rd., Ste. 200
Annapolis, MD 21401
Ph: 410.295.6517
F: 410.295.6512

hord | coplan | macht
750 E. Pratt Street, Suite 1100 Baltimore, MD 21202
410.837.7311 | www.hcm2.com

Level 1 Plan



Annapolis Junction Town Center

Annapolis Junction (Howard County), Maryland 20701

SOMERSET CONSTRUCTION COMPANY

OA PARTNERS

1"=40'

March 12, 2013

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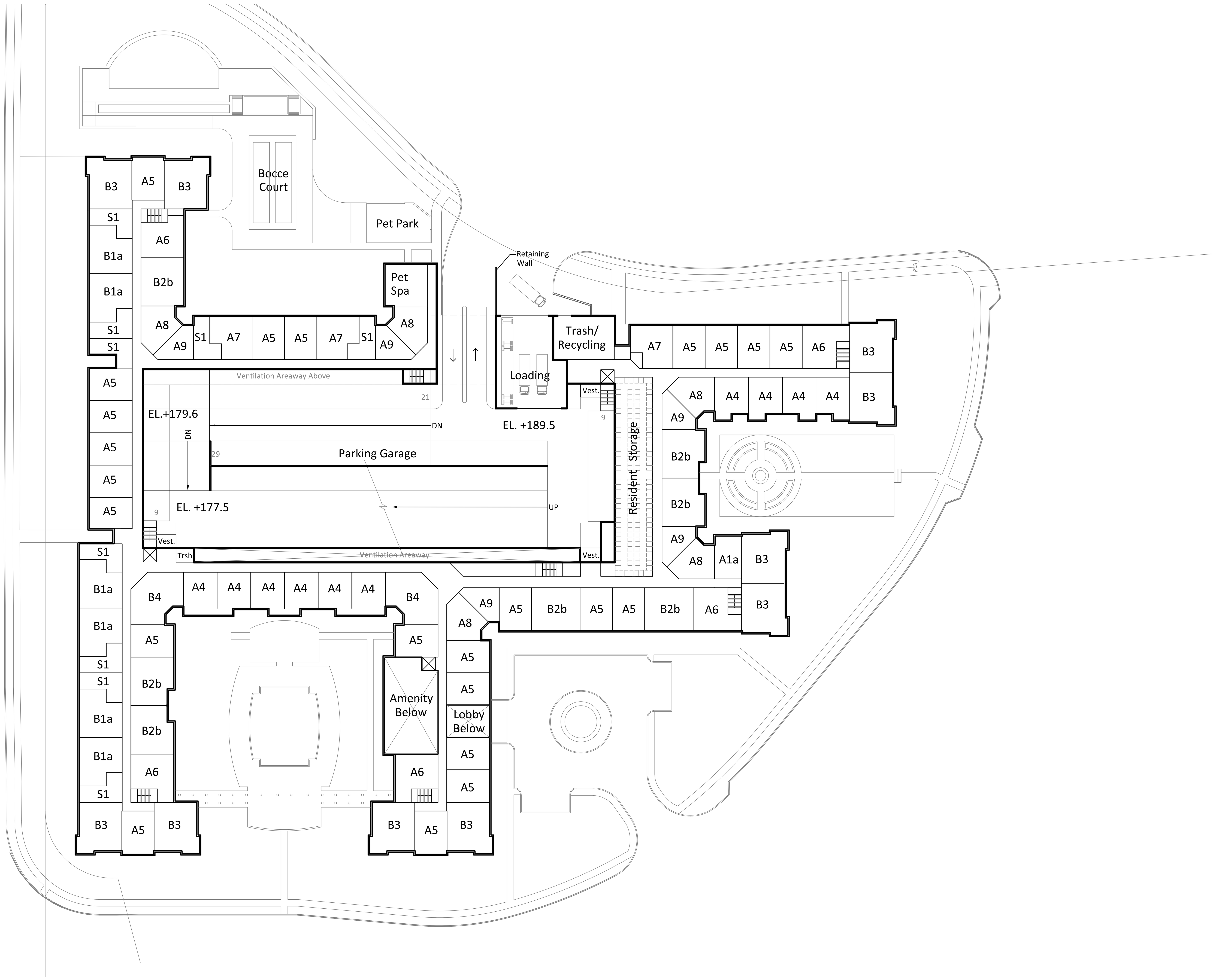
750 E. Pratt Street, Suite 1100 Baltimore MD 21202
410.837.7311 | www.hcm2.com

Level 2 Plan



Annapolis Junction Town Center

Annapolis Junction (Howard County), Maryland 20701

SOMERSET CONSTRUCTION COMPANY

OA PARTNERS

1"=40'

March 12, 2013

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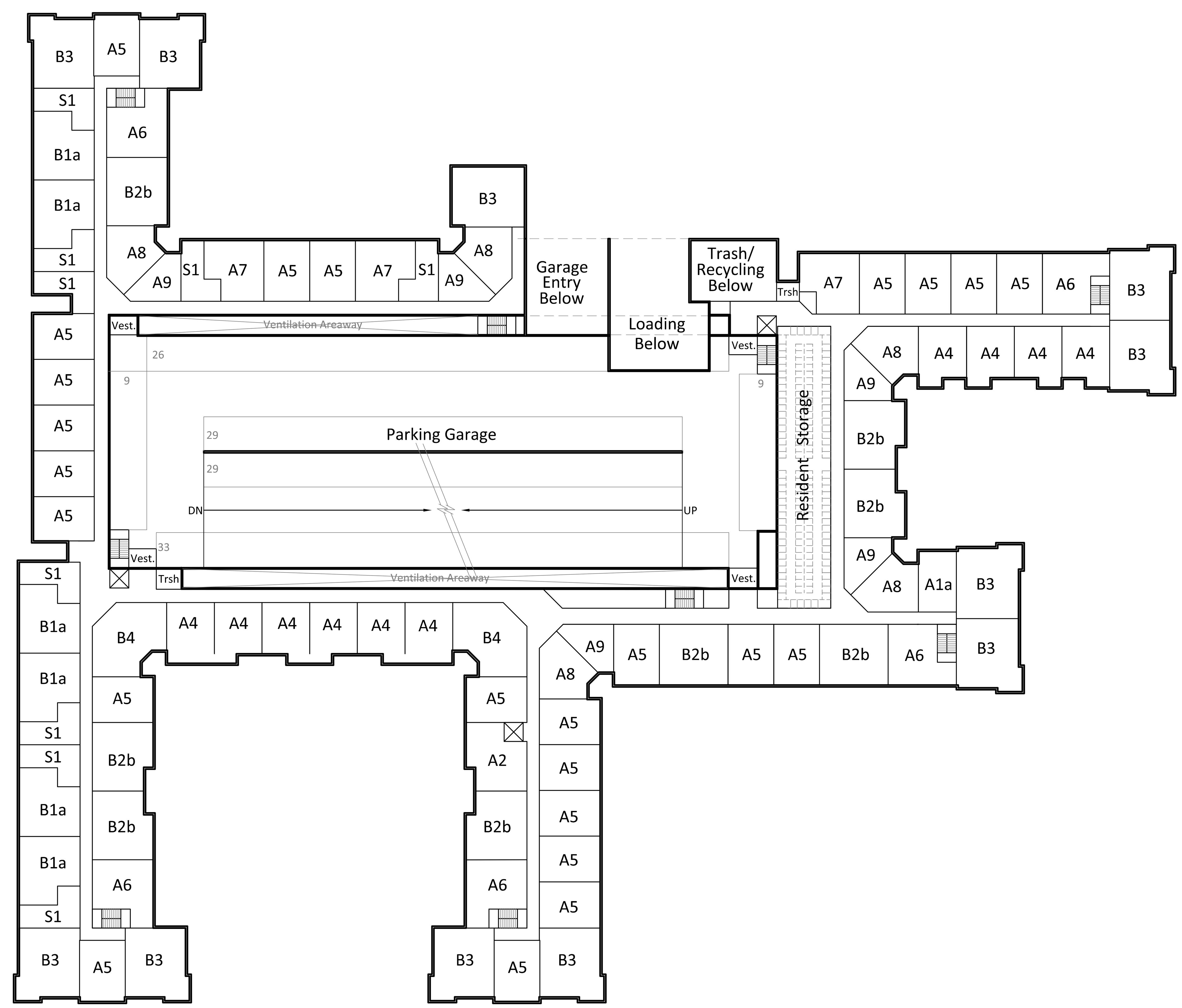
750 E. Pratt Street, Suite 1100 Baltimore MD 21202
410.837.7311 | www.hcm2.com

Level 3 Plan



Annapolis Junction Town Center

Annapolis Junction (Howard County), Maryland 20701

SOMERSET CONSTRUCTION COMPANY

1"=40'

March 12, 2013

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750 E. Pratt Street, Suite 1100 Baltimore MD 21202
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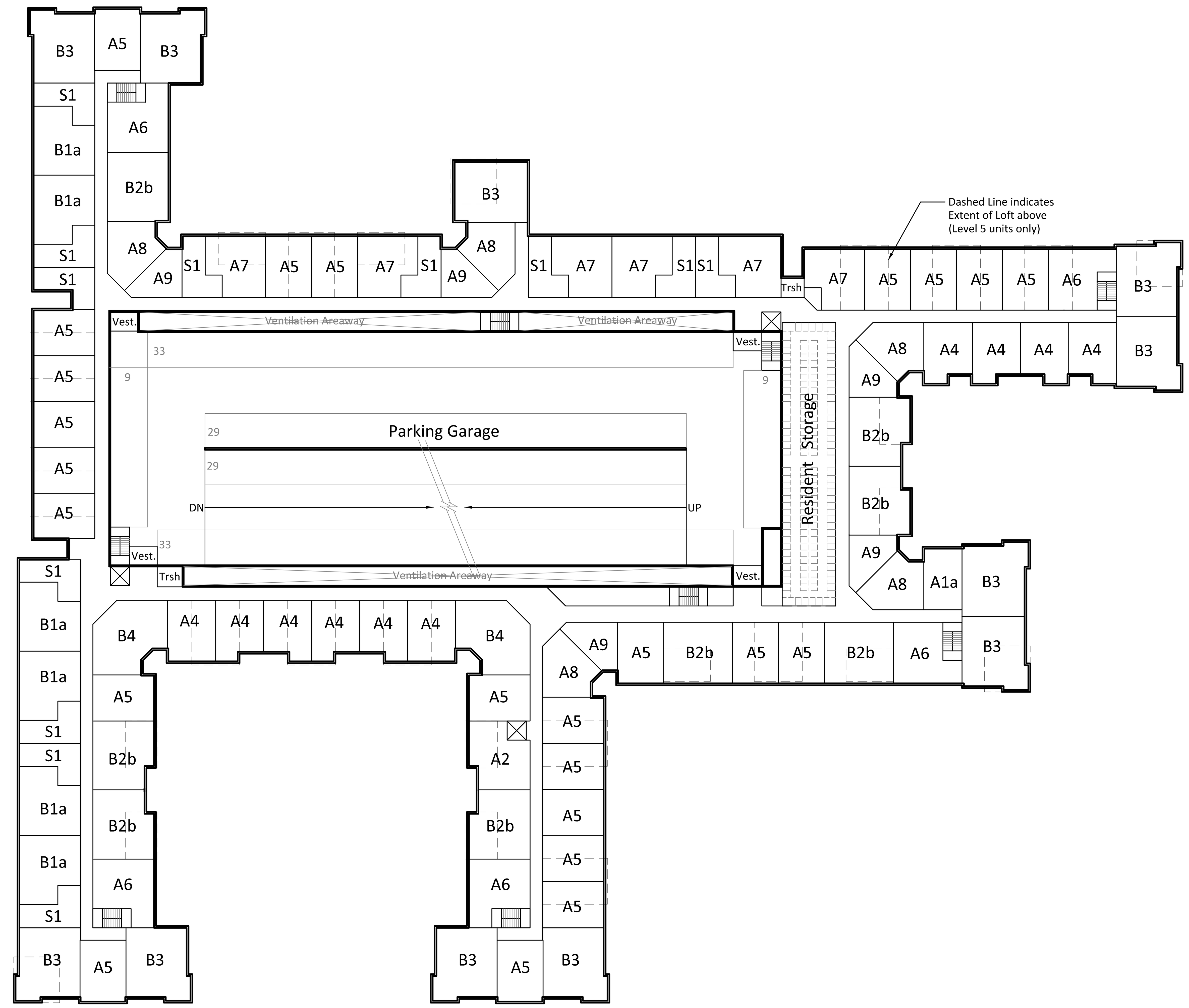
Level 4 & 5 Plan



Annapolis Junction Town Center

Annapolis Junction (Howard County), Maryland 20701

1"=40'

March 12, 2013

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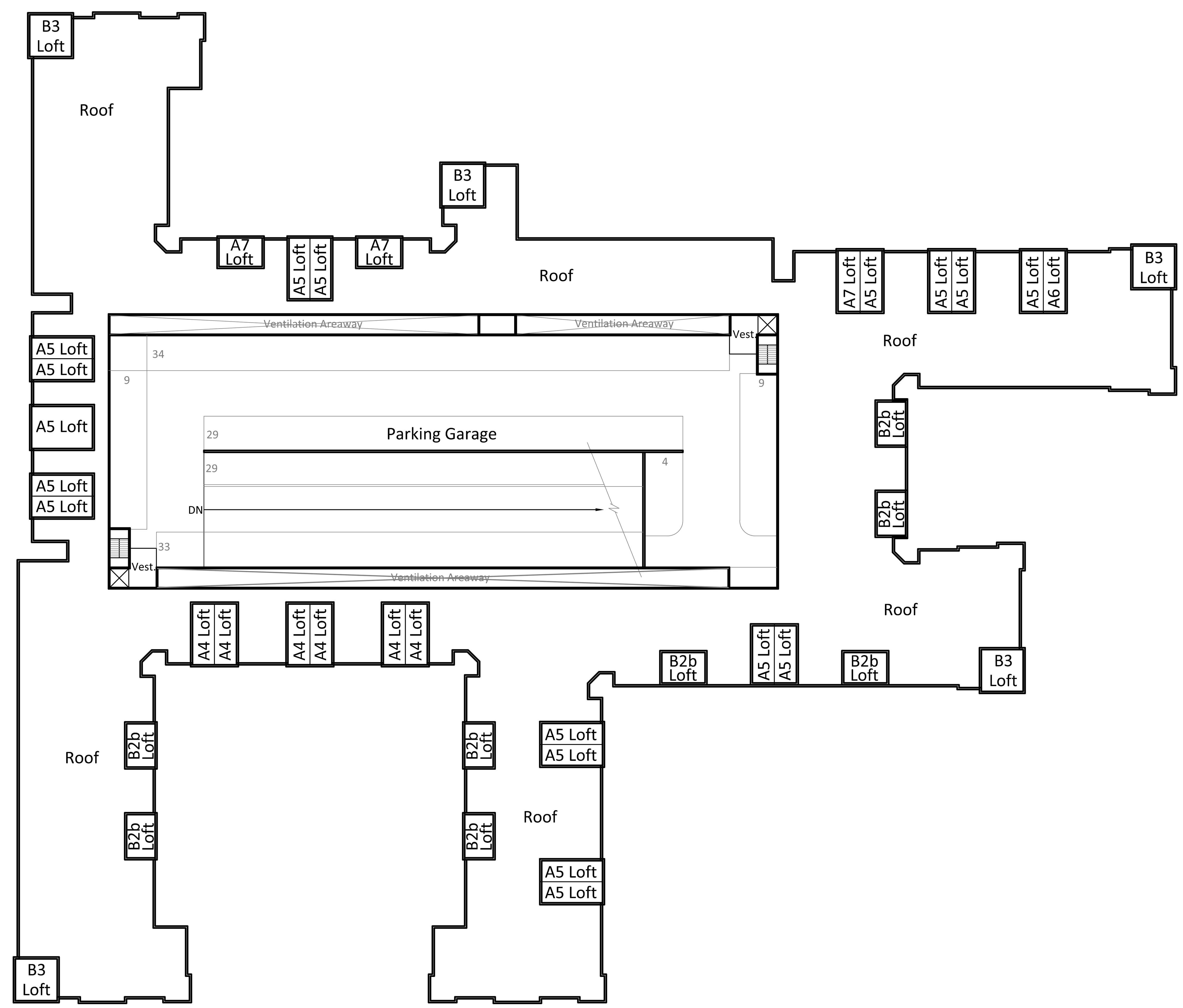
750 E. Pratt Street, Suite 1100 Baltimore MD 21202
410.837.7311 | www.hcm2.com

Roof Plan



Annapolis Junction Town Center

Annapolis Junction (Howard County), Maryland 20701

SOMERSET CONSTRUCTION COMPANY

OA PARTNERS

1"=40'

March 12, 2013

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750 E. Pratt Street, Suite 1100 Baltimore MD 21202

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Elevations- Retail Building

East Elevation

South Elevation

North Elevation

West Elevation

Annapolis Junction Town Center

Howard County, Maryland 20701

1/8" = 1'-0"

March 20, 2013

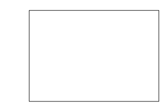
SOMERSET CONSTRUCTION COMPANY
301-657-4848

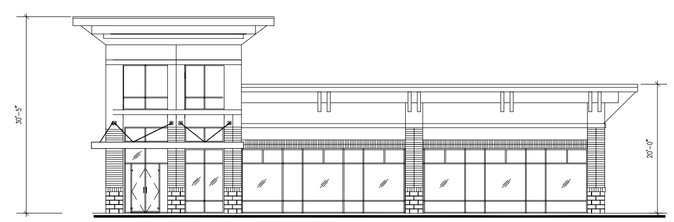
OA PARTNERS, LLC
164 Conduit Street
Annapolis, MD 21401
(410) 267-8688 - main
(410) 268-1332 - fax

Gutschick, Little & Weber, P.A.
3909 National Drive, Suite 250, Burtonsville, MD 20866
P 301.421.4024 F 301.421.4186

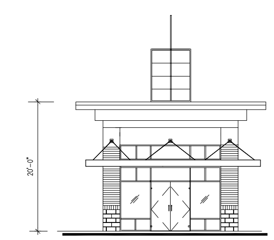
The Faux Group, Inc.
2200 Somerville Rd., Ste. 200
Annapolis, MD 21401
Ph: 410.295.6517
F: 410.295.6512

Willard Architects Ltd.
527 Baltimore Annapolis Blvd
Severna Park, MD. 21146
(off) 410-263-2828

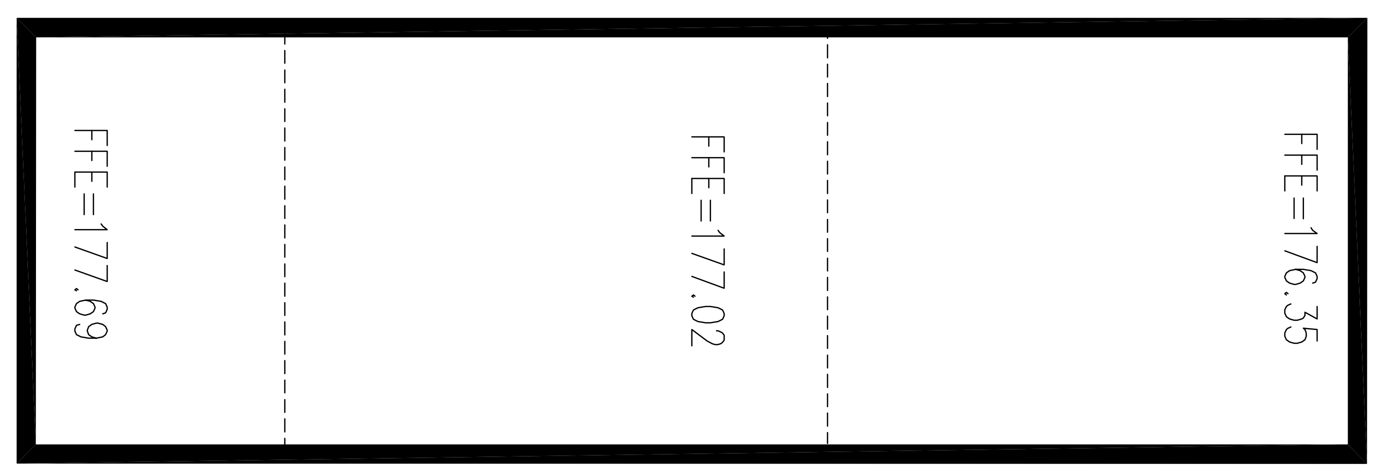


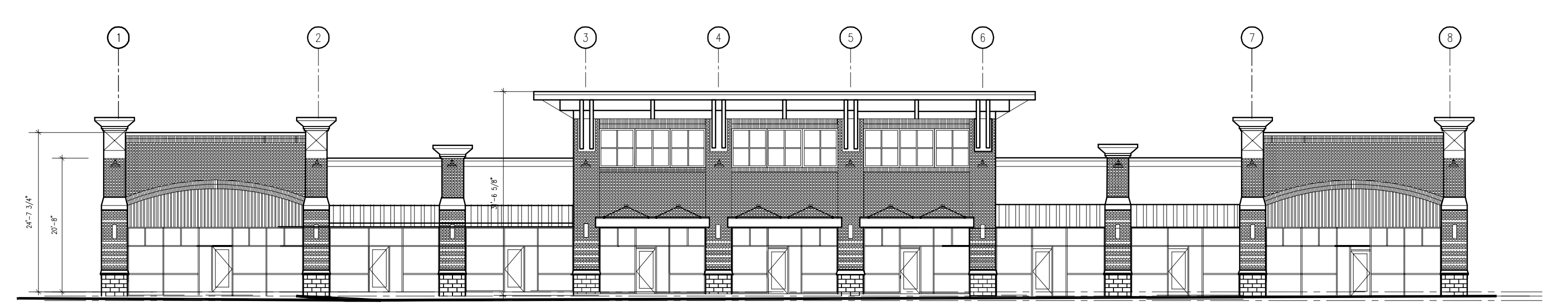


Bank



Kiosk





Retail

Elevations- Office Building

East & West Elevations

North & South Elevations

Annapolis Junction Town Center

Howard County, Maryland 20701

1/8" = 1'-0"

March 20, 2013

SOMERSET CONSTRUCTION COMPANY
301-657-4848

OA PARTNERS, LLC
164 Conduit Street
Annapolis, MD 21401
(410) 267-8688 - main
(410) 268-1332 - fax

GLW
Gutschick, Little & Weber, P.A.
3909 National Drive, Suite 250, Burtonsville, MD 20866
P 301.421.4024 F 301.421.4186

THE FAUX GROUP
The Faux Group, Inc.
2200 Somerville Rd., Ste. 200
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Ph: 410.295.6517
F: 410.295.6512

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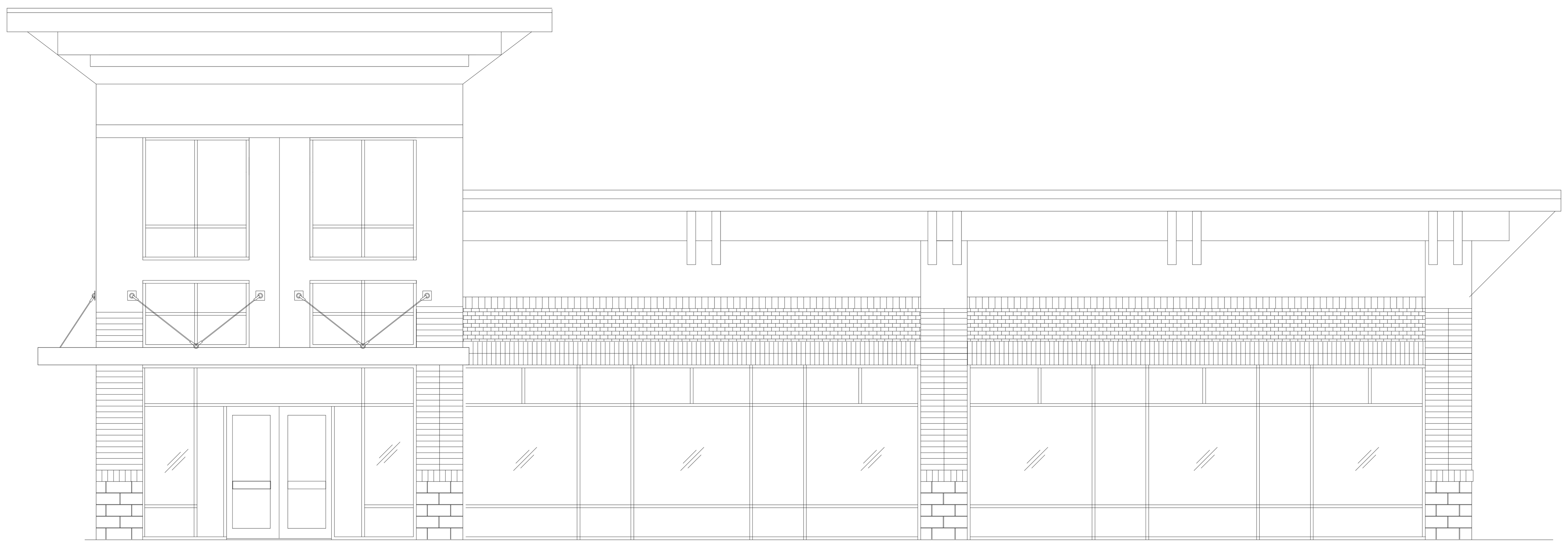
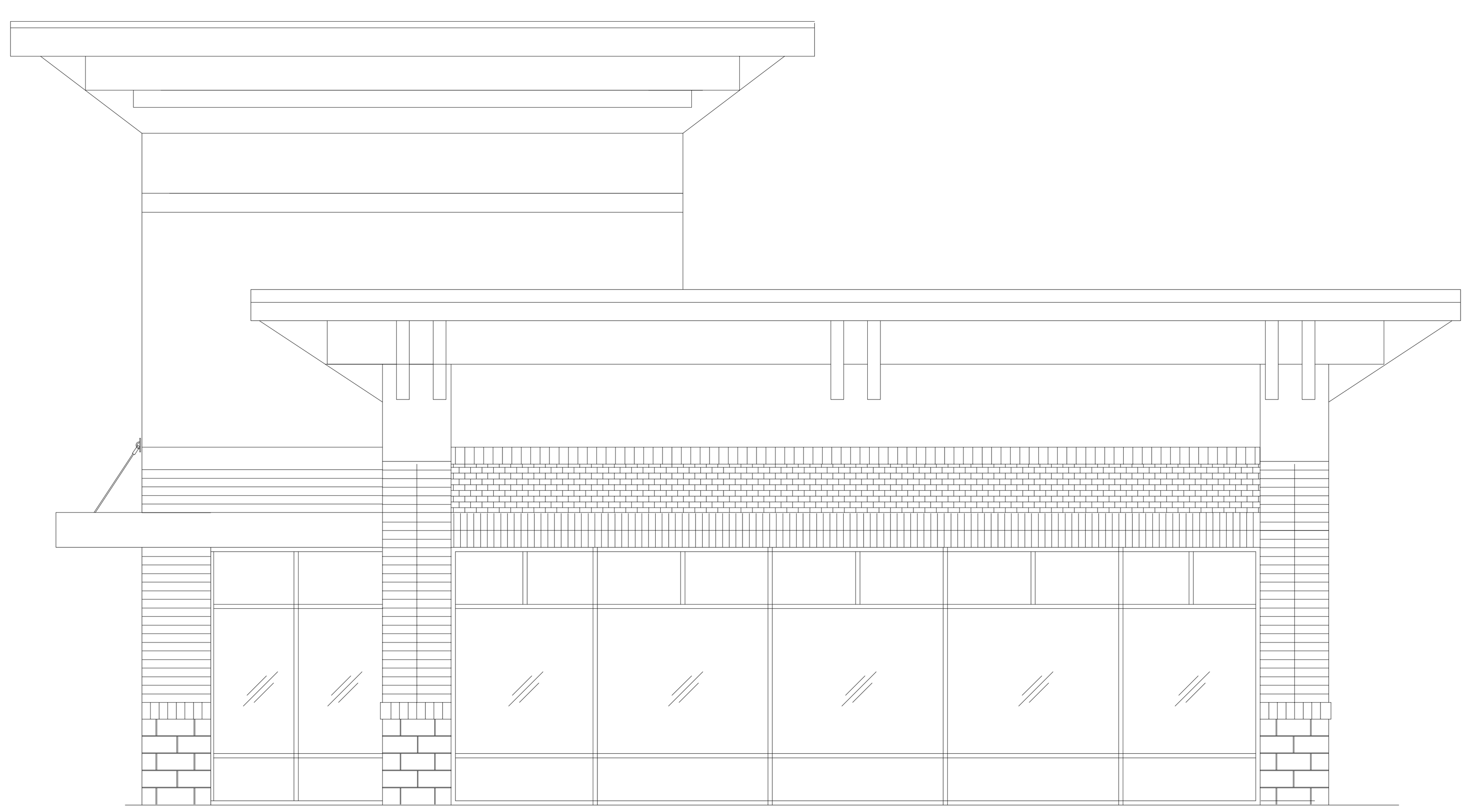
750 E. Pratt Street, Suite 1100 Baltimore, MD 21202
410.837.7311 | www.hcm2.com

East Elevation



North Elevation



West Elevation

South Elevation

Annapolis Junction Town Center

Bank Building

March 4 2013
(REV. 3-21-2013)

Willard Architects Ltd.
527 Baltimore Annapolis Blvd
Severna Park, MD. 21146
(off) 410-263-2828

APPENDIX B

Market Study

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Valbridge
PROPERTY ADVISORS
Lipman Frizzell & Mitchell LLC

January 17, 2014

Howard County, Maryland
3430 Courthouse Drive
Ellicott City, MD 21043
Attn: Stanley Milesky, Director of Finance

Stifel Nicolaus & Company, Inc.
18 West Street
Annapolis, MD 21401
Attn: Nathan Betnun

SUBJECT: ANNAPOLIS JUNCTION TOWN CENTER
Market Analysis - Update

Dear Messrs. Milesky and Betnun:

Valbridge Property Advisors/ Lipman Frizzell & Mitchell's (Valbridge/LF&M) conducted a market analysis dated April 15, 2013 of the Annapolis Junction Town Center (Development) located in Howard County, Maryland for inclusion in a limited offering memorandum to be provided to prospective purchasers of bonds to be issued by Howard County, Maryland.

The analysis examined the market environment for the mixed use Development and established a framework within which to forecast the likely taxable values, absorption pace and other factors critical to the estimation of new revenues attributable to the development effort.

On your behalf, we have recently reviewed the market analysis and find that there have been no material changes in the Development's market environment which would cause us to change any of our major conclusions. The national and regional economies are continuing to expand. The major employment drivers in the subject's local economy, especially Fort Meade, remain strong and growing.

In particular, however, we have re-surveyed the multifamily inventory in the Development's market area in order to focus on the Development's principal use. A summary of our current survey is attached. We find:

- Highest Quality Properties (Table 1) - The supply of the highest quality Class A units has been increased (as anticipated) by the entry of the 334-unit Palisades at Arundel Preserve in July 2013. With lease-up continuing at the property, it is reported to be

Table 1
ANNAPOLIS JUNCTION TOWN CENTER
Market Rate Multifamily Apartment Statistics
Highest Quality Properties
January 2014

	Units	Unit Type	Occupancy Rate	Monthly Rent	Unadjusted Sq. Ft.	Rent per Sq. Ft.	Utilities: Heat Type	Utilities: Tenant Pays	Features & Amenities
The Palisades at Arundel Preserve	125	Studio	Occupied	$1,558	583	$2.67	Electric	None	High-rise luxury community opened in July 2013. Units include gourmet kitchens with stainless steel appliances, granite counter tops, built-in microwave, bamboo flooring, cherry cabinetry, washer/dryer. Building amenities include controlled access entry, 24/7 desk attendant, library, business center with complimentary print and fax service, overlook lounge, heated pool, poolside cabanas, three outdoor kitchens, 24-hour club room with kitchen, 24 hr. fitness center, package acceptance service, dry cleaning valet, bike storage, electric charging station, Yoga studio. Parking: Free garage parking. Amenity fee: None
7694 Dorchester Boulevard	125	1BR/1BA	80.0%	$1,812	764	$2.37			
Hanover, Maryland 21076	77	2BR/2BA	lease up	$2,430	1,265	$1.92			
(443) 853-1030	7	2BR/2BA/TH	87.0%	$2,941	1,368	$2.15			
Southern Management	334								
		Mid-Rise Apartments							
Dorsey Ridge	561	1BR/1BA		$1,800	831	$2.17			Brand new luxury Mid-rise and Villa community opened in July 2012. The property has been leasing up at roughly 25 per month. Units include premium interior finishes, kitchens with granite counter tops, stainless steel appliances, full size washer/dryer, private balconies or patio, fireplace, vaulted and 9' ft. ceilings. Midrise building includes 4 elevators and parking on each level to residence. Villas include attached garages. Community amenities included gated entrance, Two Clubhouses with State-of-the-Art Fitness center, swimming pool, outdoor fireplace gathering area, business center with flat screen tv, game salon with billiards, Gourmet demonstration kitchen, movie theater, Great room with piano, library, on-site concierge, Concessions: 1-1.5 months free rent on select units w/signing of 12 month lease.
7501 Trafalgar Circle		1BR/1.5BA	lease up	$1,943	949	$2.05	Gas	All (except trash)	
Hanover, MD 21076		2BR/2BA	N/A	$2,240	1,188	$1.89			
(410) 684-2111		3BR/2BA		$2,823	1,410	$2.00			
Questar (Owner/Managed)		*Deluxe Villas*							
		1BR/1BA		$1,736	795	$2.19			
		1BR/1.5BA Loft		$2,108	1,106	$1.91			
		2BR/2BA		$2,214	1,172	$1.89			
		2BR/2.5BA/2Level		$3,024	1,433	$2.11			
		3BR/2BA		$2,712	1,415	$1.92			
Residences at Arundel Preserve	32	Studio		$1,388	510	$2.72	Electric	None	Mid-rise luxury community opened in Summer 2011. Units include gourmet kitchens with stainless steel appliances, granite counter tops, built-in microwave, bamboo flooring, washer/dryer. Community amenities include fitness center, billiards lounge, business center, swimming pool with sundeck, controlled access entry, front desk attendant. Parking: Free garage parking. No amenity fee. No concessions.
7789 Arundel Mills Boulevard	91	1BR/1BA	95.0%	$1,720	794	$2.17			
Hanover, Maryland 21076	19	1BR/Den		$1,930	955	$2.02			
(888) 459-0382	97	2BR/2BA		$2,410	1,265	$1.91			
Southern Management	3	2BR/2BA/Den		$2,725	1,374	$1.98			
	242								
Arbors at Arundel Preserve	127	Jr 1BR/1BA		$1,330	681	$1.95	Gas	All (except trash)	Garden and elevator-service apartment community with surface structured and detached garages which opened in 2007. Units include kitchen with maple cabinets, black appliances, microwave, gas stove, disposal. Other features include carpet, track lighting, some with balcony and gas fireplace. Community amenities include clubhouse, business center, sports lounge with billiards tables, fitness room, theater room, outdoor grills and fire pit. No amenity fee. Structured parking ($25) or individual garage ($125). Concessions: None. Amenity Fee: None Yieldstar System
2109 Piney Branch Circle	61	1BR/1BA		$1,383	746	$1.85			
Hanover, MD 21076	32	1BR/1BA/Den	94.6%	$1,464	897	$1.63			
(410) 379-5305	8	1BR/1BA/Loft		$1,503	887	$1.69			
Bozzuto Management	5	1BR/1.5BA/Den/Loft		$1,715	1,102	$1.56			
	2	1BR/Deluxe		$1,431	911	$1.57			
	44	2BR/2BA		$1,539	964	$1.60			
	62	2BR/2BA		$1,497	989	$1.51			
	21	2BR/2BA		$1,677	1,090	$1.54			
	46	2BR/2BA		$1,750	1,102	$1.59			
	12	2BR/2BA		$1,725	1,109	$1.56			
	2	2BR/2BA		$1,840	1,139	$1.62			
	23	2BR/2BA		$1,675	1,192	$1.41			
	26	2BR/2BA/Loft		$1,679	1,252	$1.34			
	25	3BR/2BA		$1,940	1,316	$1.47			
	496								

Belmont Station	40	1BR/1BA		$1,423	766	$1.86			Three-story garden community opened in 2007. Units include kitchens with Shaker maple cabinets and top-of-the-line appliances, separate laundry room with full size washer and dryer, select units with fireplaces. Community amenities include a clubhouse with fitness center, business center, conference room, swimming pool, playground, walking trail and picnic area. Detached garages available at $160/month. Concessions: $1,500 off lease term. No amenity fee.
6900 Tasker Falls	14	1BR/1BA/Sunroom	89.0%	$1,648	902	$1.83	Gas	All (incl. trash)	
Elkridge, MD 21075	8	1BR/1BA/Loft		$1,640	947	$1.73			
(410) 379-2433	50	2BR/2BA		$1,575	1,110	$1.42			
Bozzuto Management	41	2BR/2BA/Den		$1,799	1,262	$1.43			
	12	2BR/2BA/Loft		$2,005	1,264	$1.59			
	4	2BR/2BA/Loft Sunroom		$1,849	1,300	$1.42			
	32	3BR/2BA		$2,213	1,455	$1.52			
	4	3BR/2BA/Townhome		$2,149	1,474	$1.46			
	3	2BR/2BA/Sunroom		$1,815	1,203				
	208								
Enclave at Emerson	36	1BR/1BA		$1,508	807	$1.87			New garden style apartments and townhome community opened March 2011. Units include fully applianced kitchens with gas range, stainless steel GE appliances, 42' cabinets and pantries, full size washer/dryer in-unit, balconies or sunrooms. Community amenities include a clubhouse with great room. Business center with wi-fi access, outdoor fireplace and grilling areas, controlled access buildings. Private parking garage: $160/mo. No concessions. No amenity fee.
8450 Upper Sky Way	9	1BR/1BA/Loft	94.6%	$1,785	1,069	$1.67	Gas	All (except trash)	
Laurel, MD 20723	18	2BR/2BA		$1,865	1,086	$1.72			
(410) 202-2767	48	2BR/2BA/Den		$2,098	1,264	$1.66			
Bozzuto Management	18	2BR/2BA/Loft		$1,925	1,223	$1.57			
	129	3BR/TH		$2,617	1,580	$1.66			
Lodge at Seven Oaks	144	1BR/1BA		$1,415	722	$1.96			Garden-style apartment community built in 2007. Community has many upscale features, including fitness center, resort-style pool, poolside grill, clubhouse with meeting space, movie room, sports lounge with billiards, detached parking garages. Units Units include gourmet kitchen with wine rack, microwave & black appliances, full size washer/dryer, carpet, 9' ceilings, track lighting, ceiling fan in bedroom, some with balconies. Private parking garage space: $150/month. No concessions
2027 Odens Station Lane		1BR/1BA	94.4%	$1,442	786	$1.83	Gas	All (except trash)	
Odenton, MD 21113		1BR/1BA		$1,437	838	$1.71			
(410) 674-9077	60	1BR/1BA/Study		$1,637	987	$1.66			
Bozzuto Management		1BR/1BA/Study		$1,582	989	$1.60			
	156	2BR/2BA		$1,631	1,127	$1.45			
		2BR/2BA		$1,764	1,198	$1.47			
		2BR/2BA		$1,747	1,233	$1.42			
	36	3BR/2BA		$1,781	1,348	$1.32			
	396								
Total	**2,366**		**93.8%**						

Average Rents

Studio	$1,425	591	$2.41
1BR	$1,579	790	$2.00
1BR+	$1,677	977	$1.72
2BR	$1,849	1,139	$1.62
2BR+	$2,186	1,294	$1.69
3BR	$2,319	1,428	$1.62

Source: Survey by Valbridge/LF&M, January 2014

87.0% leased (80.0% occupied) as of the date of our survey—with an absorption pace of 48 units per month since opening. Dorsey Ridge remains in lease-up.

Occupancy within this luxury group has slipped slightly to 93.8*% from 95.0%, though concessions remain limited to two properties. Average rents within this group of properties—while still very healthy—have moderated a bit as of our January survey, likely due to seasonal factors (winter being the slow time for rentals) but also in competitive response to new supply. We view both factors as temporary. Our summary of asking rents among the highest quality competition follows:

Highest Quality Luxury Competition Asking Rents (January 2014)			
Unit Type	**Avg. Rent**	**Avg. Sq.Ft.**	**Avg. Rent PSF**
Studio	$1,425	591	$2.41
1BR	$1,579	790	$2.00
1BR+	$1,677	977	$1.72
2BR	$1,849	1,139	$1.62
2BR+	$2,186	1,294	$1.69
3BR	$2,319	1,428	$1.62

As compared to performance in April 2013, average rents and rent per sq.ft. remain within 1.0% of their levels nine months earlier.

- <u>Standard New Properties</u> (Table 2) - Examining the supply of new Class A- (somewhat less well-amenitized) properties, we find that occupancy has slipped a bit to 93.2% from 94.3% over the nine month period among the four properties. The number of properties offering real concessions (i.e., 1 month free rent or more) has been reduced from three to two. Again, we view the change in occupancy as principally seasonal and temporary. Our summary of Class A- average rents follows:

Standard Class A- Competition Asking Rents (January 2014)			
Unit Type	**Avg. Rent**	**Avg. Sq.Ft.**	**Avg. Rent PSF**
1BR	$1,500	810	$1.85
1BR+	$1,558	945	$1.65
2BR	$1,714	1,155	$1.48
2BR+	$1,805	1,329	$1.36
3BR	$2,150	1,442	$1.49

Again, as compared to performance in April 2013, average rents and rent per sq.ft. remain within 1.0% of their levels nine months earlier.

In summary, Valbridge Property Advisors/Lipman Frizzell & Mitchell finds that there have been no material changes in the short- or long-term economic or multifamily

Table 2
ANNAPOLIS JUNCTION TOWN CENTER
Market Rate Multifamily Apartment Statistics
Standard New Properties
January 2014

				Unadjusted			Utilities		
	Units	Unit Type	Occupancy Rate	Monthly Rent	Sq. Ft.	Rent per Sq. Ft.	Heat Type	Tenant Pays	Features & Amenities
Elms at Stoney Run Village	46	1BR/1BA		$1,425	830	$1.72			Garden apartment community with surface parking and 20 detached garages ($180) which opened in November 2008. Units include kitchen with black appliances, gas stove, microwave & disposal. Units feature carpet, patio or balcony, full size washer/dryer in separate laundry room, gas fireplace in some units. Community amenities include swimming pool, clubhouse with fitness & business center, conference room, playground, walking Concessions: Up to $35 off per month with signing of 12 month lease.
7581 Stoney Run Drive		1BR/1BA/Loft	93.0%	$1,600	980	$1.63	Gas	All	
Hanover, MD 21076	211	2BR/1BA		$1,540	965	$1.60		(except	
(410) 551-3115		2BR/2BA		$1,610	1,165	$1.38		trash)	
Legend Management Group		2BR/2BA/Loft		$1,815	1,200	$1.51			
		2BR/2BA/Sunroom		$1,704	1,255	$1.36			
		2BR/2BA/Loft/Sunroom		$1,895	1,533	$1.24			
	23	3BR/2BA		$1,950	1,390	$1.40			
		3BR/2BA/Loft		$2,245	1,650	$1.36			
	280								
Villages at Odenton Station	33	1BR/1BA		$1,460	757	$1.93			Brand new four-story community opened September 2012. Units include fully equipped kitchens with black appliances, electric range, dishwasher, microwave, full size washer/dryer, hardwood flooring in dining area. Community amenities include a fitness center, greatroom with kitchen, business center, theater room, Village retail shops on ground level. The property is also located adjacent the Odenton MARC station. Concessions: 1 month free on 1BR vacant units.
1415 Duckens Street	33	1BR/1BA	95.7%	$1,473	812	$1.81	Electric	All	
Odenton, MD 21113	33	1BR/1BA		$1,560	889	$1.75		(except	
(855) 218-1574	34	2BR/2BA		$1,655	1,142	$1.45		trash)	
Dolben Management	34	2BR/2BA		$1,655	1,160	$1.43			
	34	2BR/2BA		$1,735	1,178	$1.47			
	34	2BR/2BA		$1,705	1,245	$1.37			
	235								
Mission Place	101	1BR/1BA		$1,418	747	$1.90			New garden community opened November 2010. Units include fully equipped kitchens, with dishwasher, microwave, disposal, microwave, ice-maker, open island, full size washer/dryer in-unit. Property features include parking garage, swimming pool, 24-hour fitness center, theater room, retail shops on lower level. Concessions: 2 month free w/signing of 13 month lease. Each unit also includes one free garage parking space. $25-$50 for tandem space.
8152 Washington Boulevard		1BR/1BA/Den	93.5%	$1,515	910	$1.66	Electric	All	
Jessup, MD 20794	161	2BR/2BA		$1,645	1,064	$1.55		(except	
(410) 799-3069		2BR/2BA		$1,778	1,145	$1.55			
Dolben Company, Inc.		2BR/2BA		$1,953	1,283	$1.52			
	262								
Haven at Odenton Gateway	108	1BR/1BA		$1,664	822	$2.02			New community constructed in Fall 2011. Units include nine ft. ceilings, fully equipped kitchens with black appliances, built in microwave, granite kitchen countertops, dishwasher, wall to wall carpet, full size washer/dryer. Select units include screened porches and balconies. Community amenities include 24-hour fitness center, resort style swimming pool, theater, playground, fenced-in dog park, car wash and vacuum center. Detached garages: $200; Reserved parking: $75/month; Amenity fee: $250. Concessions: None
615 Carlton Otto Lane	128	2BR/2BA	92.0%	$1,785	1,134	$1.57	Electric	All	
Odenton, MD 21113		2BR/2BA		$1,792	1,224	$1.46		(except	
(866) 814-0611	16	3BR/2BA		$2,255	1,287	$1.75		trash)	
First Communities Management	252								
Total	**1,029**		**93.2%**						

Average Rents

1BR	$1,500	810	$1.85
1BR+	$1,558	945	$1.65
2BR	$1,714	1,155	$1.48
2BR+	$1,805	1,329	$1.36
3BR	$2,150	1,442	$1.49

Source: Survey by Valbridge/LF&M, January 2014 development environment for Annapolis Junction Town Center. Indeed, the Development's multifamily market has remained stable over the past nine months while absorbing significant new supply.

We, therefore, continue to find that the scale and absorption schedule proposed for the Development are reasonable based on available demand. The Developer's proposed apartments will drive Phase I development including the accessory retail product. The bank/restaurant, office and hotel uses in Phase II will be built by others on land purchased from the Developer. Appropriately targeted, each of those uses should find demand within the growing Fort Meade market.

Sincerely,

VALBRIDGE PROPERTY ADVISORS/LIPMAN FRIZZELL & MITCHELL LLC

Joseph M. Cronyn

Joseph M. Cronyn
Senior Managing Director

Market Analysis

Annapolis Junction Town Center
Annapolis Junction
Howard County, Maryland

FOR
Howard County
3430 Courthouse Drive
Ellicott City, MD 21043
Attn: Stanley Milesky, Director of Finance

Stifel Nicolaus & Company, Inc.
18 West Street
Annapolis, MD 21401
Attn: Nathan Betnun

Valbridge Property Advisors
Lipman Frizzell & Mitchell, LLC

Liberty Place at Columbia Crossing
6240 Old Dobbin Lane, Suite 140
Columbia, Maryland 21045
410.423.2300
410.423.2410 fax

Valbridge
PROPERTY ADVISORS
Lipman Frizzell & Mitchell LLC

April 15, 2013

Howard County, Maryland
3430 Courthouse Drive
Ellicott City, MD 21043
Attn: Stanley Milesky, Director of Finance

Stifel Nicolaus & Company, Inc.
18 West Street
Annapolis, MD 21401
Attn: Nathan Betnun

Dear Messrs. Milesky and Betnun:

SUBJECT: ANNAPOLIS JUNCTION TOWN CENTER
Market Analysis

Enclosed please find Valbridge Property Advisors/ Lipman Frizzell & Mitchell's (Valbridge/LF&M) market analysis of the Annapolis Junction Town Center (Development) located in Howard County, Maryland for inclusion in a limited offering memorandum to be provided to prospective purchasers of bonds to be issued by Howard County, Maryland.

Based on our review of available plans and demographic and economic data, Valbridge/LF&M has analyzed the market environment for the mixed use Development and established a framework within which to forecast the likely taxable values, absorption pace and other factors critical to the estimation of new revenues attributable to the development effort. The enclosed report details the reasoning process supporting those conclusions.

Respectfully submitted,

VALBRIDGE PROPERTY ADVISORS/LIPMAN FRIZZELL & MITCHELL LLC

Joseph M. Cronyn

Joseph M. Cronyn
Senior Managing Director

cc: Annapolis Junction Town Center, LLC

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ANNAPOLIS JUNCTION TOWN CENTER
MARKET ANALYSIS
EXECUTIVE SUMMARY

Valbridge Property Advisors/Lipman Frizzell & Mitchell LLC (Valbridge/LF&M) has been engaged by Stifel Nicolaus & Company, Inc. (Stifel) to conduct an independent market analysis on behalf of Stifel and Howard County, Maryland (County) with respect to the proposed development of the Annapolis Junction Town Center (Development). The purpose of this analysis is to establish a framework within which to forecast the likely taxable values, absorption pace and other factors critical to the estimation of new revenues attributable to the development effort. The Annapolis Junction Town Center is located in Howard County, Maryland.

Based on our review of available plans and demographic and economic data, Valbridge/LF&M has analyzed the market environment and proposed development of the Development and drawn certain conclusions.

- Location - The Development will capitalize on its strategic location near Fort Meade in the heart of the Baltimore Washington Corridor, well-served by the regional highway network—by MD Routes 32 and 295 in particular. The Development is well-located to major employers concentrated at/near Fort Meade and BWI Marshall Airport—and throughout the Baltimore-Washington area. Though its immediate development environment is currently predominately industrial, the Development's mixed use plan will integrate well into the high growth environment around Fort Meade.

- TOD Plan - The Development is located at the Savage MARC Station and anchored by a MARC commuter parking garage, with commuter traffic adding long-term value to the Development, especially if the Maryland Transit Administration (MTA) plans for expansion and enhancement of service to the MARC Camden Line come to fruition.

- Public Planning Context - The property is well planned as a mixed use development, consistent with Howard County's general plan and other planning efforts. Eastern Howard County and the US Route 1 Corridor are the focus of major revitalization efforts by public authorities. Mixed use and higher density development is promoted by both Howard County and neighboring Anne Arundel County in order to appropriately deal with employment and residential growth in an environmentally and fiscally responsible manner.

- Population & Household Growth - The Fort Meade Primary Market Area (PMA) has outpaced both Howard and Anne Arundel counties in its population and household growth for the past two decades. Growth in the PMA is forecast to account for almost two fifths

(38.5%) of the total growth of Howard and Anne Arundel counties over the 2010-2020 period. In all periods the PMA is expected to grow faster than the two counties and at more than double the pace of the Baltimore Region as a whole. That level of household growth, by definition, requires the delivery of the same number of housing units in an appropriate ownership and rental product mix.

- Housing Market - The PMA shows strong housing market fundamentals, which are likely to grow even stronger in the near future. The homeownership rate is 69.7%, influenced by its somewhat higher proportion of transient households. Homeownership values are solid, with a 2012 median value of $338,899. Though sales volume and prices have not reached the pre-Recession heights of 2006, they are on the rebound. Rents in the PMA tend to be somewhat higher overall than in Howard and Anne Arundel counties. Much of the premium is explained by the fact that the PMA rental stock—expanding in recent years due to strong growth—overall is somewhat newer than that in the other geographies.

- Employment - The Baltimore Region economy is well diversified. Nonetheless, federal government spending due to the proximity of the national capital in Washington DC remains an important foundation of the regional economy. The escalation in federal military and homeland defense spending over the past several years has benefited the area. In that context, the PMA has been heavily influenced by the presence of Fort Meade and the National Security Agency (NSA)—an influence which will be intensified by the BRAC, NSA and Cyber Command expansions.

  The Baltimore Region, Howard and Anne Arundel counties continue to post strong long-term job growth while maintaining low unemployment rates. These trends are not expected to be altered in the foreseeable future, though the impact of sequestration and other federal budget changes are uncertain. Numerous new high quality mixed use and employment centers are planned for the PMA, absorbing the influx of jobs into the area.

- Development Environment - The PMA and its Howard and Arundel County development environment have been preferred, high growth locations for residential development within the Baltimore Region. The PMA has added 25,950 housing units over the past 20 years—almost one third (31.7%) of the total of Howard and Anne Arundel counties. The PMA saw virtually the same number of starts in the past decade as in the previous decade despite the impact of the Great Recession. Multifamily product (mostly apartments) accounts for the largest share (40.2%) of permits. The PMA represented only 11.7% of the Baltimore Region's housing starts in the 1993-2002 period, but has almost doubled its share to 19.1% in the past ten years.

- Multifamily Product - There is no other apartment property located at the doorstep of National Business Park, NSA and Fort Meade. We find that the pricing proposed for the apartments is competitive and within the range already prevailing in the Fort Meade PMA among the highest quality apartment communities. Occupancies in the Fort Meade PMA remain good at about the 95% mark despite a number of properties being in lease-up. The

Development's location and high quality apartments should result in a long-term very defensible position in the PMA multifamily market, which will be seeing significant new supply coming on along the MD Route 175 Corridor just to the north.

- Office Product - We find that the Development's proposed office space should be targeted to fill a specific niche within one of the most dynamic office submarkets in the Baltimore Region, rather than competing head-on with the larger scale corporate office developments active in the Fort Meade PMA. The Route 1/BWI and Fort Meade PMA office market has demonstrated strong market performance as indicated by occupancy rates and rents above the Baltimore Region average, especially for Class A office product. The potential competitive supply of high quality office space in campus environments nearby (National Business Park and Annapolis Junction Business Park) and elsewhere in the immediate Fort Meade area is in the millions of square feet. The proposed 100,000 sq.ft. office building needs to capture only a small proportion of the total 5.5 million sq.ft. of office product which may be required through 2020 in order to accommodate employment growth in the Fort Meade PMA according to BMC forecasts.

- Accessory Retail - The Development's Route 1/BWI retail submarket is strong compared to regional retail trends, significantly attributable to continued economic and residential growth. In particular, Arundel Mills Mall and related development have been extremely successful. The Development's retail space will, however, be less dependent on larger retail trends than on the convenience needs of apartment residents, office workers and MARC commuters.

- Hospitality - The Development's BWI Airport hospitality submarket is healthy—with higher occupancy and average daily rates than national indicators. A recovering national economy and continued business and residential growth in the Fort Meade PMA offer support to new entrants to the area's hospitality market. The proposed 150-room hotel will principally serve business travelers needing easy access to locations in the Fort Meade area.

Valbridge/LF&M has analyzed the Developer's projected absorption schedule for the Development in light of our understanding of market demand available within the Fort Meade PMA and within a general pricing range determined to be competitive.

We find that the scale and absorption schedule proposed for the Development are reasonable based on available demand. The Developer's proposed apartments will drive Phase I development including the accessory retail product. The bank/restaurant, office and hotel uses in Phase II will be built by others on land purchased from the Developer. Appropriately targeted, each of those uses should find demand within the growing Fort Meade PMA.

I. INTRODUCTION

Valbridge Property Advisors/Lipman Frizzell & Mitchell LLC (Valbridge/LF&M) has been engaged by Stifel Nicolaus & Company, Inc. (Stifel) to conduct an independent market analysis on behalf of Stifel and Howard County, Maryland (County) with respect to the proposed development of the Annapolis Junction Town Center (Development). The purpose of this analysis is to establish a framework within which to forecast the likely taxable values, absorption pace and other factors critical to the estimation of new revenues attributable to the development effort. The Annapolis Junction Town Center is located in Howard County, Maryland.

A. PURPOSE OF THE ASSIGNMENT

Stifel has requested a market analysis for the Development planned to be developed in the Annapolis Junction Town Center Tax Increment Financing District (District) by Annapolis Junction Town Center, LLC (Developer). The purpose of the market analysis is for inclusion in a limited offering memorandum for the issuance of bonds (Bonds) by the County to finance public infrastructure for the development of the property within the District. The bonds will be a limited public offering. The limited offering memorandum will be provided to potential buyers of the bonds, and the market analysis will provide potential investors with information on the proposed development, other competitive projects, and demand for the proposed project in the market.

This market analysis is current as of April 15, 2013.

B. SCOPE OF WORK

The market analysis includes an overview of the regional economy and an analysis of demand and supply in the Development's competitive market. We discuss the historical and projected future trends in the larger regional market and local submarket and Valbridge/LF&M's evaluation of what effect these trends may have on the Development.

Valbridge/LF&M also identifies other projects that would compete with the Development, the primary sources of demand for the project, historical demand, and expected trends in these factors. We provide an analysis of the competitive advantages or disadvantages of the Development with other projects in the market. Finally, we draw conclusions regarding the reasonableness of the projections prepared by MuniCap, Inc. (MuniCap) for the Developer regarding the Development.

The market analysis addresses the characteristics of the property and its environment. We identify neighborhood and area influences that affect the property's marketability. Market conditions and trends that may affect the marketing of the project are reported.

Valbridge/LF&M's research evaluates the market environment of the Development comprehensively and our scope of work includes:

- Description of Development and its immediate environment;
- Analysis of regional and local demographic and economic factors, including historical and projected future trends;
- Definition of competitive market area;
- Analysis of demand for multifamily, office, retail and hospitality product;
- Analysis of supply of competitive multifamily, office, retail and hospitality product;
- Analysis of the competitive advantages and disadvantages of the Development;
- Conclusion as to the reasonableness of the projections prepared by the Developer for the Development.

All financial estimates are stated in 2013 dollars unless otherwise noted. Adjustments must be made as the Development proceeds to accommodate the timing of product delivery, future financial market conditions and other factors.

C. ORGANIZATION OF THE REPORT

Following this introduction, the report is organized in seven principal sections:

- <u>Section II</u> - Description of the Development,
- <u>Section III</u> - Analysis of its market environment,
- <u>Section IV</u> - Evaluation of multifamily competitive environment,
- <u>Section V</u> - Evaluation of office competitive environment,
- <u>Section VI</u> - Evaluation of retail and hospitality competitive environment,
- <u>Section VII</u> - Analysis of factors relevant to revenue forecasts,
- <u>Section VIII</u> - Summary and conclusions.

Throughout the text, maps and tables will be inserted immediately following the narrative reference to them. They are not assigned page numbers.

D. UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

The conclusions reached in an economic analysis such as this are inherently subjective and should not be relied upon as a determinative predictor of results that will actually occur. There can be no assurance that the estimates made or assumptions employed in preparing this report will in fact be realized or that other methods or assumptions might not be appropriate. The conclusions expressed in this report are as of the date of this report, and an analysis conducted as of another date may require different conclusions. The actual results achieved will depend on a variety of factors including the performance of public authorities, the impact of changes in general and local economic conditions and the absence of material changes in the regulatory or competitive environment. Valbridge/LF&M's underlying assumptions and limiting conditions are further delineated in Appendix A.

Valbridge/LF&M consents to the use and distribution of this market feasibility analysis in connection with the sale of the Bonds. Neither all nor any part of the content of this report, especially any conclusions as to market feasibility, the identity of the analysts, or any reference to Valbridge Property Advisors/Lipman Frizzell & Mitchell, LLC shall be otherwise disseminated through advertising media, public relations media, news media or any other means of communication other than for this specific document without the prior written consent of Valbridge/LF&M.

E. MARKET ANALYST QUALIFICATIONS

Valbridge Property Advisors/Lipman Frizzell & Mitchell, LLC is a multifaceted real estate consulting and appraisal firm serving the Mid-Atlantic since 1977. Valbridge/LF&M is the largest real estate advisory firm headquartered in the Region, with 25 professionals in our Columbia, MD offices.

The Valbridge/LF&M principal-in-charge of this assignment has been Joseph Cronyn, Senior Managing Director. He has over 35 years of real estate development, finance and consulting experience.

Additional information on the firm and Cronyn is available in Appendix B.

II. ANNAPOLIS JUNCTION TOWN CENTER

In this section, Valbridge/LF&M briefly establishes the background for our analysis by describing the District and proposed Development, as well as their public planning context and overall development environment.

A. ANNAPOLIS JUNCTION TOWN CENTER

The State of Maryland, through the Maryland Department of Transportation, owns 12.73 acres of land at the side of the Savage MARC commuter rail station located in Howard County. The State has agreed to sell 9.3 acres of the 12.73 acre site to the Developer in exchange for commitments by the Developer to construct a parking garage on the property retained by the State and other commitments to develop the remaining acreage.

The 12.73 acres currently owned by the State and the adjoining 5.96 acre Boise parcel and the County 0.16 acre right of way parcel together total approximately 18.8 acres—and are the properties included in the District. The District is generally bound by Henkels Lane to the north, Dorsey Run Road to the west, and Brock Bridge Road and the CSX rail line to the south which serves as the boundary with Anne Arundel County. A map of the District is shown on the following page.

The District is subject to TOD (Transit Oriented Development) zoning, which allows for office, residential and retail uses. The Development is proposed to include the following elements:

- Multifamily - 416 apartments including 32 affordable units
- Office Use - 100,000 sq.ft. of rentable office space
- Retail Use - 14,250 sq.ft. of in-line and 3,200 sq.ft. of pad retail space
- Hospitality - 150 room hotel

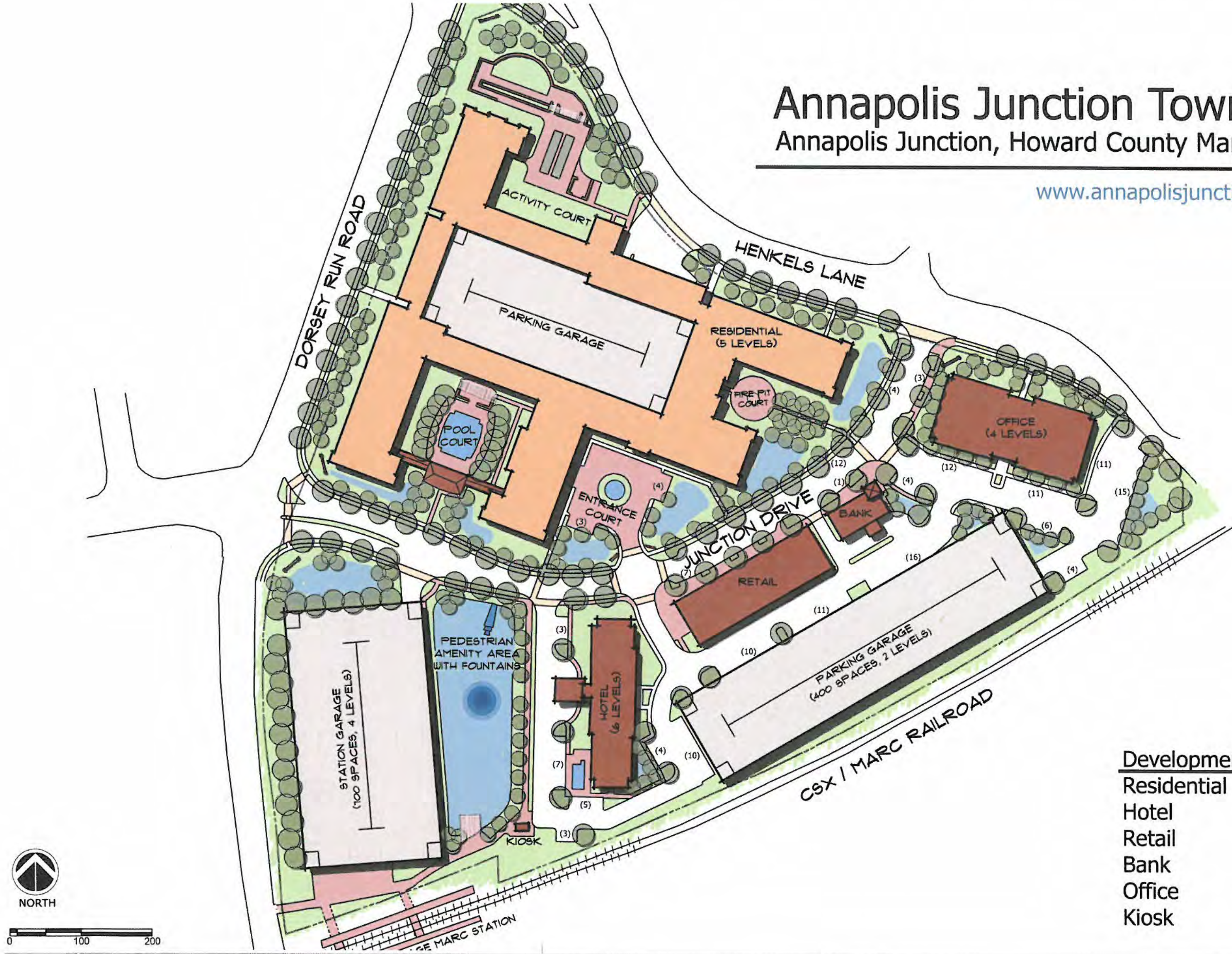
Phase I of the Development is planned to include the 416 apartment units and 14,000 sq.ft. of retail.

The Bonds will fund the cost of building a 704-space public parking garage and supporting infrastructure at the Savage MARC station. In addition, proceeds from the Bonds will be used to finance roads to provide access to and throughout the District, curbs and gutters, public water and sewer, an elevated pedestrian walkway with elevators from the parking garage over the train rails to the commuter train station platforms, grading and storm drainage throughout the public areas, storm water management facilities, engineering and stakeout of the public areas, lighting, landscaping, monuments, signage, traffic signals, sidewalks and other buildings, equipment or

Annapolis Junction Town Center

Annapolis Junction, Howard County Maryland, 20701

www.annapolisjunctiontowncenter.cc



Development Summary:

Residential	416 DU
Hotel	150 Rooms
Retail	14,000 GSF
Bank	3,200 GSF
Office	100,000 GSF
Kiosk	250 GSF

Annapolis Junction Town Center

Howard County, Maryland 20701

March 20, 2013

SOMERSET CONSTRUCTION COMPANY 301-657-4848

OA PARTNERS, LLC
164 Conduit Street
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hord | coplan | macht
750 E. Pratt Street, Suite 1100 Baltimore, MD 21202
410.837.7311 | www.hcm2.com

public improvements to be owned by the County or the State as the County and the Developer mutually agree.

B. MARC SERVICE

MARC (Maryland Area Regional Commuter) is a commuter rail system in the Baltimore-Washington area which is administered by the Maryland Transit Administration (MTA), an agency of the Maryland Department of Transportation. MARC is operated under contract by CSX Transportation and Amtrak. MARC does not operate on weekends and service is suspended or reduced on certain federal holidays. MARC operates 93 trains on a typical weekday over three separate lines:

- Camden Line (18 weekday trains) runs 40 miles from Baltimore's Camden Station to Union Station in Washington DC. Commencing service in 1835, it is one of the oldest passenger rail lines in the U.S. still in operation. The line was projected to have a daily seating capacity of 4,400 passengers in 2010. The Development is located at the Savage Station on the Camden Line.

- Brunswick Line (19 weekday trains) runs 75 miles from Martinsburg WV to Union Station in Washington DC. The line was projected to have a daily seating capacity of 7,200 passengers in 2010.

- Penn Line (47 weekday trains) runs 75 miles from Perryville in Cecil County through Baltimore's Penn Station to Union Station in Washington DC. The line was projected to have a daily seating capacity of 19,000 passengers in 2010.

According to MTA's 2007 MARC Growth & Investment Plan, the Camden Line is expected to expand its daily seating capacity to 17,000 passengers by 2035. Service will improve with the addition of peak and reverse-peak trains and improved rail-bus transfers to Fort Meade from Savage Station. MTA has programmed $113 million in capital improvement funding in the FY 2013-FY2018 Consolidated Transportation Plan to upgrade the MARC system. Another $153 million has been programmed over the five years to procure new and rehabilitate old rail cars.

Valbridge/LF&M finds that the Savage MARC station adds long-term value to the Development, especially if the MTA plans for expansion and enhancement of service to the MARC Camden Line come to fruition. Expanded two-way service along the line, expanded peak and off-peak service, weekend service, connectivity to other modes of public transportation (particularly bus service to Fort Meade), reduced headways between trains and other improvements will draw new ridership and increase the Development's desirability as a residential and commercial location.

C. PUBLIC PLANNING CONTEXT

The Development is consistent with the Howard County zoning regulations adopted in August 2007, as subsequently amended. In particular, the Development site is located in the TOD (Transit Oriented Development) zone.

TOD District

The TOD Zone provides for the development and redevelopment of key parcels of land within 3,500 feet of a MARC Station. The purpose of the TOD district is

> "intended to encourage the development of multistory office centers that are located and designed for safe and convenient pedestrian access by commuters using the MARC trains and other public transit links. **For larger sites of at least 3 acres, well-designed multi-use centers combining office and high-density residential development are encouraged.** For sites of at least 50 acres, well-designed multi-use centers combining office, high-density residential development with a diversity of dwelling unit types, and retail uses are encouraged. The requirements of this district, in conjunction with the Route 1 Manual, will result in development that makes use of the commuting potential of the MARC system, creates attractive employment or multi-use centers, and provides for safe and convenient pedestrian travel." (Howard County Zoning Regulations §127:4, p. 219, emphasis ours)

The sentence regarding 50 acre TOD sites was added to the zoning regulation (effective 2/4/13) and permits up to 30% of dwelling units on those sites to be single family attached units. That change affects in particular the Dorsey MARC station TOD zone, which is planned for the Oxford Square mixed use development (which will be described in greater detail in Section IV).

All of the Development's proposed uses are permitted as a matter of right within the TOD zone, which also limit residential buildings and parking to no more than 50% of net acreage of TOD-zoned land and require that at least 15% of dwelling units be moderate income housing units (MIHU).

The Development is located within one of the three TOD zoning districts in Howard County—each located at/near MARC stations on the MARC Camden line running between Baltimore and Washington DC. The three districts are: Savage, Dorsey (approximately 4.7 miles to the north proximate to MD Route 100) and Laurel Racetrack (approximately 2.7 miles to the south near the Laurel Station). In addition, the Jessup MARC Station (approximately 2.0 miles to the north at MD Route 175) has only limited MARC service and is not planned for TOD development.

Route 1 Manual and PlanHoward 2030

The Development is required to comply with the Howard County **Route 1 Manual**, which was adopted in July 2009. The **Route 1 Manual** is intended to guide revitalization of eastern Howard County's Route 1 Corridor, which runs the length of the County along the spine of US

Exhibit A
Annapolis Junction Town Center Special Taxing District
Boundary Map

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PLOTTED:12/17/2012 9:31 AM, LAST SAVED:12/17/2012 9:30 AM, PLOTTED BY: Paul Clark

GLW GUTSCHICK LITTLE & WEBER, P.A.
CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS, LANDSCAPE ARCHITECTS
3909 NATIONAL DRIVE - SUITE 250 - BURTONSVILLE OFFICE PARK
BURTONSVILLE, MARYLAND 20866
TEL: 301-421-4024 BALT: 410-880-1820 DC/VA: 301-989-2524 FAX: 301-421-4186

S:\Survey Drawings\11107\EXHIBITS\11107 EXHIBIT 1	DES.	DRN.	CHK.

SCALE	ZONING
1"=100'	
DATE	TAX MAP - GRID
DEC. 2012	48 - 20

EXHIBIT # 1

ANNAPOLIS JUNCTION TOWN CENTER DEVELOPMENT DISTRICT AND SPECIAL TAXING DISTRICT

GUILFORD ELECTION DISTRICT No. 6 HOWARD COUNTY, MARYLAND

G. L. W. FILE No. 11107
SHEET 1 OF 1

Route 1 from Howard's northern boundary with Baltimore County to its southern boundary with Prince George's County. The Route 1 Corridor extends from I-95 on the west to the Anne Arundel County boundary on the east.

PlanHoward 2030, adopted August 2012, is the general plan for Howard County. The plan incorporates research from Robert Charles Lesser & Company (RCLCO) evaluating US Route 1 Corridor market conditions and making recommendations regarding modifications to the TOD and other zoning classifications in the area. RCLCO recommends that the TOD zone be replaced with a more flexible PUD (Planned Unit Development) zone which could increase residential densities and the range of permitted residential product to include townhomes.

Anne Arundel County

Neighboring Anne Arundel County's **General Development Plan** identifies the Baltimore Washington Parkway Corridor between Fort Meade and BWI Marshall Airport as a Targeted Growth Area in which development "will be the highest priority for economic growth in the County. These areas are characterized by a mix of uses or a concentration of a single use, typically to serve a regional population. In general, residential and nonresidential uses are more intense here than in other areas of the County. Public infrastructure exists but may need additional capacity for future growth. The highest priority is given in the Capital Improvement Program for public improvements in this policy area." (GDP, 2009)

D. LOCATION AND IMMEDIATE ENVIRONMENT

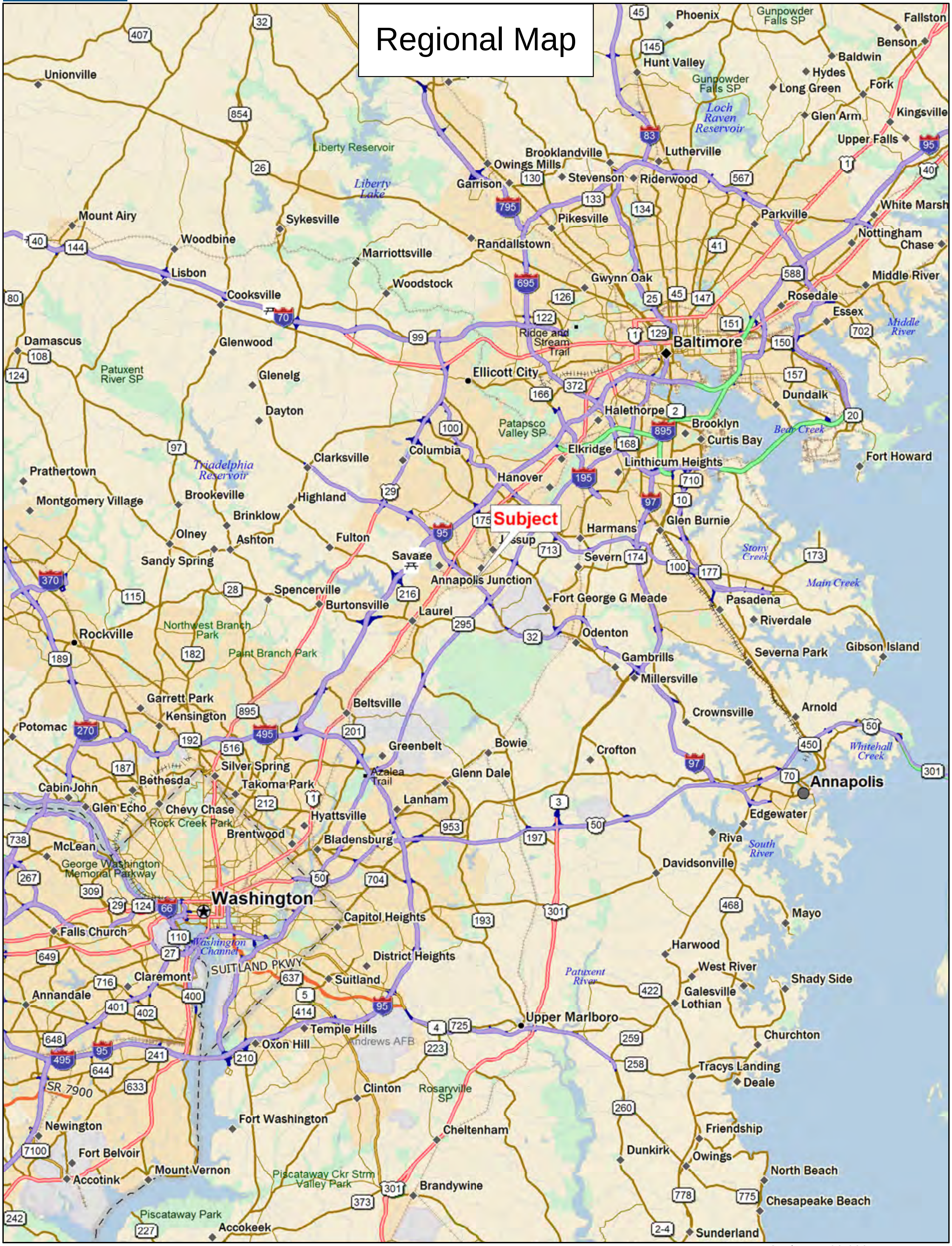
The Development is located in eastern Howard County, a major growth area for employment and population within Howard County and within the Baltimore Washington Corridor market. Important elements in the Development's immediate environment include the following.

Location

The Development is strategically located in the Baltimore Washington Corridor, 12 miles from downtown Baltimore and 16 miles from downtown Washington, DC. (The Baltimore Washington Corridor is comprised of the Maryland counties positioned between the two cities along I-95 and MD Route 295: Anne Arundel, Howard, Montgomery and Prince George's. Located in Annapolis Junction, Howard County, the Development is located at the Savage MARC Station on Dorsey Run Road just south of its interchange with MD Route 32.

Henkels Lane intersects with Dorsey Run Road at a signalized intersection just south of MD Route 32. Merritt offers single-story flex/warehouse space on the north side of Henkels Lane. The Development lies on the south side of Henkels Lane, east of Dorsey Run Road.

Dorsey Run Road crosses the CSX railroad tracks over a bridge into Anne Arundel County and connecting directly into the Annapolis Junction Business Park, which is a cul-de-sac and is now



Data use subject to license.

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TN

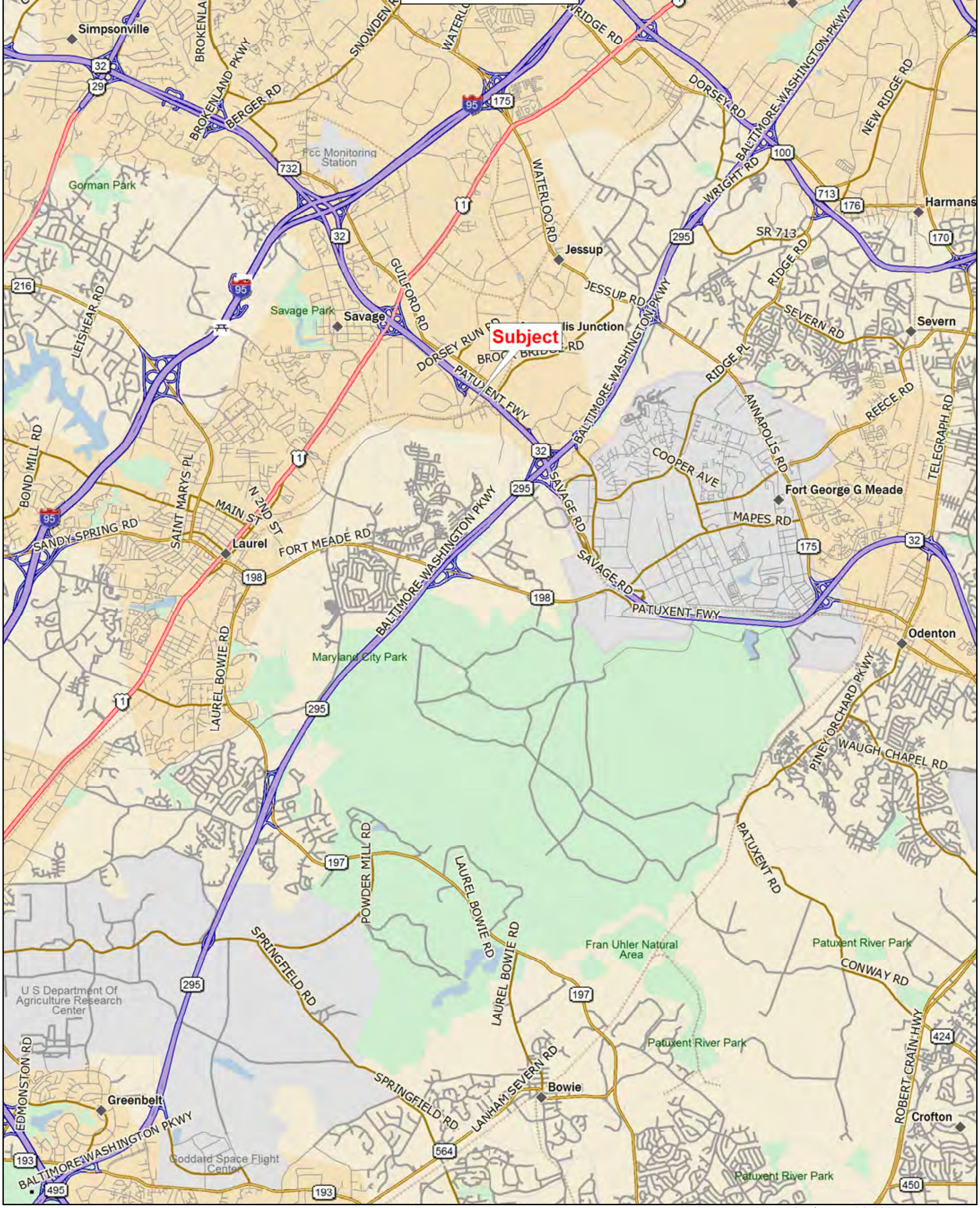
MN (11.0°W)

Scale 1 : 400,000

1" = 6.31 mi

Data Zoom 9-0

Area Map



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Scale 1 : 100,000

1" = 1.58 mi

Data Zoom 11-0

being developed with high quality office buildings. Immediately across the CSX tracks from the Development lies Brock Bridge Road, which terminates to the east just short of MD Route 32 and serves predominately industrial uses. To the west and south, Brock Bridge Road is typically rural and residential in nature.

Across from the Development to the west and within Howard County, Dorsey Run Road intersects with Junction Drive and Corridor Road which offer industrial and warehousing space. Corridor Road parallels MD Route 32 and connects to US Route 1 on the west.

The Development is just across MD Route 32 from National Business Park and just across the Baltimore-Washington Parkway (MD Route 295) from Fort Meade and the National Security Agency (NSA).

<u>Transportation</u>

The Development is well served by the regional highway network, allowing easy access to all locations in the Baltimore-Washington area. The capacity of the nearby highway grid is indicated by the Maryland State Highway Administration "average annual daily traffic" volumes reported in 2011 (the most recent available data) for the principal highways in the vicinity of the Development:

BW Parkway (just south of MD Route 32)	94,750 trips
MD Route 32 (just west of BW Parkway)	69,901 trips
Dorsey Run Road (MD Route 732)	21,630 trips

The Development is 1.3 miles east of US Route 1 and less than three miles east of I-95. The Baltimore Washington Parkway is approximately one mile to the east. Residents will have very easy drives to employment, since the Development is located virtually at the doorstep of National Business Park, NSA and Fort Meade—Exit 9 (NSA employees only) and Exit 8 (Mapes Road via MD Route 198) on MD Route 32 are only a few minutes east of the Development.

Though the principal mode of transportation into/from the Development will be personal vehicles, limited public transportation is available. Howard Transit's Purple Line serves the Savage MARC Station on its route from Laurel Mall to Elkridge Corners Shopping Center on US Route 1. Service is six days only: 12 trips each direction on weekdays and 7 trips on Saturdays. Connections to other MTA and Howard Transit routes are available from the Purple Line.

There is currently a shuttle bus service to NSA/Fort Meade from the Savage MARC Station.

<u>BWI Marshall Airport</u>

Baltimore Washington International Thurgood Marshall Airport (BWI Marshall) is located on 3,596 acres in the Linthicum area of Anne Arundel County, approximately seven miles north of the Development along the Baltimore-Washington Parkway. The airport is a major regional airport serving Baltimore (10 miles to its north) and Washington DC (30 miles to its south). The airport is owned by the State of Maryland and operated by the Maryland Aviation Administration (MAA). It is the largest airport in the State and serves the general public, carrying 22.4 million passengers in 2011. BWI Airport also handled 23.8 million pounds of cargo in 2011. After its take-over of AirTran, Southwest Airlines accounts for 70.1% of passenger volume. The airport is a major economic engine for the State of Maryland.

In addition, the Development is also served by Reagan National Airport in Alexandria, Virginia for typically shorter domestic flights and Dulles International Airport in Reston, Virginia for typically longer-haul domestic and international flights. The drive to National Airport from the Development is approximately one hour and the drive to Dulles is somewhat longer.

National Business Park

The National Business Park (including National Business Park North) is located immediately north of MD Route 32 across from the Development. The 490-acre business park lies between MD Route 175 on the north and MD Route 32 on the south. It is owned and developed by Corporate Office Properties Trust. This business park offers amenities which the Development cannot match including direct access to NSA, proximity to other defense contractors and employees with high security clearances.

National Business Park is a mixed use development which will total 5.4 million square feet of predominately office improvements at completion—with 3.5 million sq.ft. already in place. Existing tenants at National Business Park include: BAE, Boeing, Booz Allen Hamilton, Computer Sciences Corporation, General Dynamics, ITT, L-3 Communications, Northrop Grumman Corporation, Sun Microsystems and the United States Government (leases 50% of National Business Park).

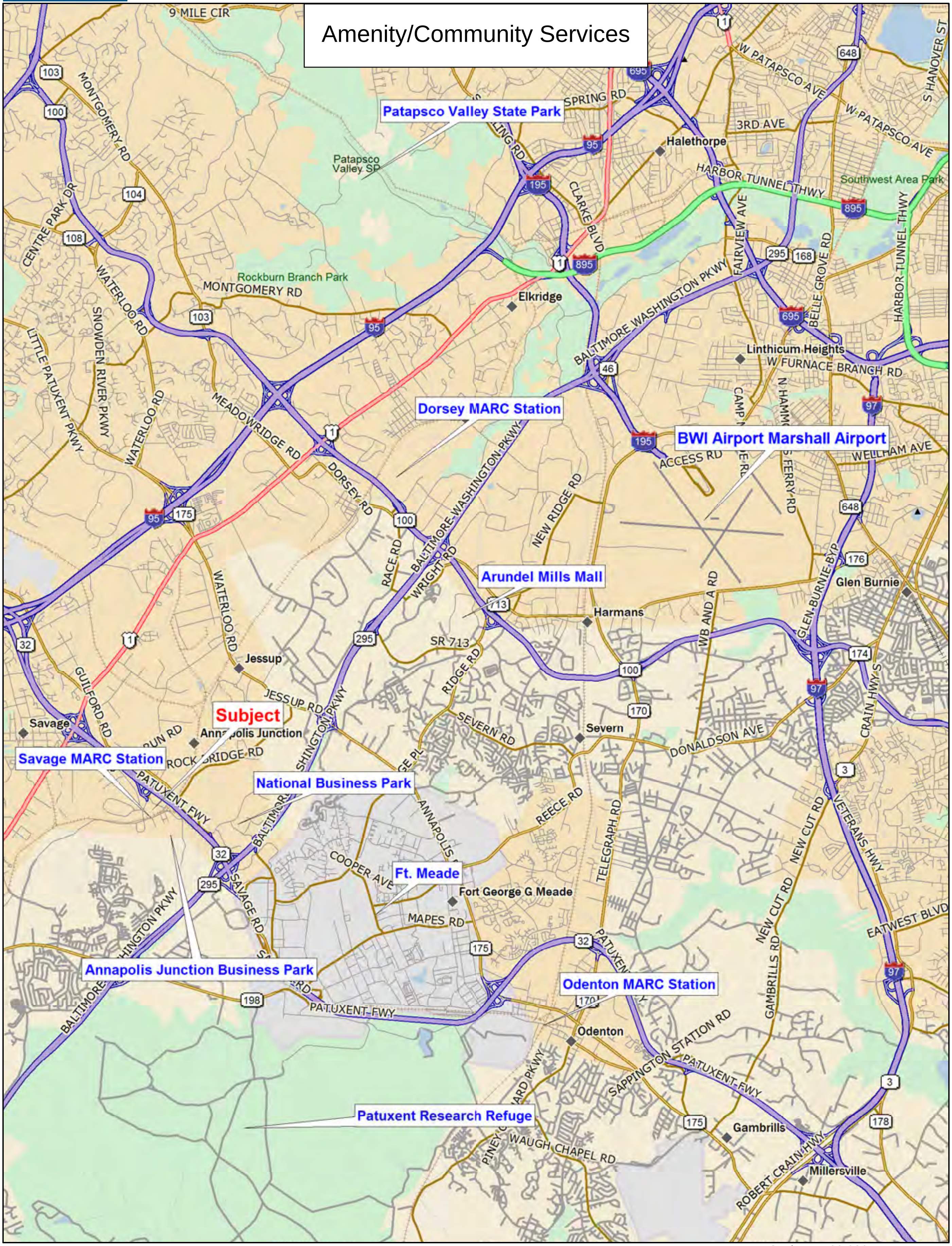
Arundel Mills

Located approximately six miles northeast of the Development by way of Baltimore Washington Parkway, the Arundel Mills area at MD Routes 100 and 295 contains more than 2.5 million sq.ft. of retail (including the 1.3 million sq.ft. Arundel Mills Mall), residential, office space, a campus of Anne Arundel Community College, Maryland Live! casino and other uses and activities. The area is noted as one of the largest single tourist destinations in the State of Maryland.

Fort George G. Meade

Fort Meade (including NSA) occupies 5,067 acres and contains over 9.6 million sq.ft. of improvements. Fort Meade is home to approximately 11,000 military personnel and about 29,000 civilian employees, with nearly 6,000 family members residing on post. At more than 56,000 employees (including contractors on-site), Fort Meade is Maryland's largest employer and has the third largest workforce of any Army installation in the U.S.

Amenity/Community Services



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Scale 1 : 100,000

1" = 1.58 mi

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In response to the military's Base Realignment and Closure (BRAC) plan, construction of new facilities was completed by 2011 for relocation of the Defense Adjudication Activities, the Defense Information Systems Agency (DISA) and the Defense Media Activity operations to the base—totaling 5,702 military, civilian and contractor employees on-site.

The U.S. Cyber Command became operational at Fort Meade in 2010, with Phase 1 of its campus construction (1.8 million sq.ft. of new office space and 6,500 personnel) to be complete by 2015. Phases 2 and 3 with another 4.0 million sq.ft. of office and 4,500 new positions are scheduled for development in the 2015-2029 period. The headquarters is now under construction on Fort Meade and is expected to draw another 1,100 jobs to the base in the near future.

Fort Meade also serves a broader community estimated at over 97,000 persons including active military (not on-post), military reserve, military retirees, Department of Defense civilian employees and all their dependents. The main gates for Fort Meade and NSA are located approximately 2.8 and 2.3 miles respectively southeast of the Development.

Baltimore Washington Parkway Corridor

In recent decades, the Baltimore Washington Parkway has been developing into the region's premier technology corridor. Many high technology companies have chosen to locate along this corridor due to its good highway access, strategic location between Baltimore and Washington, proximity to BWI Marshall Airport and major federal facilities such as Fort Meade, and the availability of developable land. Scientific and technology companies will continue to locate in this area in the coming years.

E. SUMMARY

Valbridge/LF&M evaluates the Development and its location positively for the following reasons:

- Location - The Development will capitalize on its strategic location near Fort Meade in the heart of the Baltimore Washington Corridor, well-served by the regional highway network—by MD Routes 32 and 295 in particular.

- TOD Plan - The Development is located at the Savage MARC Station and anchored by a MARC commuter parking garage, with commuter traffic adding long-term value to the Development, especially if the MTA plans for expansion and enhancement of service to the MARC Camden Line come to fruition.

- Employment - The Development is well-located to major employers concentrated at/near Fort Meade and BWI Marshall Airport—and throughout the Baltimore-Washington area. Though its immediate development environment is currently predominately industrial, the Development's mixed use plan will integrate well into the high growth environment around Fort Meade.

- Public Planning Context - The property is well planned as a mixed use development, consistent with Howard County's general plan and other planning efforts. Eastern Howard County and the US Route 1 Corridor are the focus of major revitalization efforts by public authorities. Mixed use and higher density development is promoted by both Howard County and neighboring Anne Arundel County in order to appropriately deal with employment and residential growth in an environmentally and fiscally responsible manner.

III. MARKET ENVIRONMENT

In this section, Valbridge/LF&M's task is to describe the market environment for the Development, particularly from an economic and demographic perspective. We review population, housing and economic trends within a defined Fort Meade Primary Market Area (PMA)—comparing them to those in Howard and Anne Arundel counties in order to better understand the demand for the Development in its regional context.

A. GEOGRAPHIC MARKET AREA DEFINITION

Valbridge/LF&M has defined the Development's Primary Market Area to consist of six Regional Planning Districts (RPD's), as defined by the Baltimore Metropolitan Council (BMC). The Howard County RPD's are Elkridge and Laurel. The Anne Arundel County RPD's are Jessup-Severn, Maryland City, Fort Meade and Odenton.

The census tracts in each of these Regional Planning Districts are outlined below:

RPD 606	Elkridge	6011.03, 6011.04, 6011.05, 6011.07, 6011.08, 6012.01, 6012.03, 6012.04
RPD 607	Laurel	6068.05, 6068.06, 6069.01, 6069.04, 6069.05, 6069.06, 6069.07
RPD 205	Jessup-Severn	7401.02. 7401.03, 7401.04, 7401.05, 7402.01, 7402.02, 7402.03, 7403.03, 7404
RPD 208	Maryland City	7405, 7411
RPD 209	Fort Meade	7406.01, 7406.02, 7406.03
RPD 210	Odenton	7403.01, 7408, 7409, 7410

The Development is located in Census Tract 6069.05.

The Fort Meade PMA includes portions of eastern Howard County and western Anne Arundel County which are focused on Fort George C. Meade. The PMA is generally bound by MD Route 100 on the north, I-95 on the west, the Prince George's County line on the south and I-97 on the east.

Rationale

This geographic Primary Market Area extends roughly nine miles north-to-south and twelve miles east-to-west. We believe that it is reasonable to assume that this area represents the primary competitive environment area for the Development—within which demand will be generated for its multifamily and other uses and within which competitive supply will be located.

The PMA encompasses the fastest growing areas within Howard and Anne Arundel counties. It includes the Arundel Mills commercial and residential development at MD Route 295 and MD Route 100 just north of the Development as well as Fort Meade and Odenton Town Center to the east. The area benefits from proximity to major employment centers at Fort Meade and BWI Airport to the north. It is essentially an in-fill geography which historically has been under-utilized—occupied by lower density industrial, commercial, public and residential uses. In particular, the expansion of employment on and near Fort Meade has given impetus to redevelopment along US Route 1 in Howard County and the development of a number of major mixed use centers enumerated elsewhere in this report.

A map illustrating the Development's location in the Baltimore Region and PMA is presented on the following page.

Baltimore Metropolitan Council

Delineation of this geographic area is based upon the work of the Baltimore Metropolitan Council (BMC). This organization is comprised of Baltimore's major local governments and their governing officials and serves as the regional planning organization for the Baltimore Metropolitan area. BMC has developed forecasts for population, household and employment for geographic submarket areas, known as Regional Planning Districts (RPD), whose borders are formed by census tracts, jurisdictional boundaries, major transportation routes (highways, railroad lines) and geographic barriers to travel such as rivers.

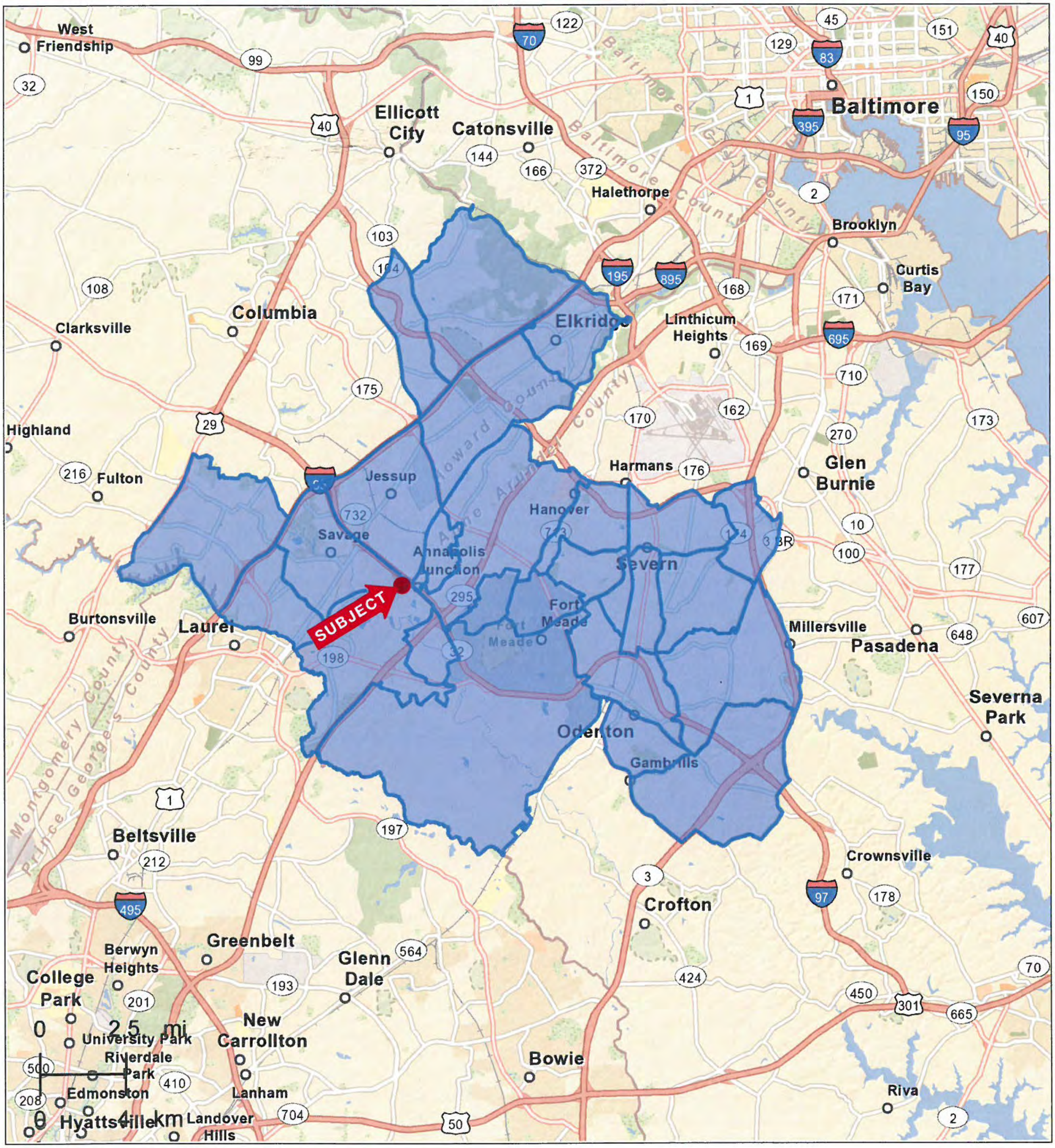
Comparisons

We focus principally on broad PMA and regional trends since they drive demand for the Development. In particular, we compare PMA trends to those in Howard and Anne Arundel counties in order to evaluate the PMA in the context of its development environment.

When referred to in the analysis, the Baltimore Metropolitan Statistical Area (MSA) is defined by the U.S. Bureau of the Census as the City of Baltimore and six surrounding suburban jurisdictions: Anne Arundel, Baltimore, Carroll, Harford, Howard and Queen Anne's counties. The Baltimore Region is more narrowly defined by the Baltimore Metropolitan Council (BMC) as the same area with the exception of Queen Anne's County.

esri

Primary Market Area



March 20, 2013

Sources

In our narrative, Valbridge/LF&M refers to data from a variety of sources which we deem reliable including the U.S. Bureau of the Census; Baltimore Metropolitan Council, Maryland Department of Labor, Licensing & Regulation, Howard and Anne Arundel County planning offices, and other public agencies; Woods & Poole Economics, Inc. and Environmental Systems Research Institute, Inc. (ESRI). In general, although the sources we have used may differ somewhat amongst themselves regarding details, the trends identified are consistent.

B. POPULATION TRENDS

Valbridge/LF&M here describes demographic trends in the Fort Meade PMA, comparing them to trends in Howard and Anne Arundel County.

We use ESRI estimates (2012) and projections (2017) for population, household and income trends. The ESRI data are grounded in U.S. Census data from the 1990, 2000 and 2010 censuses. Long-term (2000-2035) population, household and employment projections generated by the Baltimore Metropolitan Council are also stated for the PMA, Howard and Anne Arundel counties.

Population

As shown in Table III-1, there was considerable population growth during the 1990's in the PMA: an increase of 41,027 persons or 35.5%. That pace exceeded Howard County's 32.3% growth during the same period and was 2.4 times the Anne Arundel County pace.

Between 2000 and 2012, ESRI estimates that the pace of population growth has moderated somewhat in all our geographies. Over the 12 year period, the PMA is estimated to have grown by 32,175 persons or 20.5%--a rate again exceeding Howard's 19.0% and Anne Arundel's 11.5%.

The PMA's population is expected to increase by another 12,895 persons (6.8%) during the 2012-2017 period, a comparable pace to Howard County (6.9%) and higher than Anne Arundel County (4.4%). In our opinion, the projections are conservative for the PMA since we judge they do not fully incorporate the impact of Fort Meade-related development or the advantages of the area's central location in the Baltimore-Washington transportation grid.

Households

Household growth trends logically mirror population trends. As with population, the areas continue to experience steady household growth although at a slowing pace.

The PMA added 15,494 households during the decade of the 1990's—a growth rate of 41.6%. The PMA's pace of growth surpassed that of both Howard County (31.8%) and Anne Arundel County (19.8%) during that decade.

Table III-1
ANNAPOLIS JUNCTION TOWN CENTER
Population and Households
Fort Meade PMA, Howard County, Anne Arundel County
1990, 2000, 2012, 2017

Population:			*Change (90-00)*			*Change (00-12)*			*Change (12-17)*	
	1990	**2000**	*Persons*	*Percent*	**2012**	*Persons*	*Percent*	**2017**	*Persons*	*Percent*
Fort Meade PMA	115,697	156,724	*41,027*	*35.5%*	188,899	*32,175*	*20.5%*	201,794	*12,895*	*6.8%*
Howard County	187,328	247,842	*60,514*	*32.3%*	294,994	*47,152*	*19.0%*	315,426	*20,432*	*6.9%*
Anne Arundel County	427,239	489,656	*62,417*	*14.6%*	545,944	*56,288*	*11.5%*	569,846	*23,902*	*4.4%*

Households:			*Change (90-00)*			*Change (00-12)*			*Change (12-17)*	
	1990	**2000**	*Households*	*Percent*	**2012**	*Households*	*Percent*	**2017**	*Households*	*Percent*
Fort Meade PMA	37,232	52,726	*15,494*	*41.6%*	65,237	*12,511*	*23.7%*	70,024	*4,787*	*7.3%*
Average Household Size	2.82	2.79	*-0.03*	*-1.1%*	2.78	*-0.01*	*-0.4%*	2.77	*-0.01*	*-0.4%*
Howard County	68,337	90,043	*21,706*	*31.8%*	107,688	*17,645*	*19.6%*	115,111	*7,423*	*6.9%*
Average Household Size	2.71	2.71	*0.00*	*0.0%*	2.72	*0.01*	*0.4%*	2.72	*0.00*	*0.0%*
Anne Arundel County	149,114	178,670	*29,556*	*19.8%*	202,106	*23,436*	*13.1%*	211,634	*9,528*	*4.7%*
Average Household Size	2.76	2.65	*-0.11*	*-4.0%*	2.63	*-0.02*	*-0.8%*	2.63	*0.00*	*0.0%*

Source: 1990, 2000 U.S. Census of Population and Housing; 2012 and 2017, ESRI estimate/forecast.

Once again, during the 2000-2012 period the PMA's household growth outpaced that of the other geographies. Over the 12 year period, the PMA grew by an estimated 23.7% (12,511 households) as compared to 19.6% for Howard County and 13.1% for Anne Arundel County. We note that almost one third (30.5%) of the total 2000-2012 growth in the two counties combined was contained in the Fort Meade PMA: 12,511 new households out of a total of 41,081.

Over the 2012-2017 period, ESRI expects the PMA to grow by an additional 4,787 households or 7.3%. Howard and Anne Arundel counties are expected to grow by 6.9% and 4.7% respectively during the same period.

Moving through the next five years, Valbridge/LF&M is of the opinion that the ESRI projections do not fully incorporate the impact of the tremendous employment growth projected for Fort Meade and its ramifications for this portion of the Baltimore-Washington corridor. We judge the ESRI forecast for the addition of 4,787 PMA households, therefore, to be conservative.

Average household size in the PMA (2.78 persons) in 2012 is somewhat larger than in Howard (2.72 persons) and Anne Arundel County (2.63 persons) overall, reflecting the influx of younger families with children to the PMA in recent years.

Impact of Migration

It is important to note that the PMA market is very dynamic in terms of household movements. Focusing on U.S. Internal Revenue Service data (Table III-2) for changes in filing addresses between the 2009 and 2010 tax years we find:

- Howard County - A total of 18,612 households moved into/out of the jurisdiction during that year: 9,701 in and 8,911 out. A net total of 790 households migrated into Howard County in that year. Most of those households (640 or 81.0%) moved from within the U.S., but a significant share (150 or 18.9%) migrated from foreign countries. Less than one third (29.2%) moved to Howard from elsewhere in Maryland.

- Anne Arundel County - A total of 30,612 households moved into/out of the jurisdiction during that year: 15,732 in and 14,880 out. A net total of 852 households migrated into Anne Arundel County in that year. Most of those households (804 or 94.4%) moved from within the U.S., and only a small share (48 or 5.6%) migrated from foreign countries. More than four fifths (81.2%) moved to Anne Arundel from elsewhere in Maryland.

For both jurisdictions, the net migration documented above accounted for approximately one half of the total household growth established in Table III-1 above. We judge, therefore, that a large portion of the demand for residential units at the Development will migrate from areas outside the PMA.

Table III-2a
ANNAPOLIS JUNCTION TOWN CENTER
Howard County Migration Patterns
2009-2010

		In-Migration	Out-Migration	Net
Total Migration		**9,701**	**8,911**	**790**
U.S. Migration		9,416	8,776	640
- Maryland		5,745	5,514	231
- All Other States		3,671	3,262	409
Foreign Migration		285	135	150
Non-Migrants		**98,031**	**98,030**	**1**
Allegany County	MD	37	29	8
Anne Arundel County	MD	956	1,105	-149
Baltimore County	MD	1,380	1,231	149
Calvert County	MD	27	32	-5
Carroll County	MD	208	368	-160
Charles County	MD	41	35	6
Frederick County	MD	140	210	-70
Harford County	MD	62	78	-16
Montgomery County	MD	1,025	782	243
Prince George's County	MD	1,076	844	232
Queen Anne's County	MD	222	35	187
St Mary's County	MD	22	16	6
Washington County	MD	32	38	-6
Wicomico County	MD	29	12	17
Worcester County	MD	20	17	3
Baltimore City	MD	672	646	26
Fairfax County	VA	162	161	1
Loudoun County	VA	36	61	-25
Foreign - APO/FPO ZIPs	FR	96	74	22
District of Columbia	DC	111	127	-16
Arlington County	VA	47	71	-24

Note: All contributing MD counties and other largest contributing jurisdictions included; jurisdiction contributions do not total to "Total Migration" line.

Source: U.S. Internal Revenue Service; compiled by Valbridge/LF&M.

Table III-2b
ANNAPOLIS JUNCTION TOWN CENTER
Anne Arundel County Migration Patterns
2009-2010

		In-Migration	Out-Migration	Net
Total Migration		**15,732**	**14,880**	**852**
U.S. Migration		15,305	14,501	804
- Maryland		7,965	7,273	692
- All Other States		7,340	7,228	112
Foreign Migration		427	379	48
Non-Migrants		**197,154**	**197,154**	**0**
Baltimore County	MD	1,432	1,346	86
Calvert County	MD	289	311	-22
Carroll County	MD	141	185	-44
Caroline County	MD	66	87	-21
Charles County	MD	127	121	6
Harford County	MD	169	134	35
Howard County	MD	1,105	956	149
Montgomery County	MD	597	525	72
Prince George's County	MD	2,092	1,475	617
Queen Anne's County	MD	222	278	-56
St Mary's County	MD	65	57	8
Talbot County	MD	66	87	-21
Wicomico County	MD	60	57	3
Worcester County	MD	20	77	-57
Baltimore City	MD	1,258	1,250	8
York County	PA	32	95	-63
Fairfax County	VA	273	234	39
Frederick County	VA	85	144	-59
Loudoun County	VA	44	58	-14
Foreign - APO/FPO ZIPs	FR	375	318	57
District of Columbia	DC	216	230	-14
Arlington County	VA	88	107	-19

Note: All contributing MD counties and other largest contributing jurisdictions included;
jurisdiction contributions do not total to "Total Migration" line.

Source: U.S. Internal Revenue Service; compiled by Valbridge/LF&M.

C. ECONOMIC TRENDS

Housing Characteristics

The Development's PMA shows strong housing market fundamentals, which are likely to grow even stronger in the near future:

- Homeownership - In the 2010 U.S. Census, the proportion of households owning their own homes was reported at 69.7% in the PMA, 73.7% in Howard County and 74.2% in Anne Arundel County. The PMA's lower homeownership rate is largely a function of its somewhat higher proportion of transient households.

- Property Values - In Table III-3, ESRI estimates the 2012 median value for owner-occupied housing units in the PMA as $338,899. That figure is 18.9% lower than the Howard County median value of $417,759, but 3.3% higher than Anne Arundel County's $328,052 median.

- Home Sales - An important indicator of economic recovery from The Great Recession is improving conditions in the Howard County re-sale market for existing homes. Metropolitan Regional Information Systems (MRIS) sales data from the residential real estate brokers multiple-list system are summarized in Table III-4. We see that, though sales volume and prices have not reached the pre-Recession heights of 2006, they are on the rebound. In particular, the average days-on-market in 2012 was significantly shorter than in 2008. Active listings in Howard County (Table III-5) demonstrate the desirability of the jurisdiction in the high average listing price ($598,836) for a home.

- Apartment Rents - In Table III-6, the U.S. Census Bureau's American Community Survey data for 2005-2009 indicates that rents in the PMA tend to be somewhat higher overall than in Howard and Anne Arundel counties. The PMA's $1,265 median rent in that period demonstrated a 9.1% premium over Howard County's $1,159 median rent and a 15.4% premium over Anne Arundel's $1,096 median rent. Much of the premium is explained by the fact that the PMA rental stock—expanding in recent years due to strong growth—overall is somewhat newer than that in the other geographies.

Educational Characteristics

The level of educational attainment is a good indicator of an area's dynamism in the 21st Century's knowledge-based economy. The American Community Survey for 2005-2009 estimated that 39.0% of the PMA's age 25+ population had attained at least a bachelor's degree. While that proportion is lower than Howard County's 57.2% attainment, it is an improvement over Anne Arundel's 35.5% statistic.

Table III-3
ANNAPOLIS JUNCTION TOWN CENTER
Estimated Value of Owner-Occupied Housing Units
Fort Meade PMA, Howard County, Anne Arundel County
2012

	Fort Meade PMA		Howard County		Anne Arundel County	
	Units	**% of Total**	**Units**	**% of Total**	**Units**	**% of Total**
Less than $50,000	37	0.1%	38	0.0%	243	0.2%
$50,000 - $99,999	379	0.9%	543	0.7%	1,597	1.1%
$100,000 - $149,999	854	1.9%	1,236	1.6%	3,831	2.6%
$150,000 - $199,999	2,274	5.1%	2,712	3.5%	10,716	7.3%
$200,000 - $249,999	5,237	11.8%	5,504	7.1%	21,714	14.8%
$250,000 - $299,999	8,008	18.1%	7,622	9.8%	25,350	17.3%
$300,000 - $399,999	13,729	31.0%	18,672	24.1%	34,735	23.7%
$400,000 - $499,999	6,552	14.8%	13,889	17.9%	18,720	12.8%
$500,000 - $749,999	6,332	14.3%	20,175	26.0%	20,359	13.9%
$750,000 - $999,999	813	1.8%	5,388	6.9%	5,842	4.0%
$1,000,000 or more	44	0.1%	1,808	2.3%	3,283	2.2%
Total	**44,259**	**100.0%**	**77,587**	**100.0%**	**146,390**	**100.0%**
Median Value	$338,899		$417,759		$328,052	
Average Value	$370,365		$468,820		$388,401	

Source: 2012 ESRI estimate.

Table III-4
ANNAPOLIS JUNCTION TOWN CENTER
Resales of Existing Homes
Howard County
2005-2012

	2005	2006	2007	2008	2009	2010	2011	2012	Total	Average
Total Units Sold	**4,832**	**4,052**	**3,467**	**2,687**	**2,888**	**2,847**	**2,703**	**3,138**	**26,614**	**3,549**
Attached	2,377	2,058	1,733	1,216	1,370	1,229	1,153	1,303	12,439	1,659
Detached	2,455	1,994	1,734	1,471	1,518	1,618	1,550	1,835	14,175	1,890
Average Sold Price	**$346,534**	**$363,657**	**$351,001**	**$351,001**	**$265,563**	**$262,445**	**$252,473**	**$270,093**		
Attached	$306,027	$321,030	$322,747	$308,373	$279,872	$281,449	$280,206	$275,075		
Detached	$557,894	$591,139	$588,137	$546,822	$489,568	$495,060	$495,143	$494,041		
Average Days on Market	**28**	**55**	**84**	**111**	**100**	**79**	**93**	**84**		

Source: RealEstate Business Intelligence, LLC, a MRIS company, 2012; compiled by Valbridge/LF&M.

Table III-5
ANNAPOLIS JUNCTION TOWN CENTER
Existing Homes for Re-Sale
Active Listings
Howard County
February 2013

PMA	**Single Family**		**Townhome**		**Condominium**		**Total**	
	Listings	**Percent**	**Listings**	**Percent**	**Listings**	**Percent**	**Listings**	**Percent**
Less than $100,000	0	0.0%	0	0.0%	9	7.9%	9	1.3%
$100,000 - $149,999	0	0.0%	0	0.0%	10	8.8%	10	1.4%
$150,000 - $199,999	2	0.4%	7	9.3%	21	18.4%	30	4.3%
$200,000 - $249,999	6	1.2%	10	13.3%	22	19.3%	38	5.5%
$250,000 - $299,999	14	2.8%	14	18.7%	10	8.8%	38	5.5%
$300,000 - $349,999	25	5.0%	18	24.0%	21	18.4%	64	9.3%
$350,000 - $399,999	39	7.8%	4	5.3%	8	7.0%	51	7.4%
$400,000 - $449,999	31	6.2%	4	5.3%	4	3.5%	39	5.7%
$450,000 - $499,999	36	7.2%	10	13.3%	8	7.0%	54	7.8%
$500,000 - $599,999	71	14.2%	7	9.3%	1	0.9%	79	11.4%
$600,000 - $699,999	86	17.2%	1	1.3%	0	0.0%	87	12.6%
$700,000 - $799,999	66	13.2%	0	0.0%	0	0.0%	66	9.6%
$800,000 - $899,999	32	6.4%	0	0.0%	0	0.0%	32	4.6%
$900,000 - $999,999	18	3.6%	0	0.0%	0	0.0%	18	2.6%
$1,000,000 - $2,499,999	72	14.4%	0	0.0%	0	0.0%	72	10.4%
$2,500,000 - $4,999,999	3	0.6%	0	0.0%	0	0.0%	3	0.4%
$5,000,000 +		0.0%	0	0.0%	0	0.0%	0	0.0%
Total Active Listings	**501**	**100.6%**	**75**	**100.0%**	**114**	**100.0%**	**690**	**100.0%**
Avg Listing Price	*$714,353*		*$342,999*		*$259,483*		*$598,836*	

Source.Metropolitan Regional Information Systems (MRIS), 2013; compiled by Valbridge/LF&M.

Table III-6
ANNAPOLIS JUNCTION TOWN CENTER
Contract Rent of Specified Renter Occupied Units
Fort Meade PMA, Howard & Anne Arundel Counties
2005-2009

	Fort Meade PMA		Howard County		Anne Arundel County	
	Units	**% of Total**	**Units**	**% of Total**	**Units**	**% of Total**
< $100	97	0.6%	193	0.8%	511	1.1%
$100 - $149	25	0.1%	208	0.9%	271	0.6%
$150 - $199	141	0.8%	176	0.7%	691	1.5%
$200 - $249	87	0.5%	100	0.4%	562	1.2%
$250 - $299	21	0.1%	64	0.3%	414	0.9%
$300 - $349	115	0.7%	116	0.5%	459	1.0%
$350 - $399	74	0.4%	270	1.1%	345	0.8%
$400 - $449	65	0.4%	98	0.4%	653	1.4%
$450 - $499	67	0.4%	72	0.3%	389	0.9%
$500 - $549	225	1.3%	320	1.3%	626	1.4%
$550 - $599	203	1.2%	183	0.8%	375	0.8%
$600 - $649	194	1.1%	318	1.3%	903	2.0%
$650 - $699	214	1.2%	383	1.6%	940	2.1%
$700 - $749	146	0.8%	507	2.1%	1,250	2.8%
$750 - $799	232	1.3%	466	1.9%	1,711	3.8%
$800 - $899	805	4.6%	1,266	5.2%	3,751	8.3%
$900 - $999	1,135	6.5%	2,519	10.4%	4,215	9.3%
$1,000 - $1,249	4,562	26.3%	7,124	29.4%	9,225	20.3%
$1,250 - $1,499	4,309	24.8%	5,119	21.1%	8,022	17.7%
$1,500 - $1,999	3,454	19.9%	2,737	11.3%	6,444	14.2%
$2,000 +	589	3.4%	1,327	5.5%	1,442	3.2%
No Cash Rent	611	3.5%	641	2.6%	2,150	4.7%
Total	**17,371**	**100.0%**	**24,207**	**100.0%**	**45,349**	**100.0%**
Median Contract Rent	$1,265		$1,159		$1,096	

Source: American Community Survey estimate, 2005-2009; compiled by Valbridge/LF&M.

<u>Household Incomes</u>

As outlined in Table III-7, the median household income in the Development's Fort Meade PMA in 2012 is estimated by ESRI at $80,722. Incomes are similar to Anne Arundel County with a median of $81,688, but both are significantly lower than Howard County's $103,623.

ESRI estimates that median household incomes in the Market Area will be growing at an average pace of approximately 2.3% per year during the 2012-2017 period—somewhat faster than Howard County's 1.4% average rate but somewhat slower than Anne Arundel County's 2.5% pace. We judge the PMA's income growth forecast to be excessively conservative, since the vast majority of household growth in the PMA will be higher income households attracted by NSA, Cyber Command and other Fort Meade employment development.

More than half (54.6%) of PMA household incomes exceed $75,000 in 2012—demonstrating the presence of a substantial higher income group, which will be expanding over the 2012-2017 period. That group's presence is understandable given the influx of relatively homogenous, better quality residential development of recent years as typified in the Elkridge area in Howard County as well as the Seven Oaks, Piney Orchard and Arundel Preserve planned developments in Anne Arundel County. Future quality development will be supported by solid income growth throughout the PMA.

<u>Employment</u>

Employment statistics are not available for the PMA alone, but an analysis of Howard County and Anne Arundel County at-place-of-work employment by industrial sector (Table III-8) reveals the structure of the Development's economic environment. We compare Howard and Anne Arundel counties to the State of Maryland using 2011 annual average statistics, which are the most recent 12 month data available. We find:

- <u>Government Sector</u> – Howard County has proportionately fewer government jobs (12.1%) than Anne Arundel County (17.9%) and the State as a whole (19.7%). The gap lies primarily in the federal and state government categories. Local government workers are present in roughly the same proportion as for Anne Arundel and the State as a whole. We note that the National Security Agency (NSA) does not report employment.

- <u>Goods Producing Sector</u> – Howard County's goods producing sector (11.1%) is approximately the same scale as Anne Arundel County's (12.3%) and the State's (10.6%).

- <u>Service Providing Sector</u> – Howard County's service providing sector represents a significantly larger share of the County's employment (76.8%) than Anne Arundel's (69.8%) and the State's (69.7%). In particular, the professional and business services category ranks high for Howard County in comparison to the other geographies.

Table III-7
ANNAPOLIS JUNCTION TOWN CENTER
Household Incomes
Fort Meade PMA, Howard & Anne Arundel Counties
2012 - 2017

2012	**Fort Meade PMA**		**Howard County**		**Anne Arundel County**	
	Hhlds	**% of Total**	**Hhlds**	**% of Total**	**Hhlds**	**% of Total**
Under $15,000	3,099	4.8%	4,576	4.2%	10,547	5.2%
$15,000 - $24,999	2,695	4.1%	3,145	2.9%	10,975	5.4%
$25,000 - $34,999	3,828	5.9%	4,582	4.3%	11,820	5.8%
$35,000 - $49,999	6,942	10.6%	8,802	8.2%	20,365	10.1%
$50,000 - $74,999	13,070	20.0%	16,943	15.7%	37,706	18.7%
$75,000 - $99,999	10,327	15.8%	13,028	12.1%	29,247	14.5%
$100,000 - $149,999	15,039	23.1%	24,635	22.9%	44,912	22.2%
$150,000 - $199,999	6,172	9.5%	15,024	14.0%	19,826	9.8%
$200,000 or more	4,065	6.2%	16,953	15.7%	16,705	8.3%
Total	**65,237**	100.0%	**107,688**	100.0%	**202,103**	100.0%
Median Hhld Income	$80,722		$103,623		$81,688	
Average Hhld Income	$97,649		$125,666		$101,241	

2017	**Fort Meade PMA**		**Howard County**		**Anne Arundel County**	
	Hhlds	**% of Total**	**Hhlds**	**% of Total**	**Hhlds**	**% of Total**
Under $15,000	3,000	4.6%	4,244	3.9%	10,009	5.0%
$15,000 - $24,999	2,267	3.5%	2,497	2.3%	8,893	4.4%
$25,000 - $34,999	3,144	4.8%	3,594	3.3%	9,626	4.8%
$35,000 - $49,999	5,515	8.5%	6,712	6.2%	15,922	7.9%
$50,000 - $74,999	11,501	17.6%	14,485	13.5%	32,517	16.1%
$75,000 - $99,999	14,135	21.7%	17,401	16.2%	39,102	19.3%
$100,000 - $149,999	17,626	27.0%	28,004	26.0%	51,297	25.4%
$150,000 - $199,999	7,939	12.2%	18,425	17.1%	24,579	12.2%
$200,000 or more	4,897	7.5%	19,749	18.3%	19,686	9.7%
Total	**70,024**	107.3%	**115,111**	106.9%	**211,631**	104.7%
Median Hhld Income	$90,027		$110,836		$91,807	
Average Hhld Income	$110,575		$146,635		$116,307	

Source: ESRI estimate, compiled by Valbridge/LF&M.

Table III-8
ANNAPOLIS JUNCTION TOWN CENTER
Employment & Payrolls at Place of Work
Howard & Anne Arundel Counties, State of Maryland
Average 2011

	Howard County		Anne Arundel County		Maryland		Avg. Weekly Wages		
	Avg. Employment	**Percent**	**Avg. Employment**	**Percent**	**Avg. Employment**	**Percent**	**Howard**	**Anne Arundel**	**Maryland**
Total Employment	**151,066**	**100.0%**	**230,096**	**100.0%**	**2,479,122**	**100.0%**	**$1,125**	**$979**	**$1,023**
Government Sector - Total	**18,280**	**12.1%**	**41,298**	**17.9%**	**487,919**	**19.7%**	**$968**	**$1,050**	**$1,202**
Federal Government	649	0.4%	11,938	5.2%	144,513	5.8%	$1,448	$1,571	$1,790
State Government	3,523	2.3%	9,424	4.1%	102,367	4.1%	$882	$874	$932
Local Government	14,108	9.3%	19,936	8.7%	241,039	9.7%	$967	$821	$965
Private Sector - All Industries	**132,786**	**87.9%**	**188,798**	**82.1%**	**1,991,203**	**80.3%**	**$1,147**	**$964**	**$980**
Goods Producing	*16,703*	*11.1%*	*28,206*	*12.3%*	262,754	*10.6%*	*$1,261*	*$1,420*	*$1,151*
Natural Resources and Mining	714	0.5%	147	0.1%	6,553	0.3%	$680	$646	$724
Construction	9,617	6.4%	13,912	6.0%	143,152	5.8%	$1,170	$1,021	$1,056
Manufacturing	6,372	4.2%	14,147	6.1%	113,049	4.6%	$1,464	$1,821	$1,295
Service Providing	*116,083*	*76.8%*	*160,592*	*69.8%*	1,728,440	*69.7%*	*$1,131*	*$884*	*$954*
Trade, Transportation, and Utilities	31,325	20.7%	50,606	22.0%	439,656	17.7%	$934	$810	$784
Information	3,734	2.5%	2,728	1.2%	41,713	1.7%	$1,453	$1,233	$1,448
Financial Activities	8,791	5.8%	9,318	4.0%	136,487	5.5%	$1,477	$1,046	$1,429
Professional and Business Services	39,326	26.0%	34,435	15.0%	397,247	16.0%	$1,614	$1,370	$1,332
Education and Health Services	14,814	9.8%	27,231	11.8%	391,842	15.8%	$823	$889	$917
Leisure and Hospitality	13,384	8.9%	27,600	12.0%	233,724	9.4%	$359	$362	$379
Other Services	4,709	3.1%	8,647	3.8%	87,771	3.5%	$661	$743	$811
Unclassified	*0*	*0.0%*	*0*	*0.0%*	*9*	*0.0%*	*$0*	*$0*	*$756*

Source: MD Dept. of Labor, Licensing and Regulation; compiled by Valbridge/LF&M.

- Wages - Workers in Howard County in 2011 earned average wages of $1,125 per week---a premium of 14.9% over Anne Arundel County workers and 10.0% above workers in the State overall.

Statistics from the Maryland Department of Labor Licensing & Regulation for Howard and Anne Arundel counties in December 2012 (the most recent available) indicate that at-place-of-residence unemployment is at a level significantly lower than in the State of Maryland and in the U.S.—even in this time of generally high unemployment. The Howard County unemployment rate was 4.7% (not seasonally adjusted) as compared to 5.9% for Anne Arundel County and 6.7% for the State of Maryland. All were lower than the national unemployment rate of 7.6%. Howard's unemployment rate was the lowest in the State, with even Montgomery's County's unemployment rate at second place lagging at 4.9%.

Overall, the Development is well located within a regional economy which is diversified and growing. Listed below are the top ten employers in both Howard and Anne Arundel counties:

TOP TEN EMPLOYERS - HOWARD COUNTY

Employer	Product/Service	Employees
Johns Hopkins University Applied Physics Lab.	R&D systems engineering/Professional services	4,700
Verizon Wireless	Telecommunications/Information	2,200
Lorien Health Systems	Nursing care/Health care	2,000
Howard County General Hospital	Medical services/Health care	1,728
Howard Community College	Higher Education/Educational services	1,290
SAIC	Engineering services/Professional services	1,060
Giant Food	Groceries retailing & distribution/Retail trade	1,050
The Columbia Association	Nonprofit civic organization/Other services	900
Wells Fargo	Securities administration/Finance and insurance	842
MICROS Systems	HQ/software development/Professional services	815

Note: Excludes post offices, state and local governments; includes public higher education institutions. Sources: Economic development agencies statewide and Maryland Department of Business and Economic Development, November 2012.

TOP TEN EMPLOYERS - ANNE ARUNDEL COUNTY

Employer	Product/Service	Employees
Fort George G. Meade*	Military installation/Federal government	56,692
Northrop Grumman	Electronic surveillance products/Manufacturing	7,000
Southwest Airlines	Airline/Transportation and warehousing	3,200
Anne Arundel Health System	Medical services/Health care	3,000
U.S. Naval Academy/Naval Support Activity*	Higher education/Educational services	2,700
Baltimore Washington Medical Center	Medical services/Health care	2,650
Anne Arundel Community College	Higher education/Educational services	2,132
Booz Allen Hamilton	Strategy management & tech. services/Professional services	2,100
Wal-Mart/Sam's Club	Consumer goods/Retail trade	2,100
Allegis Group	HQ/technology & adm. placement/Administrative services	1,500

*Note: Excludes post offices, state and local governments; includes public higher education institutions. * Employee counts for federal and military facilities exclude NSA and contractors to the extent possible; embedded contractors may be included. Sources: Economic development agencies statewide and Maryland Department of Business and Economic Development, November 2012.*

It is worth noting that the Anne Arundel County Economic Development Agency recently reported that the overall employment at Fort Meade currently consists of 36,209 military, civilian and contractor positions (excluding NSA). Even with that exclusion, Fort Meade is the fourth largest army installation in the United States. The impact of Fort Meade on the local economy is $1.5 billion in salaries and $2.2 billion in contracts. With BRAC, Fort Meade is projected to have a $5 billion annual economic impact on the regional economy.

D. DEVELOPMENT TRENDS

The strength of the Development's PMA and its Howard/Anne Arundel development environment within the regional economy are underscored in a review of new construction activity during the 1993-2012 period. Valbridge/LF&M uses Baltimore Metropolitan Council reports of new construction authorized by building permits as our index. (We note that the BMC defines the Baltimore Region as Baltimore City and its five surrounding counties, not including Queen Anne's County.)

Residential Development

In Table III-9, we review residential construction trends over the 1993-2012 period at four levels of geography: the Development's defined PMA, Howard County and Anne Arundel County and the Baltimore Region. We find that the PMA is growing fast, as gauged by new residential units authorized by building permits:

- Total Housing Starts - The PMA has added 25,950 housing units over the past 20 years—almost one third (31.7%) of the total of Howard and Anne Arundel counties. The PMA saw virtually the same number of starts in the past decade as in the previous decade despite the impact of the Great Recession. In contrast, the other geographies all saw significant declines in residential development: -23% for Howard County and -40% for Anne Arundel County and the Region.

- Housing Unit Mix - The PMA shifted from a unit mix of over half (52.8%) single family detached homes in the 1993-2002 period to a mix in which multifamily product (mostly apartments) accounts for the largest share (40.2%) of permits. That shift to higher density units has taken place in the other geographies as well, though not as dramatically as in the PMA.

- Baltimore Region - The PMA represented only 11.7% of the Baltimore Region's housing starts in the 1993-2002 period, but has almost doubled its share to 19.1% in the past ten years. Similarly Howard County increased its share from 16.6% to 21.1%, while Anne Arundel County maintained its share at about 27.0%. Almost half (48.1%) of all Baltimore Region growth has been focused in Howard and Anne Arundel counties in the past decade.

The PMA and its Howard and Arundel County development environment have been preferred, high growth locations for residential development within the Baltimore Region.

Employment Development

In Table III-10, we summarize new construction authorized by building permits in Howard and Anne Arundel counties, comparing them to other jurisdictions in the Baltimore Region's major jurisdictions for the two principal structure types which might pertain to the Development:

Table III-9
ANNAPOLIS JUNCTION TOWN CENTER
Residential New Construction Building Permits
Fort Meade PMA, Howard & Anne Arundel Counties, Baltimore Region
1993 - 2012

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total	Share of Total
Detached												
Fort Meade PMA	943	898	707	603	659	709	841	732	621	423	7,136	52.8%
Howard County	1,233	1,173	1,121	1,112	1,224	1,454	1,700	1,323	1,158	1,106	12,604	65.6%
Anne Arundel County	2,229	1,810	1,467	1,639	1,610	1,861	1,995	1,792	1,877	1,369	17,649	55.4%
Baltimore Region	7,373	6,655	5,740	6,261	5,870	6,780	7,461	6,809	7,947	6,684	67,580	58.3%
Attached												
Fort Meade PMA	786	731	751	422	358	484	279	135	140	216	4,302	31.8%
Howard County	383	509	548	481	520	586	346	310	292	254	4,229	22.0%
Anne Arundel County	1,096	1,081	1,108	586	574	1,205	794	644	482	663	8,233	25.8%
Baltimore Region	2,862	3,626	3,615	2,401	2,371	3,289	2,619	2,288	1,990	2,025	27,086	23.4%
Multifamily												
Fort Meade PMA	261	126	334	377	136	36	460	240	102	12	2,084	15.4%
Howard County	241	349	190	29	258	172	292	586	16	245	2,378	12.4%
Anne Arundel County	446	306	732	765	746	757	893	464	404	464	5,977	18.8%
Baltimore Region	2,811	2,167	1,633	1,892	2,384	2,392	2,449	1,973	1,528	1,987	21,216	18.3%
Total												
Fort Meade PMA	1,990	1,755	1,792	1,402	1,153	1,229	1,580	1,107	863	651	13,522	100.0%
Howard County	1,857	2,031	1,859	1,622	2,002	2,212	2,338	2,219	1,466	1,605	19,211	100.0%
Anne Arundel County	3,771	3,197	3,307	2,990	2,930	3,823	3,682	2,900	2,763	2,496	31,859	100.0%
Baltimore Region	13,046	12,448	10,988	10,554	10,625	12,461	12,529	11,070	11,465	10,696	115,882	100.0%

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total	Average
Detached												
Fort Meade PMA	697	569	554	338	359	185	188	222	282	347	3,741	27.9%
Howard County	711	693	744	536	486	288	380	474	523	541	5,376	36.1%
Anne Arundel County	1,327	1,126	996	847	811	545	459	420	444	515	7,490	39.4%
Baltimore Region	5,380	4,521	4,596	3,820	2,749	1,758	1,607	1,759	1,779	2,113	30,082	42.7%
Attached												
Fort Meade PMA	556	653	437	317	440	250	325	383	429	494	4,284	31.9%
Howard County	309	598	596	417	627	393	510	458	468	402	4,778	32.1%
Anne Arundel County	830	650	583	237	229	276	362	440	385	429	4,421	23.3%
Baltimore Region	2,208	2,383	2,909	1,733	1,813	1,118	1,277	1,480	1,224	1,500	17,645	25.0%
Multifamily												
Fort Meade PMA	24	418	1,097	482	424	415	450	177	958	958	5,403	40.2%
Howard County	430	547	438	679	275	372	583	484	179	744	4,731	31.8%
Anne Arundel County	840	578	1,391	360	796	154	355	374	1,531	711	7,090	37.3%
Baltimore Region	3,210	2,782	3,227	2,312	1,334	2,022	1,721	1,698	2,586	1,863	22,755	32.3%
Total												
Fort Meade PMA	1,277	1,640	2,088	1,137	1,223	850	963	782	1,669	1,799	13,428	100.0%
Howard County	1,450	1,838	1,778	1,632	1,388	1,053	1,473	1,416	1,170	1,687	14,885	100.0%
Anne Arundel County	2,997	2,354	2,970	1,444	1,836	975	1,176	1,234	2,360	1,655	19,001	100.0%
Baltimore Region	10,798	9,686	10,732	7,865	5,896	4,898	4,605	4,937	5,589	5,476	70,482	100.0%

Source: Baltimore Metropolitan Council; compiled by Valbridge/LF&M.

Table III-10
ANNAPOLIS JUNCTION TOWN CENTER
Non-Residential New Construction Building Permits
Baltimore Region
1993 - 2012

OFFICE	**Anne Arundel**		**Baltimore City**		**Baltimore County**		**Carroll**		**Harford**		**Howard**		**BALTIMORE REGION**	
	Units	Value (000)	Units	Value (000)	Units	Value (000)	Units	Value (000)	Units	Value (000)	Units	Value (000)	Units	Value (000)
1993	5	$2,772	0	$0	15	$61,588	4	$440	7	$1,774	14	$3,092	45	$69,666
1994	7	$6,648	2	$1,804	16	$10,602	3	$882	7	$2,275	7	$4,432	42	$26,643
1995	9	$38,409	4	$26,940	14	$9,765	4	$3,878	6	$2,860	4	$1,730	41	$83,582
1996	10	$18,606	6	$3,269	17	$14,705	6	$1,257	7	$877	14	$12,474	60	$51,188
1997	12	$8,613	2	$406	19	$13,046	3	$3,783	9	$3,393	19	$21,369	64	$50,610
1998	15	$11,892	5	$8,655	27	$60,426	7	$780	16	$2,160	25	$66,147	95	$150,060
1999	20	$64,235	2	$1,841	22	$32,117	11	$12,150	17	$14,141	39	$51,809	111	$176,293
2000	25	$42,401	5	$7,102	16	$14,912	4	$2,333	5	$2,560	37	$65,713	92	$135,021
2001	17	$37,759	5	$13,485	15	$12,647	8	$2,850	3	$1,880	25	$38,598	73	$107,219
2002	15	$27,997	11	$12,093	18	$25,000	7	$2,354	6	$8,175	16	$40,399	73	$116,018
2003	26	$25,572	3	$20,580	15	$38,990	2	$756	5	$1,770	34	$18,440	85	$106,108
2004	33	$75,869	5	$190,909	28	$30,254	3	$4,460	12	$14,038	35	$37,678	116	$353,208
2005	29	$32,063	5	$12,420	22	$36,032	1	$750	9	$335	3	$7,192	69	$88,792
2006	18	$38,466	4	$90,550	27	$45,791	1	$300	14	$11,645	44	$106,498	108	$293,250
2007	28	$57,266	4	$10,359	18	$31,960	1	$2,500	12	$17,224	22	$126,387	85	$245,696
2008	13	$54,636	8	$177,360	17	$31,500	3	$2,962	12	$9,550	13	$39,250	66	$315,258
2009	13	$38,111	1	$325	8	$8,215	2	$3,000	9	$40,889	10	$26,608	43	$117,148
2010	9	$39,156	1	$414	6	$10,785	3	$2,085	7	$36,394	7	$55,097	33	$143,931
2011	12	$32,059	1	$7,000	9	$21,465	2	$2,565	5	$24,061	2	$6,000	31	$93,150
2012	12	$42,550	1	$65,706	4	$1,160	2	$625	6	$12,586	10	$24,496	35	$147,123
Total '93-'12	328	$695,080	75	$651,218	333	$510,960	77	$50,710	174	$208,587	380	$753,409	1,367	$2,869,964
Share	24.0%	24.2%	5.5%	22.7%	24.4%	17.8%	5.6%	1.8%	12.7%	7.3%	27.8%	26.3%	100.0%	100.0%

RETAIL	**Anne Arundel**		**Baltimore City**		**Baltimore County**		**Carroll**		**Harford**		**Howard**		**BALTIMORE REGION**	
	Units	Value (000)	Units	Value (000)	Units	Value (000)	Units	Value (000)	Units	Value (000)	Units	Value (000)	Units	Value (000)
1993	14	$20,302	8	$1,995	22	$13,744	8	$3,322	8	$4,672	11	$6,110	71	$50,145
1994	14	$10,712	11	$10,013	17	$7,111	4	$605	14	$8,278	10	$6,864	70	$43,583
1995	24	$34,177	9	$4,984	42	$24,058	10	$9,725	16	$13,843	14	$11,872	115	$98,659
1996	11	$11,201	7	$3,203	27	$12,027	14	$10,351	16	$14,034	20	$20,876	95	$71,692
1997	18	$16,048	7	$1,748	32	$27,281	8	$1,986	16	$45,965	28	$23,060	109	$116,088
1998	21	$36,806	9	$5,415	18	$21,959	10	$2,567	21	$12,632	23	$16,494	102	$95,873
1999	42	$42,423	8	$4,745	27	$30,126	12	$19,953	9	$5,958	18	$23,050	116	$126,255
2000	18	$62,463	5	$2,543	14	$7,955	8	$43,163	10	$3,621	17	$17,232	72	$136,977
2001	12	$20,205	4	$6,108	14	$35,709	12	$28,348	9	$40,484	8	$3,750	59	$134,604
2002	24	$14,985	8	$6,100	21	$17,845	12	$5,803	13	$3,827	9	$13,272	87	$61,832
2003	31	$28,701	10	$10,905	22	$15,344	9	$2,810	11	$4,872	10	$15,996	93	$78,628
2004	44	$25,922	16	$9,456	26	$13,980	3	$8,643	22	$12,736	11	$12,812	122	$83,549
2005	21	$7,808	20	$12,046	17	$8,560	26	$16,255	18	$16,152	11	$20,512	113	$81,333
2006	19	$16,135	11	$44,470	28	$29,684	13	$7,179	11	$7,386	6	$4,181	88	$109,035
2007	30	$145,062	6	$7,290	20	$10,224	23	$43,479	12	$7,775	30	$42,104	121	$255,934
2008	17	$22,567	7	$26,013	20	$12,976	21	$46,185	9	$10,408	8	$12,030	82	$130,179
2009	5	$1,503	3	$3,850	5	$3,330	4	$10,635	8	$12,083	4	$4,160	29	$35,561
2010	18	$17,537	4	$3,100	7	$4,525	8	$19,555	6	$17,400	2	$4,000	45	$66,117
2011	13	$67,536	5	$2,443	17	$10,545	3	$1,225	6	$4,740	6	$13,692	50	$100,181
2012	14	$10,561	7	$25,644	13	$18,503	2	$1,308	10	$13,943	7	$7,242	53	$77,201
Total '93-'12	410	$612,654	165	$192,071	409	$325,486	210	$283,097	245	$260,809	253	$279,309	1,692	$1,953,426
Share	24.2%	31.4%	9.8%	9.8%	24.2%	16.7%	12.4%	14.5%	14.5%	13.4%	15.0%	14.3%	100.0%	100.0%

Source: Baltimore Metropolitan Council; compiled by Valbridge/LF&M.

- Office Product - Over the past 20 years, there have been 1,367 starts authorized for office buildings in the Baltimore Region at a value of $2.9 billion. At 26.3% and 24.2% respectively, Howard and Anne Arundel counties have maintained solid shares of new office space—surpassing even Baltimore City and Baltimore County.

- Retail Product - Over the past 20 years, there have been 1,692 starts authorized for retail buildings in the Baltimore Region at a value of $2.0 billion. At 14.3% and 31.4% respectively, Howard County and Anne Arundel County in particular have maintained solid shares of new retail space. Only Baltimore County approached Anne Arundel's share, but that County has long been the Baltimore Region's retail powerhouse with its dominance of the Baltimore Beltway and major interchange locations, as well as regional retail locations like White Marsh. Its dominance has been challenged by the shift of the regional economy south, evidenced by the success of Arundel Mills.

Across the period, the Baltimore Region has exhibited substantial new office and retail construction activity—evidence of a dynamic economy. Howard and Anne Arundel counties have captured almost half of that growth. Understanding that none of the Fort Meade construction is included in the above statistics (as a federal enclave, it is not required to file for local building permits), the preferred status of the Development's Howard-Anne Arundel environment is underscored.

Development Pipeline

The Fort Meade PMA is a major center of employment and industry in the Baltimore-Washington Corridor, benefiting from the defense/intelligence focus of Fort Meade and NSA but also from solid Howard County and Anne Arundel County economies. In addition to the Development and ongoing construction at National Business Park, the list of significant developments now in the PMA pipeline includes:

- Annapolis Junction Business Park – Konterra Realty and Boston Properties plan a build-out of 2.3 million sq.ft. of office, hotel and retail space on 210 acres just across the CSX railroad tracks from the Development. Two buildings (8193 and 8210 Dorsey Run Road) of 125,000 sq.ft. each have been completed; their primary tenants are NSA contractors. A third 130,000 sq.ft. office building is under construction.

- Independence Park at Odenton Town Center – This is a 128 acre mixed use project proposed by the Halle Companies at the intersection of MD Routes 32 and 175 east of the Development. Upon completion, this project will include 2.95 million sq.ft. of high-tech office space; 75,000 sq.ft. of retail space; 525,000 sq.ft. of residential space. Two six-story office buildings, each with 146,000 sq.ft. are now in the permitting process and are to be built along the future Town Center Boulevard (now in engineering).

- Odenton Town Square – This is a 24 acre transit-oriented, mixed use project across on the east side of the MARC (Penn Line) train tracks. Three developers (Bozzuto Group, Osprey

Property Company and Reliable Contracting) were awarded the development rights by the Maryland Transit Authority to its property in December 2005. The developers had proposed two structured parking garages (3,500 spaces) as well as 415 apartments, 96 condominiums, 250 townhouses, 60 units of affordable senior housing and a 74,000 sq.ft. hotel.

- Fort Meade Technology Center – This Enhanced Use Leasing (EUL) project was awarded to Trammell Crow in November 2006. It includes the development of 1.7 million sq.ft. of office space and some retail on 173 acres within the Fort Meade base as well as building two 18-hole golf courses on another 367 acre property. This property is located in the northeast portion of the military base near the intersection of MD Route 175 and Reece Road at the Fort Meade Visitor Control Center. Although the EUL negotiations have not yet been completed, the project is expected to begin over the next year or so. Upon completion, this project may include 10-15 office buildings and accommodate approximately 7,000 private sector contractor jobs in support of DISA.

- Arundel Gateway – This is a 252-acre property located at MD Routes 198 and 295 (three miles south of the Development). This project is proposed as a $500 million mixed use development including 1,850 residential units (including up to 800 apartments); 300,000 sq.ft. of office space; 150 room hotel; and 128,000 sq.ft. of upscale retail. The developers are Ribera Development and Greenberg Gibbons. A special taxing district was approved in Spring 2012.

- Parkside – This 245 acre parcel is located near the intersection of MD Routes 175 and 295 on the former site of Blob's Park. The Classic Group is proposing 1,000 residential units, 408,750 sq.ft. of office and some retail. Because of APFO school concerns, only the first phase (204,000 sq.ft.) of the office component is in permitting at this time.

- Arundel Preserve – This 268-acre mixed use site is being master planned and developed by an affiliate of Somerset Construction Company, which is also the master developer of the 1,100 acre Arundel Mills community. The community will ultimately include 250,000 sq.ft. of retail (partially constructed and operating); 1.8 million sq.ft. of office space in 11 buildings on 63 acres (first building is complete, second building in permitting) with Corporate Office Property Trust; two hotels (one constructed and operating); 437 detached and attached homes (mostly constructed and occupied); 1,068 apartment homes (all constructed and operating). Milestone Parkway connecting Arundel Mills Boulevard to MD Route 175 will be complete in 2013.

E. GREAT RECESSION

In late 2007, financial markets began to deteriorate from a period of rapid growth in real estate prices and economic activity during the earlier part of the decade. What followed was a deep and unprecedented global economic recession, which has come to be known as The Great

Recession. Real estate markets in particular have been profoundly affected by this recession in comparison to past recessions.

One of the most destructive legacies of The Great Recession has been the nationwide erosion in home prices following dramatic increases in the mid-2000's which were fueled by easy credit and speculation. In Howard County, the average existing home re-sale price increased from \$213,095 in 2000 to \$455,464 in 2007, according to data from the Maryland Association of Realtors. By 2012, the average price was \$403,119, a decrease of 11.5% from the high.

The difference in market conditions from pre-Recession to post-Recession can also be illustrated in retail sales in Howard County, which grew from \$2.328 billion in 2001 to \$3.153 billion in 2008, a cumulative increase of 35.42%. Retail sales then decreased to \$2.781 billion in 2011, down 11.8% from the high. In 2012, retail sales in the County increased to \$2.906 billion, an increase of 4.48% over 2011, but still 7.8% down from the high.

The duration and far reaching impact of The Great Recession have been unprecedented as have been measures in monetary and fiscal policy undertaken by the U.S. Government to combat the ongoing problems. The Federal Reserve has lowered the Federal Funds Target Rate to a range of 0 to 0.25%, the lowest rate since December of 2008 and over \$5 trillion has been added to the nation's debt since January of 2008. Standard & Poor's Ratings Services revised its rating on long-term U.S. debt from AAA to AA+ to reflect future concerns regarding the ability of the U.S. Government to fulfill its obligations with increased debt loads, without a major change in policy.

Though there are encouraging signs that the recovery from the Great Recession is progressing, recovery has been slow and uneven. This adds a somewhat greater degree of uncertainty to near-term forecasts for the Howard County economy in general and for its real estate markets in particular. Near- and long-term forecasts remain positive, though timing is more difficult to predict.

F. LONG-TERM OUTLOOK

Valbridge/LF&M has researched the Baltimore Metropolitan Council's (BMC) Round 7-C Cooperative Forecast, adopted in July 2010 (the latest official data available), to portray the demographic and economic trends which public sector planners judge will pertain through 2035. The cooperative forecasts are regional in nature: built-up from each jurisdiction's small-area projections and then coordinated at the regional level. The forecasts utilize the 2000 Census as their starting point, but incorporate development in the intervening nine years and reflect current projections of growth and available land development densities. We believe that these statistics are useful in quantifying the long-range residential and employment trends for the Fort Meade PMA and its development environment, since they are based on the best available local knowledge.

The forecasts for the PMA, Howard County and Anne Arundel County are presented in Table III-11 and discussed below. We focus on the 2010-2035 forecasting period in particular.

Population & Households

According to BMC Round 7-C forecasts, the Fort Meade PMA's population is projected to grow by 23,925 persons (13.3%) over the 2010-2020 period. The number of PMA households is expected to increase by 12,910 (20.0%) over the same decade. The higher rate of increase in households is due to the continuing trend in American society in general towards smaller households. Average annual growth for the PMA is forecast as approximately 2,400 persons and 1,300 households over the decade. These numbers are in the same range as earlier forecast by ESRI in Table III-1.

Growth in the PMA is forecast to account for almost two fifths (38.5%) of the total growth of Howard and Anne Arundel counties over the 2010-2020 period. In all periods the PMA is expected to grow faster than the two counties and at more than double the pace of the Baltimore Region as a whole. That level of household growth, by definition, requires the delivery of the same number of housing units in an appropriate ownership and rental product mix.

Employment

The BMC estimates employment in the PMA at 148,490 workers in 2010, growing by 47,188 jobs (31.8%) through 2020. Employment in Howard and Anne Arundel counties is expected to increase by 18.2 and 13.8% respectively over the same decade. The two counties are forecast to capture over half (50.8%) of all employment growth within the Baltimore Region over that time.

The Fort Meade PMA is projected to capture 57.7% of all employment growth in Howard and Anne Arundel counties during the 2010-2020 period. Just over one quarter (27.8%) of jobs in Howard and Anne Arundel counties were located in the PMA in 2010, but that proportion is projected to increase to one third (33.3%) by 2035.

Estimating that approximately 50% of the PMA's employment growth will be office workers, we might expect demand for office space in the range of 10.0 million sq.ft. of office space over the next 25 years. That demand will be most heavily weighted toward the early end of the timeframe (2010-2020) due to ongoing expansion of Fort Meade activities, requiring approximately 5.5 million sq.ft. (550,000 sq.ft. annually) of office space in the first decade. In the 2020-2035 period following, the BMC employment forecasts would indicate that office space demand will drop to less than 150,000 sq.ft. per year.

The mixed use nature of new development within the market area is planned to drive balanced and intense population, household and employment growth for the foreseeable future.

Table III-11
ANNAPOLIS JUNCTION TOWN CENTER
Forecast of Population, Households & Employment
Fort Meade PMA, Howard & Anne Arundel Counties
2010 - 2035

	2010	2015	2020	2030	2035	*Growth (10-20):* Number	Percent	*Growth (10-35):* Number	Percent
Population:									
Fort Meade PMA	179,830	192,031	203,755	220,814	223,413	23,925	13.3%	43,583	24.2%
Howard County	283,572	298,822	312,230	328,173	332,824	28,658	10.1%	49,252	17.4%
Anne Arundel County	532,789	546,521	556,578	574,271	581,609	23,789	4.5%	48,820	9.2%
Baltimore Region	2,716,542	2,797,313	2,860,233	2,954,216	2,982,018	143,691	5.3%	265,476	9.8%
Households:									
Fort Meade PMA	64,506	71,437	77,416	86,863	89,244	12,910	20.0%	24,738	38.3%
Howard County	107,502	117,700	125,600	135,486	137,773	18,098	16.8%	30,271	28.2%
Anne Arundel County	202,314	210,888	217,782	229,371	234,332	15,468	7.6%	32,018	15.8%
Baltimore Region	1,055,934	1,104,238	1,141,334	1,192,834	1,209,252	85,400	8.1%	153,318	14.5%
Employment:									
Fort Meade PMA	148,490	173,968	195,678	226,101	233,935	47,188	31.8%	85,445	57.5%
Howard County	195,402	214,527	230,914	261,926	267,837	35,512	18.2%	72,435	37.1%
Anne Arundel County	339,012	363,161	385,641	419,975	434,701	46,629	13.8%	95,689	28.2%
Baltimore Region	1,710,317	1,798,135	1,871,954	1,979,033	2,006,991	161,637	9.5%	296,674	17.3%

Source: Baltimore Metropolitan Council, Cooperative Forecast Round 7C, July 2010

Woods & Poole Forecasts

We find that Woods & Poole offers an analysis of workforce growth by-sector which is useful in understanding growth trends in Howard County. Howard employment trends are compared to those in Anne Arundel County and the Baltimore-Towson MSA.

Overall Employment Growth

As summarized in Table III-12, Woods & Poole forecasts employment growth of 37,210 jobs in Howard County for the 2010-2020 period, compared to 48,520 jobs in Anne Arundel County and 230,690 jobs in the entire Baltimore-Towson MSA. The employment increases for the two counties are in line with the BMC forecasts analyzed above—giving us some additional comfort that they are reasonable. The Woods & Poole broader MSA forecast seems to be too optimistic, so we rely on the BMC figures for that geography.

Employment by Sector

Woods & Poole forecasts employment growth in Howard County to be highly concentrated in certain sectors.

- The fastest growing employment sector is Professional & Tech Services, adding 10,290 jobs over 10 years and more than doubling in scale by 2040. That sector is strong on office employment, an important factor for Howard County's office market.

- Other expanding sectors are more directly related to the growth of Howard's population, for example: Retail Trade, Accommodation & Food Services, Health Care & Social Assistance, and Education Services (private education)—all of which are increasing significantly.

G. SUMMARY

Valbridge/LF&M finds that the trends analyzed above set a very positive market environment for the Development. The Development benefits from its strategic location in the Fort Meade PMA, which includes the fastest growing portions of Howard and neighboring Anne Arundel counties.

- Population & Household Growth - The PMA has outpaced both Howard and Anne Arundel counties in its population and household growth for the past two decades. Growth in the PMA is forecast to account for almost two fifths (38.5%) of the total growth of Howard and Anne Arundel counties over the 2010-2020 period. In all periods the PMA is expected to grow faster than the two counties and at more than double the pace of the Baltimore Region as a whole. That level of household growth, by definition, requires the delivery of the same number of housing units in an appropriate ownership and rental product mix.

Table III-12
ANNAPOLIS JUNCTION TOWN CENTER
Long-Term Employment Forecast
Howard County, Anne Arundel County, Baltimore-Towson MSA
2010-2040

	Employment					Change in Employment			
	2010	**2015**	**2020**	**2030**	**2040**	**2010-2015**	**2010-2020**	**2010-2030**	**2010-2040**
Baltimore-Towson MSA	1,631,290	1,727,000	1,861,980	2,155,750	2,481,950	95,710	230,690	524,460	850,660
Growth from 2010 (Percent)						*5.9%*	*14.1%*	*32.2%*	*52.1%*
Anne Arundel County	353,610	374,560	402,130	460,410	522,120	20,950	48,520	106,800	168,510
Growth from 2010 (Percent)						*5.9%*	*13.7%*	*30.2%*	*47.7%*
Howard County	**185,570**	**201,810**	**222,780**	**269,260**	**322,520**	**16,240**	**37,210**	**83,690**	**136,950**
Growth from 2010 (Percent)						*8.8%*	*20.1%*	*45.1%*	*73.8%*
Farm Employment	450	450	480	530	570	0	30	80	120
Forestry, Fishing & Other	140	140	150	170	190	0	10	30	50
Mining	100	90	70	40	30	-10	-30	-60	-70
Utilities	230	240	240	220	200	10	10	-10	-30
Construction	11,200	11,410	12,190	13,740	15,260	210	990	2,540	4,060
Manufacturing	6,170	6,020	6,040	5,960	5,750	-150	-130	-210	-420
Wholesale Trade	14,870	15,810	16,810	18,800	20,690	940	1,940	3,930	5,820
Retail Trade	17,510	18,290	20,220	24,330	28,690	780	2,710	6,820	11,180
Transportation & Warehousing	4,510	5,000	5,450	6,370	7,300	490	940	1,860	2,790
Information	4,180	4,040	4,090	4,120	4,090	-140	-90	-60	-90
Finance & Insurance	9,410	10,610	11,530	13,430	15,330	1,200	2,120	4,020	5,920
Real Estate & Rental & Lease	8,940	10,050	10,840	12,490	14,210	1,110	1,900	3,550	5,270
Professional & Tech Services	32,160	37,430	42,450	53,810	66,930	5,270	10,290	21,650	34,770
Management & Enterprises	1,660	2,020	2,450	3,520	4,920	360	790	1,860	3,260
Administrative & Waste Services	12,940	14,140	15,750	19,170	22,800	1,200	2,810	6,230	9,860
Educational Services	4,630	6,220	8,230	13,990	23,030	1,590	3,600	9,360	18,400
Health Care & Social Assistance	14,770	16,170	18,490	23,760	29,860	1,400	3,720	8,990	15,090
Arts, Entertainment & Recreation	4,250	4,470	4,710	5,180	5,630	220	460	930	1,380
Accommodation & Food Services	10,900	11,310	12,210	14,080	16,020	410	1,310	3,180	5,120
Other Services	8,540	9,350	10,480	12,900	15,490	810	1,940	4,360	6,950
Federal Civilian Government	610	620	660	720	790	10	50	110	180
Federal Military Government	780	750	760	760	770	-30	-20	-20	-10
State and Local Government	16,620	17,180	18,480	21,170	23,970	560	1,860	4,550	7,350

Source: Woods & Poole Economics, Inc. "2012 State Profile"; compiled by Valbridge/LF&M.

- Housing Market - The PMA shows strong housing market fundamentals, which are likely to grow even stronger in the near future. The homeownership rate is 69.7%, influenced by its somewhat higher proportion of transient households. Homeownership values are solid, with a 2012 median value of $338,899. Though sales volume and prices have not reached the pre-Recession heights of 2006, they are on the rebound. Rents in the PMA tend to be somewhat higher overall than in Howard and Anne Arundel counties. Much of the premium is explained by the fact that the PMA rental stock—expanding in recent years due to strong growth—overall is somewhat newer than that in the other geographies.

- Employment - The Baltimore Region economy is well diversified. Nonetheless, federal government spending due to the proximity of the national capital in Washington DC remains an important foundation of the regional economy. The escalation in federal military and homeland defense spending over the past several years has benefited the area. In that context, the PMA has been heavily influenced by the presence of Fort Meade and the National Security Agency—an influence which has been intensified by the BRAC, NSA and Cyber Command expansions.

  The Baltimore Region and Anne Arundel County continue to post strong long-term job growth while maintaining low unemployment rates. These trends are not expected to be altered in the foreseeable future, though the impact of sequestration and other federal budget changes are uncertain. Numerous new high quality mixed use and employment centers are planned for the PMA, absorbing the influx of jobs into the area.

- Development - The PMA and its Howard and Arundel County development environment have been preferred, high growth locations for residential development within the Baltimore Region. The PMA has added 25,950 housing units over the past 20 years—almost one third (31.7%) of the total of Howard and Anne Arundel counties. The PMA saw virtually the same number of starts in the past decade as in the previous decade despite the impact of the Great Recession. Multifamily product (mostly apartments) accounts for the largest share (40.2%) of permits. The PMA represented only 11.7% of the Region's housing starts in the 1993-2002 period, but has almost doubled its share to 19.1% in the past ten years.

IV. MULTIFAMILY PRODUCT

In this section, Valbridge/LF&M analyzes market conditions relevant to the Development's multifamily rental residential component. After reviewing the Developer's plans for multifamily development, we analyze relevant supply and demand factors for the proposed apartment use.

A. PROPOSED MULTIFAMILY PRODUCT

The Developer plans the apartment development as 416 units in a "Texas donut" configuration, built around a multistory structured parking garage. The unit mix includes 32 Moderate Income Housing Units (MIHU) apartments, where rent includes utilities. The 384 market rate units will have rents which do not include utilities. The proposed unit mix for the market rate apartments is as follows:

Proposed Unit Mix Market Rate & MIHU Apartments			
	Units	**Net Sq.Ft.**	**Rents**
Studio	29	500	$1,215
Studio (MIHU incl. utilities)	16	500	$1,113
1BR (Small)	26	510-610	$1,300-$1,350
1BR	109	753-755	$1,535-$1,625
1BR (MIHU incl. utilities)	16	753	$1,113
1BR/Balcony	49	789	$1,700
1BR/Den	46	820-892	$1,750-$1,800
2BR	78	1,050-1,218	$2,125-$2,250
2BR/Balcony	47	1,156-1,242	$2,295-$2,325
Total	416	861	$1,750

The property will have very large courtyards. Amenities will include individual storage units, garage parking on every level, large club house, fitness center, two grills in every courtyard, large entry fountain, large pool and large pool courtyard with outside covered living room, fire pit courtyard, bocce court courtyard, all weather dog run, pet spa, media room (120" screen with 25 theatre seats), game room, library, electric car charging stations, solar panels on garage roof, LEED Silver design. Balconies are offered with 105 units: 96 units with 62-68 sq.ft. balconies and nine units with 168 sq.ft. balconies.

The apartments will have a finish level similar to Residences at Arundel Preserve (242 units in Anne Arundel County) and Arbors at Baltimore Crossroads (365 units in Baltimore County). The structure will be five stories: four woodframe stories over a concrete podium. Apartments will have individual HVAC units (coil in unit with compressor on the roof; no thru-wall compressors). There will be approximately 624 deck parking spaces, charging an estimated $25 per space. Extra storage will be available at approximately $1.00 per sq.ft. Forty-five loft apartments will carry a $150 premium.

The apartments will be very visible from MD Route 32—an important marketing advantage. Though location at the Savage MARC Station will probably be a significant benefit to the apartments over the long-term (as the MARC system is improved), we do not view TOD as offering much marketing assistance in the short-term. The shuttle bus service to NSA/Fort Meade now offered from the MARC Station offers some real benefits.

The Developer has projected absorption of the apartments to take place over two years (2015-2016), with assessed values projected by MuniCap of $147,739 per unit for the 384 market rate apartments and $93,947 for the 32 MIHU apartments—a weighted average value, therefore, of $143,601. (We note that, in fulfillment of Howard County's 15% MIHU requirement, the Developer is also supplying 31 off-site units at a total cost of approximately $60,000 per unit or $1.86 million.)

B. HIGHEST QUALITY COMPETITION

Valbridge/LF&M has surveyed six high-end market rate multifamily rental housing communities, all of which are located in/near the PMA. These luxury properties have a total of 2,032 apartments and represent the newest and best apartment properties in the area. Two of the properties are located in Howard County and four are located in Anne Arundel County. Our survey is summarized in Table IV-1 and the properties are briefly described below:

- Dorsey Ridge - The 561-unit community is located at 7501 Trafalgar Circle, just north of MD Route 100 at its Ridge Road (MD Route 713) interchange. Still under construction, the property opened for leasing in July 2012 and now reports 64.3% occupancy. There are two product types: mid-rise apartments wrapped around structured parking and villa townhome-style units with integral parking. Units include premium interior finishes, kitchens with granite counter tops, stainless steel appliances, full size washer/dryer, private balconies or patio, fireplace, vaulted and 9' ft. ceilings. The mid-rise building includes four elevators and parking with direct access to each residential floor. Community amenities include gated entrance, two clubhouses with fitness center, swimming pool, outdoor fireplace gathering area, business center with flat screen television, game salon with billiards, gourmet demonstration kitchen, movie theater, great room with piano, library and on-site concierge.

  Asking rents for the mid-rise apartments range from $1,782 for the 826 sq.ft. 1BR/1BA unit ($2.16 per sq.ft.) up to $2,783 for the 1,410 sq.ft. 3BR/2BA unit ($1.97 per sq.ft.) Asking rents for the villa units range from $1,704 for the 989 sq.ft. 1BR/1BA unit up to $2,658 for the 1,348 sq.ft. 3BR/2BA unit ($1.97 per sq.ft.) Questar (owner and manager) reports currently

Table IV-1
ANNAPOLIS JUNCTION TOWN CENTER
Market Rate Multifamily Apartment Statistics
Highest Quality Properties
February 2013

	Units	Unit Type	Occupancy Rate	Monthly Rent	Unadjusted Sq. Ft.	Rent per Sq. Ft.	Utilities Heat Type	Utilities Tenant Pays	Features & Amenities
		Mid-Rise Apartments							
Dorsey Ridge	561	1BR/1BA		$1,782	826	$2.16			Brand new luxury Mid-rise and Villa community opened in
7501 Trafalgar Circle		1BR/1.5BA	lease up	$1,923	949	$2.03	Gas	All	July 2012. The property has been leasing up at roughly
Hanover, MD 21076		2BR/2BA	64.3%	$2,277	1,188	$1.92		(except	25 per month. Units include premium interior finishes,
(410) 684-2111		3BR/2BA		$2,783	1,410	$1.97		trash)	kitchens with granite counter tops, stainless steel appliances,
Questar (Owner/Managed)									full size washer/dryer, private balconies or patio, fireplace,
		Deluxe Villas							vaulted and 9' ft. ceilings. Midrise building includes 4 elevators
		1BR/1BA		$1,704	989	$1.72			and parking on each level to residence. Villas include attached
		1BR/1.5BA Loft		$2,108	1,127	$1.87			garages. Community amenities included gated entrance,
		2BR/2BA		$2,184	1,198	$1.82			Two Clubhouses with State-of-the-Art Fitness center, swimming pool,
		2BR/2.5BA/2Level		$3,019	1,233	$2.45			outdoor fireplace gathering area, business center with flat screen tv,
		3BR/2BA		$2,658	1,348	$1.97			game salon with billiards, Gourmet demonstration kitchen,
									movie theater, Great room with piano, library, on-site concierge,
									Concessions: 1-1.5 months free rent on select units w/signing of
									12 month lease.
Residences at Arundel Preserve	32	Studio		$1,348	510	$2.64			Mid-rise luxury community opened in Summer 2011. Units include
7789 Arundel Mills Boulevard	91	1BR/1BA	99.5%	$1,585	794	$2.00	Electric	None	gourmet kitchens with stainless steel appliances, granite counter
Hanover, Maryland 21076	19	1BR/Den		$1,905	955	$1.99			tops, built-in microwave, bamboo flooring, washer/dryer. Community
(888) 459-0382	97	2BR/2BA		$2,410	1,265	$1.91			amenities include fitness center, billiards lounge, business center,
Southern Management	3	2BR/2BA/Den		$2,725	1,374	$1.98			swimming pool with sundeck, controlled access entry, front desk
	242								attendant. Parking: Free garage parking. No amenity fee.
									No concessions.
Arbors at Arundel Preserve	127	Jr 1BR/1BA		$1,414	669	$2.11			Garden and elevator-service apartment community with surface
2109 Piney Branch Circle	61	1BR/1BA		$1,465	746	$1.96	Gas	All	structured and detached garages which opened in 2007.
Hanover, MD 21076	32	1BR/1BA/Den	94.0%	$1,615	897	$1.80		(except	Units include kitchen with maple cabinets, black appliances,
(410) 379-5305	8	1BR/1BA/Loft		$1,731	887	$1.95		trash)	microwave, gas stove, disposal. Other features include carpet,
Bozzuto Management	5	1BR/1.5BA/Den/Loft		$1,715	1,102	$1.56			track lighting, some with balcony and gas fireplace. Community
	2	1BR/Deluxe		$1,505	911	$1.65			amenities include clubhouse, business center, sports lounge with
	44	2BR/2BA		$1,560	964	$1.62			billiards tables, fitness room, theater room, outdoor grills and
	62	2BR/2BA		$1,621	989	$1.64			fire pit. No amenity fee. Structured parking ($25) or individual
	21	2BR/2BA		$1,677	1,090	$1.54			garage ($125). Concessions: None. Amenity Fee: None
	46	2BR/2BA		$1,703	1,102	$1.55			Yieldstar System
	12	2BR/2BA		$1,689	1,109	$1.52			
	2	2BR/2BA		$1,843	1,139	$1.62			
	23	2BR/2BA		$1,860	1,192	$1.56			
	26	2BR/2BA/Loft		$1,925	1,252	$1.54			
	25	3BR/2BA		$1,980	1,316	$1.50			
	496								

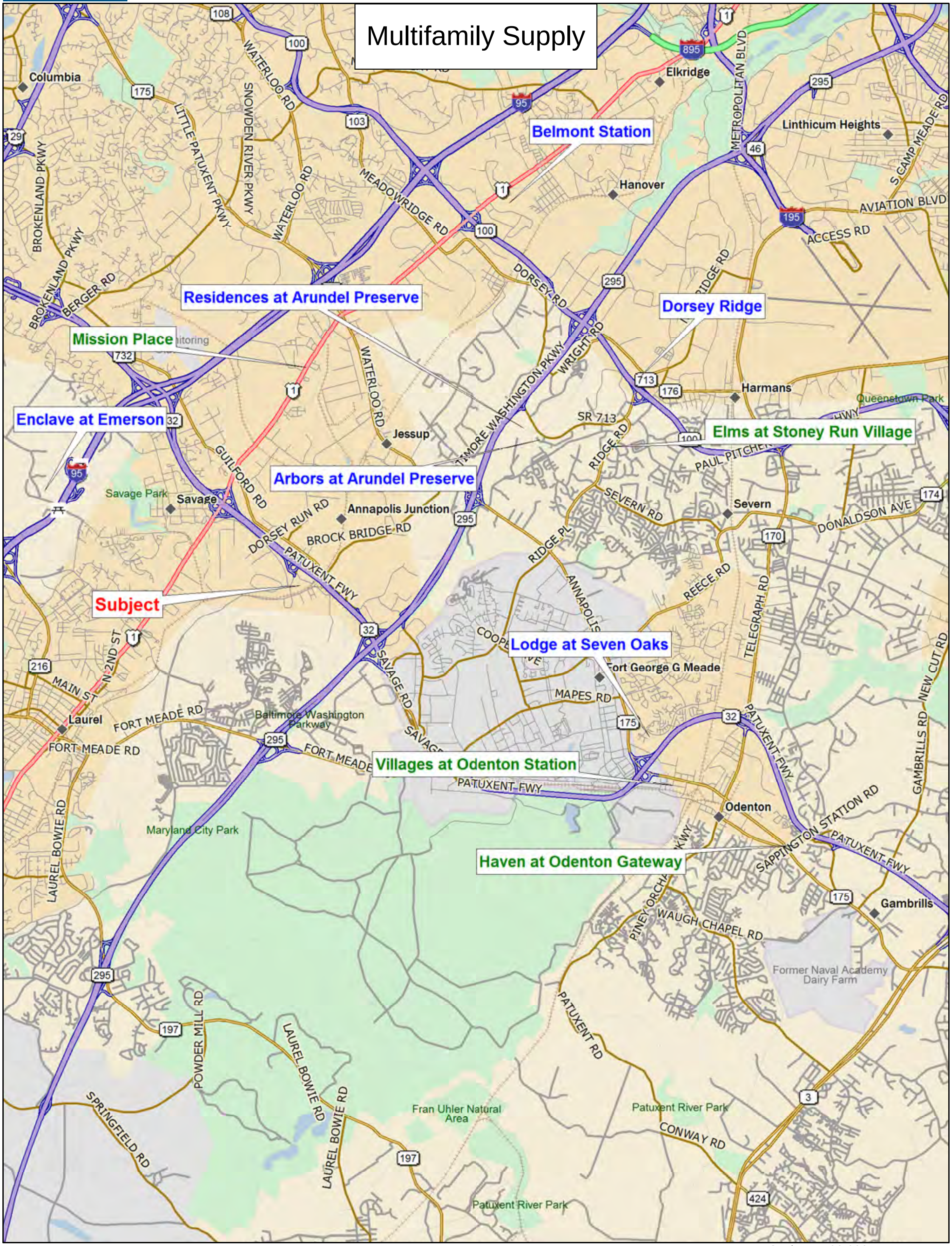
Belmont Station	40	1BR/1BA		$1,440	766	$1.88			Three-story garden community opened in 2007. Units include
6900 Tasker Falls	14	1BR/1BA/Sunroom	95.7%	$1,613	902	$1.79	Gas	All	kitchens with Shaker maple cabinets and top-of-the-line appliances,
Elkridge, MD 21075	8	1BR/1BA/Loft		$1,640	947	$1.73		(incl.	separate laundry room with full size washer and dryer, select
(410) 379-2433	50	2BR/2BA		$1,795	1,110	$1.62		trash)	units with fireplaces. Community amenities include a clubhouse
Bozzuto Management	41	2BR/2BA/Den		$1,870	1,262	$1.48			with fitness center, business center, conference room, swimming
	12	2BR/2BA/Loft		$1,950	1,264	$1.54			pool, playground, walking trail and picnic area. Detached
	4	2BR/2BA/Loft Sunroom		$1,940	1,300	$1.49			garages available at $160/month. No concessions.
	32	3BR/2BA		$2,150	1,455	$1.48			No amenity fee.
	4	3BR/2BA/Townhome		$2,350	1,474	$1.59			
	3	2BR/2BA/Sunroom		$1,815	1,203				
	208								
Enclave at Emerson	36	1BR/1BA		$1,530	807	$1.90			New garden style apartments and townhome community
8450 Upper Sky Way	9	1BR/1BA/Loft	97.6%	$1,800	1,069	$1.68	Gas	All	opened March 2011. Units include fully applianced
Laurel, MD 20723	18	2BR/2BA		$1,840	1,086	$1.69		(except	kitchens with gas range, stainless steel GE appliances,
(410) 202-2767	48	2BR/2BA/Den		$2,083	1,264	$1.65		trash)	42' cabinets and pantries, full size washer/dryer in-unit,
Bozzuto Management	18	2BR/2BA/Loft		$2,060	1,223	$1.68			balconies or sunrooms. Community amenities include
	129	3BR/TH		$2,525	1,580	$1.60			a clubhouse with great room. Business center with wi-fi
									access, outdoor fireplace and grilling areas, controlled
									access buildings. Private parking garage: $160/mo.
									No concessions. No amenity fee.
Lodge at Seven Oaks	144	1BR/1BA		$1,410	722	$1.95			Garden-style apartment community built in 2007. Community
2027 Odens Station Lane		1BR/1BA	92.4%	$1,520	786	$1.93	Gas	All	has many upscale features, including fitness center, resort-style
Odenton, MD 21113		1BR/1BA		$1,570	838	$1.87		(except	pool, poolside grill, clubhouse with meeting space, movie room,
(410) 674-9077	60	1BR/1BA/Study		$1,740	987	$1.76		trash)	sports lounge with billiards, detached parking garages. Units
Bozzuto Management		1BR/1BA/Study		$1,745	989	$1.76			Units include gourmet kitchen with wine rack, microwave & black
	156	2BR/2BA		$1,810	1,127	$1.61			appliances, full size washer/dryer, carpet, 9' ceilings, track lighting,
		2BR/2BA		$1,890	1,198	$1.58			ceiling fan in bedroom, some with balconies. Private parking
		2BR/2BA		$1,950	1,233	$1.58			garage space: $150/month. Concessions: 1-1.5 months free
	36	3BR/2BA		$2,170	1,348	$1.61			rent w/signing of 12 month lease.
	396								
Total	**2,032**		**95.0%**						

Average Rents

Studio	$1,381	590	$2.34
1BR	$1,593	822	$1.94
1BR+	$1,738	979	$1.77
2BR	$1,874	1,133	$1.65
2BR+	$2,154	1,264	$1.70
3BR	$2,374	1,419	$1.67

Source: Survey by Valbridge/LF&M, February 2013

Multifamily Supply



TN
MN (11.1°W)

Scale 1 : 100,000
1" = 1.58 mi
Data Zoom 11-0

offering lease-up concessions of 1-1.5 months' free rent on select units with signing of a 12-month lease. The property has been leasing up at a pace of roughly 25 units per month.

- Residences at Arundel Preserve - The 242-units mid-rise luxury community is located at 7789 Arundel Mills Boulevard and opened in Summer 2011. Units include gourmet kitchens with stainless steel appliances, granite counter tops, built-in microwave, bamboo flooring, washer/dryer. Community amenities include fitness center, billiards lounge, business center, outdoor swimming pool with sundeck, controlled access entry and front desk attendant. It is part of a mixed use development that includes luxury hotel and restaurants. There is free garage parking. No amenity fee.

  Asking rents range from $1,350 for the 489 sq.ft. efficiency unit ($2.76 per sq.ft.) up to $2,725 for the 1,374 sq.ft. 3BR/2BA/Den unit ($1.98 per sq.ft.) All utilities are included in the rent, shaving the effective rents by an estimated 5%-7% per month. No concessions are being offered. Occupancy is reported at 99.6%. Overall lease-up pace was over 35 units per month. (An affiliate of Somerset Construction Company is co-developer and co-owner.)

- Arbors at Arundel Preserve – This is a 496-unit apartment community located at 2109 Piney Branch Circle near Arundel Mills Mall in Hanover. The Arbors includes both garden units with surface lot parking as well as four buildings with elevator service connected to a structured parking deck. Apartment units include kitchens with black appliances, microwave, gas stove, faucet with pull out spout and dishwasher, full size washer and dryer, wall to wall carpet, track lighting, tile in kitchen and bath and gas fireplace and balcony in select units. Community amenities include clubhouse, business center, sports lounge with billiard tables, theater room, fitness center, outdoor grills and fire pit. Currently upgrading the community to stainless steel appliances, granite countertops in kitchens, wood laminate flooring in kitchens and foyers.

  Asking rents range from $1,414 for the 635 sq.ft. Junior 1BR unit ($2.22 per sq.ft.) up to $2,280 for the 1,338 sq.ft. 3BR/2BA unit ($1.70 per sq.ft.) Tenants are responsible for all utilities, including water and sewer charges. The heating type at this community is gas. The property offers parking at a premium of $25/month for the main parking deck and $125/month for a detached garage space. There is a valet trash removal charge of $25/month.

  Bozzuto Management reports that the property reached stabilized occupancy on May 15, 2008 after opening June 1, 2007—an overall lease-up pace of over 45 units per month. At the time of our survey, the property was 97.0% occupied and rents are managed on a daily basis by Yield Star. .(An affiliate of Somerset Construction Company is co-developer and co-owner.)

- Belmont Station – This 208-unit property opened in 2007 and is located at 6900 Tasker Falls on the US Route 1 Corridor in Elkridge, Howard County. Unit amenities include kitchens with Shaker maple cabinets, top-of-the-line appliances and separate laundry room with full-size washer and dryer. Community amenities include a swimming pool, clubhouse with fitness center, business center, conference room, playground, walking trail and picnic area.

Rents range from $1,440 for the smallest 766 sq.ft. 1BR unit ($1.88 per sq.ft.) to $2,350 for the 3BR/2BA townhome unit with 1,474 sq.ft. ($1.59 per sq.ft.) Tenants are responsible for all utilities including water and sewer costs. Surface parking is supplied at no extra charge, but detached garages are available for an additional $160 per month. Bozzuto Management reports that property is 95.7% occupied and offers no concessions. The property leased up well (28 units per month), despite its entry through a heavy industry/warehousing business park.

- <u>Enclave at Emerson</u> – This new luxury apartment community opened in March 2011. The property is located at 8450 Upper Sky Way in the Emerson community in the Laurel area of Howard County. The Enclave offers 129 apartments and 35 townhomes. Units include fully applianced kitchens with gas range, stainless steel GE appliances, 42' cabinets and pantries, full-size washer/dryer in unit, balconies or sunrooms. Community amenities include a clubhouse with great room, business center with Wi-Fi access, outdoor fireplace, grilling areas and controlled access buildings. The residents also have access to the Emerson community swimming pool.

  Rents range from $1,530 for the smallest 807 sq.ft. 1BR unit ($1.90 per sq.ft.) to $2,525 for the 3BR/2BA townhome unit with 1,580 sq.ft. ($1.60 per sq.ft.) The units have gas cooking and residents are responsible for all utilities including water and sewer. Private parking garage spaces are available at a premium of $160 per month. The property is managed by Bozzuto. At the time of survey the property was 97.6% occupied and no concessions were offered. According to leasing representative, the property leased up in six months—a pace of 27 units per month.

- <u>The Lodge at Seven Oaks</u> – This relatively new garden style apartment community is located at 2027 Odens Station Lane in the Seven Oaks PUD in Odenton, Anne Arundel County. The property opened in March 2007 and includes 396 1BR, 2BR and 3BR units. Apartment amenities include open gourmet kitchens with Maple Spice cabinetry, black-on-black appliances, including microwave and dishwasher, built-in wine rack and slate flooring. Other features include Berber style carpet, track lighting in the living room, 9' ceiling, full size washer and dryer, ceiling fan in bedroom and balconies on some units. Community amenities include state-of-the-art fitness center, resort style pool, poolside grill, clubhouse with kitchen and meeting spaces, private movie screening room, sports lounge with billiard tables and detached parking garages.

  Rents range from $1,410 for the smallest 722 sq.ft. 1BR unit ($1.95 per sq.ft.) to $2,170 for the 3BR/2BA townhome unit with 1,348 sq.ft. ($1.61 per sq.ft.) Tenants are responsible for all utilities, including water and sewer. Heating type at this community is gas. Detached garage spaces are available at a premium of $150/month. There is no amenity fee in this community. Bozzuto Management reports that the property reached stabilized occupancy after one year—a lease-up pace of 33 units per month. The property is currently reported to be 95.0% occupied with a rent concession of 1-1.5 months' free rent if signing a 12 month lease.

Luxury Multifamily Evaluation

Overall, the apartments in the highest quality luxury rental communities offer excellent quality amenities including: full-size in-unit washers and dryers; full kitchens, including microwaves, dishwashers and disposals; balconies or patios; breakfast bars; walk-in closets; optional fireplaces and vaulted ceilings in third floor units. Three of the properties offer structured parking; the others offer parking garages. All offer extensive community amenities and services.

The table below summarizes the average rental rates in the six highest quality multifamily rental properties.

Highest Quality Competition Asking Rents			
Unit Type	**Avg. Rent**	**Avg. Sq.Ft.**	**Avg. Rent PSF**
Studio	$1,381	590	$2.34
1BR	$1,593	822	$1.94
1BR+	$1,738	979	$1.77
2BR	$1,874	1,133	$1.65
2BR+	$2,154	1,264	$1.70
3BR	$2,374	1,419	$1.67

Our survey finds that the stabilized properties have maintained good occupancies at the 95.0% mark. Effective rents (adjusted for concessions and utilities on a tenant-pays-all basis) are only slightly lower than the asking rents since only Lodge at Seven Oaks offers any concessions and only Residences at Arundel Preserve includes utilities in the rent. These properties report absorption paces during initial lease-up of 25-40 units per month.

Assessed Values

Reviewing Maryland Department of Assessments & Taxation (SDAT) records for the stabilized properties (excluding Dorsey Ridge), we find that the value of a unit ranges from $124,394 for one of the oldest properties (Belmont Station) up to $230,747 for the newest (Residences at Arundel Preserve).

Highest Quality Apartment Properties Assessed Values					
	Built	**Assessed Value**	**As of**	**Units**	**Value/Unit**
Resid. at Arundel Pres.	2011	$55,840,700	1/1/11	242	$230,747
Arbors at Arundel Pres.	2007	$73,352,200	1/1/11	496	$147,888
Belmont Station	2007	$25,874,000	1/1/12	208	$124,394
Enclave at Emerson	2011	$24,949,600	1/1/11	129	$193,408
Lodge at Seven Oaks	2007	$54,264,200	1/1/11	396	$137,030
Weighted Average					**$159,266**

The weighted average value for an apartment unit is currently $159,266—which we consider a conservative value, since it is influenced by the older properties. We judge that a value at the upper end of the range is more likely to be attained by the Development's apartments.

C. STANDARD COMPETITION

Valbridge/LF&M has also surveyed four new market rate PMA multifamily rental housing communities which represent good quality standard apartments, at a niche somewhat lower than the luxury apartments described above. These properties have a total of 1,029 apartments. One of the properties is located in Howard County and three are located in Anne Arundel County. Our survey is summarized in Table IV-2 and the properties are briefly described below:

- The Elms at Stoney Run Village – This apartment community opened in November 2008 at 7581 Stoney Run Drive near the Arundel Mills Mall in Hanover. The first phase included 174 apartments and the second phase (opened January 2010) included 106 apartments. Units include kitchens with black appliances, microwave, disposal and gas stove, separate laundry room with full size washer/dryer, 9' ceilings, walk-in closets, patio or balcony. Community amenities include clubhouse with fitness and business center, conference room, lounge with wireless Internet and swimming pool. There are also walking trails, playground and picnic areas. This community charges a $15 premium for pool views; $50 for gas fireplaces; $15 for vaulted ceilings and $25 for valet trash removal. There are 20 detached garages with a monthly rent of $180.

  Rents range from $1,433 for the smallest 830 sq.ft. 1BR unit ($1.73 per sq.ft.) to $2,238 for the 3BR/2BA/Loft unit with 1,650 sq.ft. ($1.36 per sq.ft.) Tenants are responsible for all utilities including water and sewer. The units have gas heating and cooking. According to Legend Management Group, the property is currently 96.1% occupied and offering no concessions. The second phase of this project reached stabilized occupancy within six months—a lease-up pace of 17 units per month.

- Village at Odenton Station - This $14 million mixed use project opened in September 2012 and is now in lease-up. Located at 1415 Duckens Street across from the Odenton MARC

Table IV-2
ANNAPOLIS JUNCTION TOWN CENTER
Market Rate Multifamily Apartment Statistics
Standard New Properties
February 2013

	Units	Unit Type	Occupancy Rate	Monthly Rent	Unadjusted Sq. Ft.	Rent per Sq. Ft.	Utilities Heat Type	Utilities Tenant Pays	Features & Amenities
Elms at Stoney Run Village	46	1BR/1BA		$1,433	830	$1.73			Garden apartment community with surface parking
7581 Stoney Run Drive		1BR/1BA/Loft	96.1%	$1,600	980	$1.63	Gas	All	and 20 detached garages ($180) which opened
Hanover, MD 21076	211	2BR/1BA		$1,560	965	$1.62		(except	in November 2008. Units include kitchen with
(410) 551-3115		2BR/2BA		$1,628	1,165	$1.40		trash)	black appliances, gas stove, microwave & disposal.
Legend Management Group		2BR/2BA/Loft		$1,812	1,200	$1.51			Units feature carpet, patio or balcony, full size
		2BR/2BA/Sunroom		$1,739	1,255	$1.39			washer/dryer in separate laundry room, gas
		2BR/2BA/Loft/Sunroom		$1,885	1,533	$1.23			fireplace in some units. Community amenities include
	23	3BR/2BA		$1,925	1,390	$1.38			swimming pool, clubhouse with fitness & business
		3BR/2BA/Loft		$2,238	1,650	$1.36			center, conference room, playground, walking
	280								No concessions.
Villages at Odenton Station	33	1BR/1BA	Occ.	$1,435	757	$1.90			Brand new four-story community opened September 2012.
1415 Duckens Street	33	1BR/1BA	60.5%	$1,485	812	$1.83	Electric	All	Units include fully equipped kitchens with black appliances,
Odenton, MD 21113	33	1BR/1BA	Leased	$1,560	889	$1.75		(except	electric range, dishwasher, microwave, full size washer/dryer,
(855) 218-1574	34	2BR/2BA	70.6%	$1,710	1,142	$1.50		trash)	hardwood flooring in dining area. Community amenities include
Dolben Management	34	2BR/2BA		$1,725	1,160	$1.49			a fitness center, greatroom with kitchen, business center,
	34	2BR/2BA		$1,735	1,178	$1.47			theater room, Village retail shops on ground level. The property
	34	2BR/2BA		$1,785	1,245	$1.43			is also located adjacent the Odenton MARC station.
	235								Concessions: 1-2 mos. Free with signing of 14 month lease.
Mission Place	101	1BR/1BA		$1,418	747	$1.90			New garden community opened November 2010. Units
8152 Washington Boulevard		1BR/1BA/Den	92.3%	$1,518	910	$1.67	Electric	All	include fully equipped kitchens, with dishwasher, microwave,
Jessup, MD 20794	161	2BR/2BA		$1,645	1,064	$1.55		(except	disposal, microwave, ice-maker, open island, full size washer/
(410) 799-3069		2BR/2BA		$1,753	1,145	$1.53			dryer in-unit. Property features include parking garage,
Dolben Company, Inc.		2BR/2BA		$1,903	1,283	$1.48			swimming pool, 24-hour fitness center, theater room, retail
	262								shops on lower level. Concessions: 1 month free w/signing of
									12 month lease. Each unit also includes one free garage parking
									space. $25-$50 for tandem space.
Haven at Odenton Gateway	108	1BR/1BA	Occ.	$1,544	822	$1.88			New community constructed in Fall 2011. Units include
615 Carlton Otto Lane	128	2BR/2BA	76.2%	$1,858	1,134	$1.64	Electric	All	nine ft. ceilings, fully equipped kitchens with black appliances,
Odenton, MD 21113		2BR/2BA	Leased	$1,898	1,224	$1.55		(except	built in microwave, granite kitchen countertops, dishwasher,
(866) 814-0611	16	3BR/2BA	84.5%	$2,034	1,287	$1.58		trash)	wall to wall carpet, full size washer/dryer. Select units include
First Communities Management	252								screened porches and balconies. Community amenities include
									24-hour fitness center, resort style swimming pool, theater,
									playground, fenced-in dog park, car wash and vacuum center.
									Detached garages: $200; Reserved parking: $75/month; Amenity
									fee: $250. Concessions: 1-2 months free w/signing of 12 month
									lease.
Total	**1,029**		**94.3%**						

Average Rents

	Monthly Rent	Sq. Ft.	Rent per Sq. Ft.
1BR	$1,479	810	$1.83
1BR+	$1,559	945	$1.65
2BR	$1,745	1,155	$1.51
2BR+	$1,812	1,329	$1.36
3BR	$2,066	1,442	$1.43

Source: Survey by Valbridge/LF&M, February 2013

Station, the property includes 235 apartments in three buildings, with 60,000 sq.ft. of ground level retail. There is some structured parking for residents. Units include fully equipped kitchens with black appliances, electric range, dishwasher, microwave, full size washer/dryer and hardwood flooring in dining area. Community amenities include fitness center, great room with kitchen, business center and theater room.

Rents range from $1,435 for the 757 sq.ft. 1BR unit ($1.90 per sq.ft.) to $1,785 for the 2BR/2BA unit with 1,245 sq.ft. ($1.43 per sq.ft.) Tenants are responsible for all utilities including water and sewer. Dolben Management reports that the property is already 60.5% occupied and 70.6% leased—for an absorption pace to-date of approximately 28 units per month. Concessions currently being offered are 1-2 months' free rent with the signing of a 14 month lease.

- <u>Mission Place</u> – This 262-unit property opened in November 2010 and is located at 9152 Washington Boulevard (US Route 1) in Jessup, Howard County. Unit amenities include fully equipped kitchens with dishwasher, microwave, disposal, ice-maker, open island, full size washer/dryer in-unit, patio or balcony. Community amenities include parking garage, swimming pool, 24-hour fitness center, theater room and retail shops on lower level.

  Contract rents range from $1,418 for the 747 sq.ft. 1BR/1BA unit ($1.90 per sq.ft.) to $1,903 for the 1,283 sq.ft. 2BR/2BA unit ($1.48 per sq.ft.) The heating type is electric and tenants are responsible for all utilities including water and sewer costs. All units include one garage parking space; $25-$50 per month for tandem space. At the time of our survey the property was 92.3% occupied. Dolben Management reports that lease-up at the property took 13 months (November 2010-December 2011)—a pace of about 20 units per month. Concessions currently being offered include one month's free rent on a 12 month lease.

- <u>Haven at Odenton Gateway</u> - This 252-unit property is located at 615 Carlton Otto Lane at the intersection of MD Route 175 and Sappington Station Road in Odenton, Anne Arundel County. The property opened in Fall 2012. Units include 9' ceilings, fully equipped kitchens with black appliances, built-in microwave, granite kitchen countertops, dishwasher, wall-to-wall carpet and full-size washer/dryer. Select units include screened porches and balconies. Community amenities include 24-hour fitness center, resort style swimming pool, theater, playground, fenced-in dog park, car wash and vacuum center. The property is located within an 18-acre mixed use development which includes a 60,000 sq.ft. Johns Hopkins/Anne Arundel Health Systems medical office building and two retail pad sites.

  Contract rents range from $1,544 for the 822 sq.ft. 1BR/1BA unit ($1.88 per sq.ft.) to $2,034 for the 1,287 sq.ft. 3BR/2BA unit ($1.58 per sq.ft.) Residents pay all utilities. Detached garages are $200 per month; reserved parking is $75 per month. There is an amenity fee of $250. Elm Street Development reports that the property is currently 76.2% occupied and 84.5% leased—a lease-up pace of 35 units per month. Concessions currently being offered include 1-2 months' free rent with the signing of a 12 month lease.

Standard Multifamily Evaluation

Overall, the standard apartments offer good quality amenities, but at a somewhat lower level than the luxury apartments. The standard properties offer fewer units with additional features such as den, loft, sunroom. The table below summarizes the average rental rates in this niche of the multifamily inventory.

Standard Competition Asking Rents			
Unit Type	**Avg. Rent**	**Avg. Sq.Ft.**	**Avg. Rent PSF**
1BR	$1,479	810	$1.83
1BR+	$1,559	945	$1.65
2BR	$1,745	1,155	$1.51
2BR+	$1,812	1,329	$1.36
3BR	$2,066	1,442	$1.43

Our survey finds that the two stabilized properties have good occupancy at 94.3%; Mission Place is offering a 1 month free rent concession. The two properties in lease-up are keeping an absorption pace of 28-35 units per month; free rent concessions are offered.

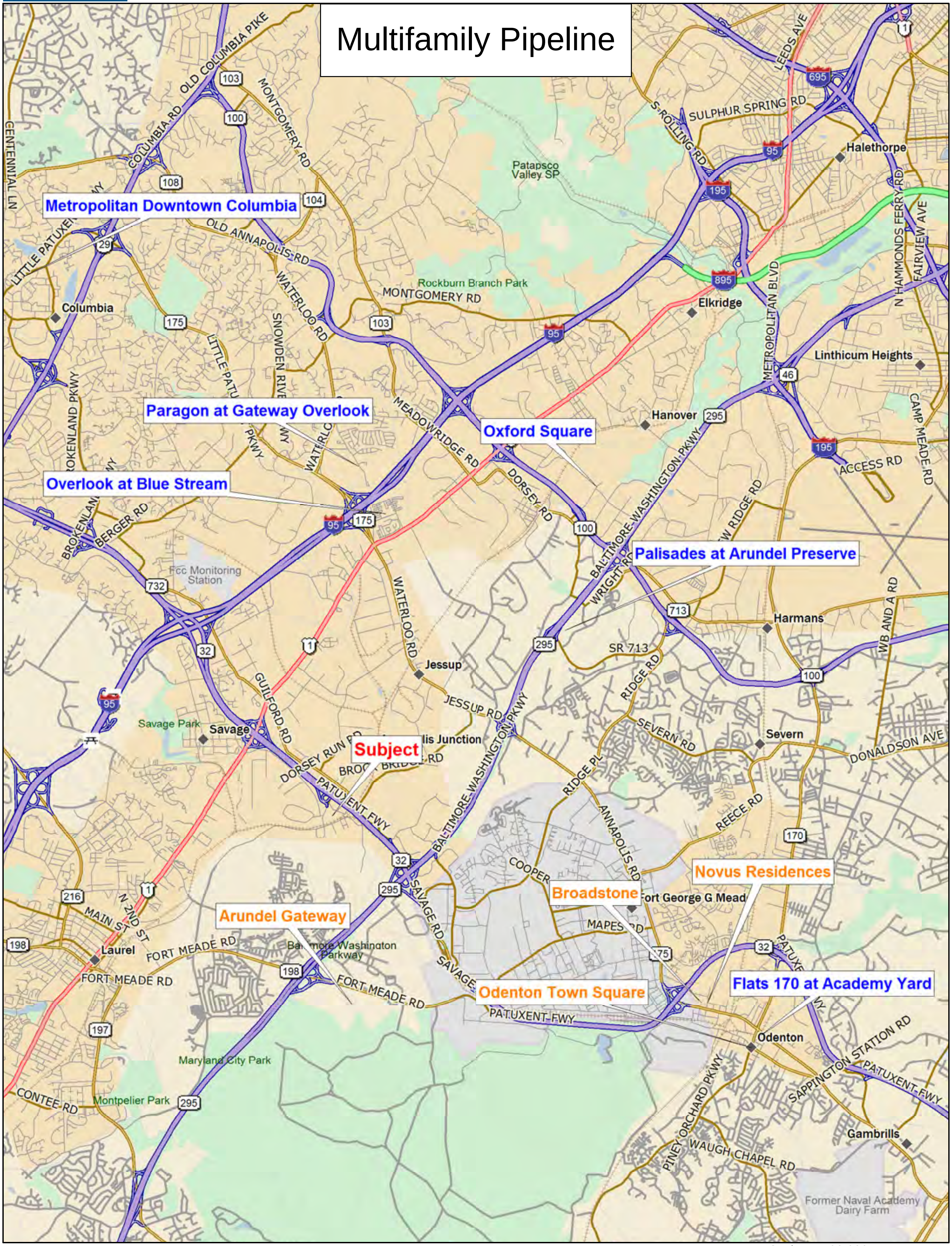
Occupancies in the Fort Meade PMA remain good at about the 95% mark despite a number of properties in lease-up. The best quality properties currently are asking 7% more for standard 1BR and 2BR units, and 10%-20% more for 1BR and 2BR floorplans with additional features.

D. MULTIFAMILY PIPELINE

The multifamily pipeline in/near the PMA is substantial. Competition in the MD Route 175 Corridor from Columbia on the west to Odenton on the east will be particularly fierce. Properties which will be delivering in the near future include:

- Palisades at Arundel Preserve (MD Route 100 in Arundel Preserve) - This is a 330 ultra-luxury high-rise apartment community located at the intersection of MD Route 295 and Arundel Mills Blvd in Hanover, MD. Occupancy commenced on 4/2/2013 and 100 units had been pre-leased as of that point. Rents range from $1,385 for 456 sq.ft. studios ($3.04 per sq.ft.) to $3,000 for the 1,461 sq.ft. 2BR/2BA apartments ($2.05 per sq.ft.) All utilities are included in the rent. No rent concessions are offered. There is sheltered parking, 24-hour front desk and every amenity. (An affiliate of Somerset Construction Company is co-developer and co-owner.)

- Paragon at Gateway Overlook (MD Route 175 at I-95 in Columbia) - Chesapeake Realty Partners is building 320 units (50% 1BR; 50% 2BR) in elevator buildings adjoining the



Scale 1 : 100,000
1" = 1.58 mi
Data Zoom 11-0

Gateway Overlook shopping center and proximate to I-95 interchange with MD Route 175. Construction commencing May 2013.

- Flats 170 at Academy Yard (MD Route 175 at Telegraph Road in Odenton) – Bozzuto Development is building 373 units on Telegraph Road just north of MD Route 175 near the Odenton MARC Station, with easy access from MD Route 32. Phase I of a 54 acre mixed use development. Future phases will include townhouses, offices, retail space and structured parking.

- Overlook at Blue Stream (MD Route 175/Elkridge) – This Elkridge PUD is located in Elkridge on the west side of US Route 1 north of MD Route 175. Proposed development may include 1,139 multifamily units. Murn Development is now proceeding with Phase I of 254 apartments (FHA-insured) and 28 3-story garage townhomes.

- Metropolitan Downtown Columbia (MD Route 175/Columbia) – Kettler's Metropolitan Downtown Columbia is 380 units (1BR; 2BR; 3BR at $1,400-$2,800) with structured parking and broke ground in February 2013. It is the first phase in development of Columbia Town Center's planned 800 residential units next to Columbia Mall.

- Oxford Square (MD Route 100/Howard County) – Preston Scheffenacker has mixed use TOD zoning for 122 acres (80 acres net) which may ultimately contain up to 1,492 residential units, with 954 apartment units (including 143 MIHU) in the approval process currently. Construction is supposed to begin in 2013. They are now requesting townhomes as an alternative unit type. The 954 apartments seem to be an unbalanced unit mix, though negotiations over the final product mix will continue for a while. The Oxford Square site will offer a better residential environment overall than the Development—with more of a critical mass of residential, plus a middle school which its developer will provide.

Longer-term Odenton and nearby pipeline properties now negotiating the Anne Arundel County approval process include:

- Broadstone - 212 units proposed by Alliance Residential for a site at Baldwin Road and Nevada Avenue on the south side of MD Route 175.

- Novus Residences at Odenton Town Center - 244 apartments proposed by Preston Partnership with 10,500 sq.ft. of retail at Nevada Avenue and Hale Street on the north side of MD Route 175.

- Odenton Town Square – 415 apartments proposed in mixed use TOD project on the east side of the MARC (Penn Line) Odenton Station. Bozzuto Group, Osprey Property Company and Reliable Contracting will be the developers.

- Arundel Gateway – Up to 800 apartments at MD Routes 198 and 295 within a mixed use development by Ribera Development and Greenberg Gibbons.

We summarize the potential market rate competition in the development pipeline in and near the Fort Meade PMA as follows:

Apartment Development Pipeline In/Near Fort Meade PMA			
Property	**Units**	**County**	**Comments**
Near-Term			
Palisades at Arundel Preserve	330	A.A.	Arundel Preserve; open 4/13
Paragon at Gateway Overlook	320	Howard	Columbia; construction 5/13
Flats 170 at Academy Yard	373	A.A.	Odenton; open 2013
Overlook at Blue Stream	254	Howard	Elkridge; under construction
Metropolitan Downtown Columbia	380	Howard	Columbia; under construction
Subtotal Near-Term	*1,657*		
Longer-Term			
Oxford Square	954	Howard	Dorsey TOD
Broadstone	212	A.A.	Odenton TC
Novus Residences at OTC	244	A.A.	Odenton TC
Odenton Town Square	415	A.A.	Odenton TC; TOD
Arundel Gateway	800	A.A.	
Subtotal Longer-Term	*2,625*		
Total Development Pipeline	**4,282**		

The Development's proposed apartments are the only pipeline property along the MD Route 32 corridor, providing locational advantages to residents working at National Business Park, NSA and Fort Meade—but also differentiating the property from a potentially crowded field.

E. SUMMARY

There is no other apartment property located at the doorstep of National Business Park, NSA and Fort Meade. Valbridge/LF&M finds that the pricing proposed for the apartments is competitive and within the range already prevailing in the Fort Meade PMA among the highest quality apartment communities. The Annapolis Junction neighborhood environment is definitely not as amenity-rich as Arundel Preserve or Columbia, but the commuter-location and mixed use TOD factors are superior for many workers.

Occupancies in the Fort Meade PMA remain good at about the 95% mark despite a number of properties being in lease-up. The best quality properties currently are asking about 7% more than standard properties for typical 1BR and 2BR units, and 10%-20% more for 1BR and 2BR floorplans with additional features.

Unit Mix

The proposed unit mix is 11% studios, 54% 1BR and 35% 2BR. We judge that occupancy will be about one half single persons and that there will be very few children, typical of Class A properties seen elsewhere in the corridor.

- Studios - The studio apartments anchor the price range for the property and offer the most affordable market rate price option. (The MIHU units will be only $102 less expensive.) There are relatively few studio units offered in the Fort Meade PMA.

- Dens - 1BR/Den floorplans are popular at some other properties. They make sense as a flexible design, offering a home office/second bedroom option—perfect for the young couple, weekend parent, etc.

- Lofts - The 45+/- loft units may offer the option for 2BR/Den units. A 2BR/Den floorplan is flexible, appealing to residents wanting a little more luxury or needing three bedrooms.

We find that the unit mix is very good and targeted to the tenant profile of the Fort Meade PMA.

Principal Competitors

Though there will be significant overlap of prospect bases among apartment properties in the MD Routes 32, 175 and 100 corridors—we judge that each corridor will have a special appeal to certain "types" because of their workplaces and commuting patterns. The competition is organized along the east/west highway corridors which tie the Fort Meade PMA together:

- MD Route 32 - The Development's apartments are the only multifamily property on MD Route 32. The Enclave at Emerson is the newest/classiest property near the corridor.

- MD Route 175 - The Odenton properties offer reasonable quality and will compete for more price-sensitive prospects. The MD Route 175 streetscape is not wonderful and traffic is congested. The linkage to I-95 on the west is bad. Access to the Fort Meade gates, however, is good and getting better with some road widening east of MD Route 295. The newer properties include: Flats 170 at Academy Yard, Villages at Odenton Station, Lodge at Seven Oaks.

  On the Howard County side, the US Route 1 properties offer somewhat less congestion but in a rough US Route 1 traffic environment. The better/newer Elkridge properties include: Belmont Station and Mission Place. The Columbia properties (Paragon and Metropolitan) have excellent locations in a more upscale Columbia environment.

- MD Route 100 - The Arundel Preserve/Mills properties are the class of the market. They have excellent access to Arundel Mills commercial amenities, to smooth-flowing MD Route

100 (thence to MD Route 295, I-95, etc.), soon to Fort Meade via Milestone Parkway. In addition to the Residences at Arundel Preserve, the Dorsey Ridge property and the Palisades will be the best in the MD Route 100 corridor—with Arbors at Arundel Preserve being perhaps half a step behind.

The Development's location and high quality apartments should result in a long-term very defensible position in the PMA multifamily market, which will be seeing significant new supply coming on (with probable price softness) in the MD Route 175 Corridor just to the north.

Valbridge/LF&M judges that the proposed apartments will be able to attain stabilized occupancy within the 2015-2016 absorption period projected by the Developer. The property is proposed to be of a quality comparable to the best apartment communities in the Fort Meade PMA, which have assessed values exceeding $150,000 per unit.

V. OFFICE PRODUCT

In this section, Valbridge/LF&M describes and evaluates the Development's proposed office space and its competitive environment. We review overall market statistics to understand regional trends, then deal with the Development's specific competitive issues.

A. PROPOSED OFFICE PRODUCT

The Developer proposes construction by others of a single 4-story 100,000 sq.ft. office building in the northeastern corner of the Development adjoining Henkels Lane. The office building will be served by limited surface parking and by structured parking in a 2-story 438-space garage adjoining the CSX rail line. The garage will also serve the Development's retail and hospitality uses. The building will be very visible from MD Route 32.

The Developer projects absorption of the office space in 2017, with the space having an assessed value of approximately $220 per square foot according to MuniCap estimates.

<u>Assessed Values</u>

We have reviewed SDAT records for recently built office properties within the Fort Meade PMA, located in Arundel Preserve, National Business Park and Annapolis Junction Business Park. The assessments for all the properties were conducted two years ago in the last assessment cycle in Maryland's triennial process, so they will be reassessed as of 1/1/14. With economic recovery, values will likely be increasing.

Recently Built Office Properties Assessed Values					
	Built	**Assessed Value**	**As of**	**Sq.Ft.**	**Value PSF**
7740 Milestone Pkwy.	2009	$20,125,300	1/1/11	136,400	$148
Sentinel Way (Parcel 1)	2010	$19,399,300	1/1/11	126,960	$153
8193 Dorsey Run Road	2011	$19,357,900	1/1/11	121,834	$159
308 Sentinel Drive	2010	$29,494,600	1/1/11	164,448	$179
8210 Dorsey Run Road	2008	$23,001,400	1/1/11	126,078	$182
322 Sentinel Way	2009	$31,071,300	1/1/11	135,000	$230
Weighted Average					**$176**

We find that the current assessed values range from $148 up to $230 per sq.ft. The weighted average value for the selected properties is currently $176. The MuniCap projected assessed value for the proposed office space is within the range set by the selected properties, though at the upper end of the range.

B. OFFICE MARKET

CoStar Group generates the most comprehensive market research data concerning commercial office real estate for the Baltimore Metropolitan Area. Summarized in Table V-1, our data concerning the Development's competitive market and the Baltimore Region is derived from the CoStar's **Year End 2012 Office Report**.

Route 1/BWI Submarket

The Development is located in CoStar's "Route 1/BWI" office submarket. Located in western Anne Arundel County and adjoining eastern Howard County, the Route 1/BWI office submarket has a north-south highway spine of the Baltimore-Washington Parkway (MD Route 295) and is focused on its two principal economic generators: BWI Airport and Fort George Meade. The submarket boundaries are generally: the Baltimore Harbor Tunnel Thruway (I-895) to the north, the Prince George's County line/Patuxent River to the south, Telegraph Road to the east and I-95 to the west. (The submarket itself is further constituted of three sub-areas in some CoStar analyses: the Development's "BWI/Anne Arundel" area south of the airport, "BWI Howard" [including the Development] on the west and "BWI North/Linthicum" to the north of the airport.) A map of the Route 1/BWI submarket is found on the following page.

The Route 1/BWI submarket office inventory contains 10.6 million sq.ft. of space—8.0% of the Baltimore Region's office space overall. Over half (55.4%) of the submarket's space is classified as Class A due to the area's relatively recent development and the higher quality of space supported by its business climate. The submarket's Class A space, therefore, represents a disproportionate 13.2% of the Baltimore Region's total Class A office inventory.

Overall occupancy in the submarket area is in the same range as in the Baltimore Region as a whole: 88.4% occupancy as compared to 88.1% for the Baltimore Region. The submarket's Class A office space, however, significantly outperforms the region—with 90.4% occupancy as compared to 84.8% occupancy for the region.

Based on quoted rates (not considering concessions), the Route 1/BWI Area is among the five highest-priced rental submarkets (out of 15) in the Baltimore Region. Its $23.38 per sq.ft. average quoted rate represented an 8.9% premium over the $21.46 calculated for the Baltimore Region. The Class A premium is even greater at 14.1%.

Despite the national recession, CoStar calculates that the submarket posted net absorption of 425,530 sq.ft. of office space during 2012. There has been only one quarter of negative absorption (1Q10) in the past four years and net absorption for the area has averaged 442,000

Office/Retail Submarket Map

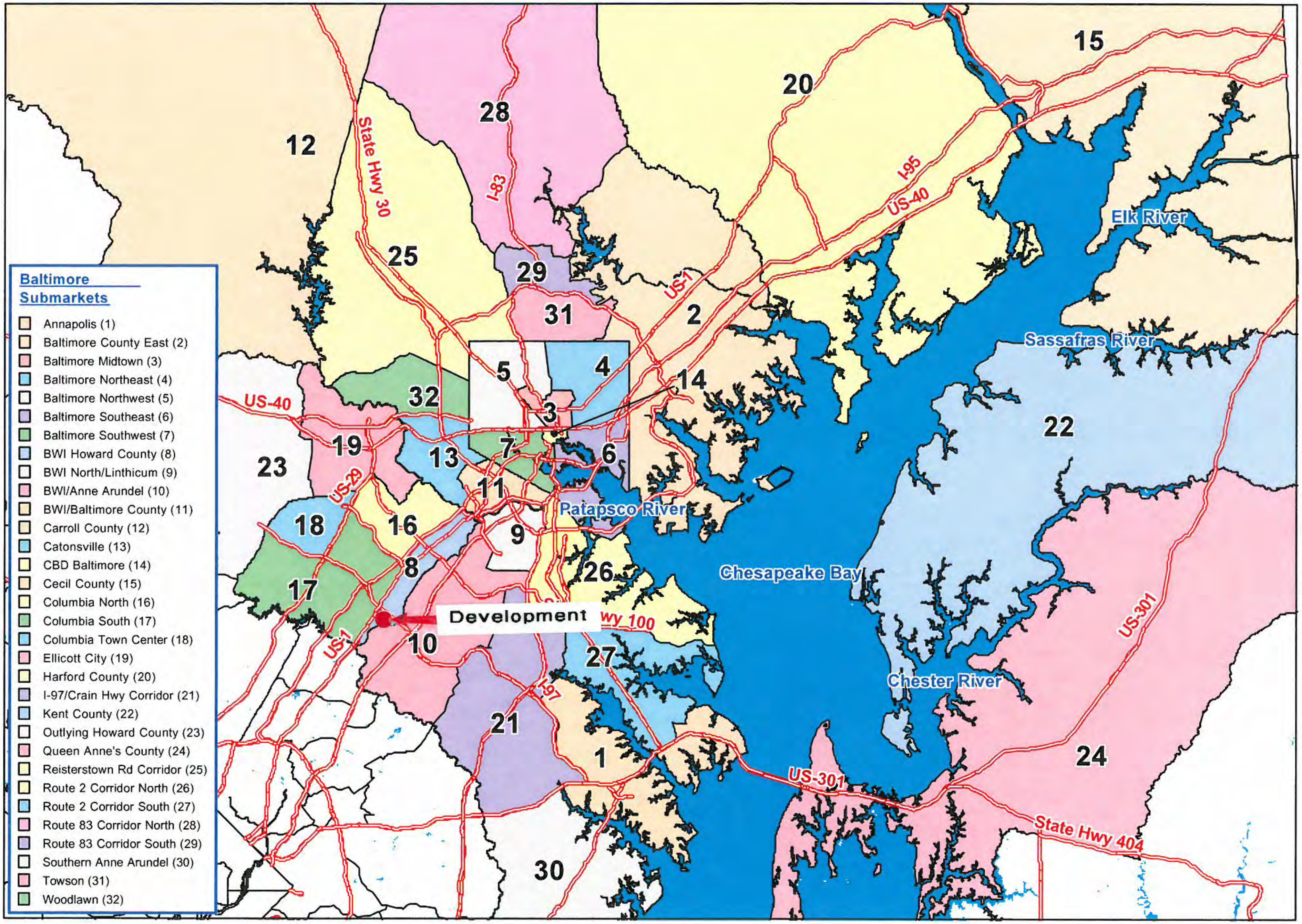


Table V-1
ANNAPOLIS JUNCTION TOWN CENTER
Office Performance Indicators
Route 1/BWI Submarket and Baltimore Region
Year End 2012

Rt. 1 BWI Area	**Buildings**	**RBA**	**Vacancy**	**YTD Net Absorption**	**YTD Deliveries**	**Under Construction**	**Quoted Rate**
Class A	50	5,886,332	9.6%	384,929	207,830	0	$27.99
Class B	99	3,907,106	15.8%	60,130	0	0	$20.43
Class C	86	832,162	5.8%	(19,529)	0	0	$14.30
Total Route 1/BWI Area	**235**	**10,625,600**	**11.6%**	**425,530**	**207,830**	**0**	**$23.38**

Baltimore Region	**Buildings**	**RBA**	**Vacancy**	**YTD Net Absorption**	**YTD Deliveries**	**Under Construction**	**Quoted Rate**
Class A	367	44,510,944	15.2%	788,436	845,376	860,000	$24.53
Class B	2,644	62,858,496	10.8%	352,100	156,864	303,140	$20.25
Class C	3,083	25,856,702	8.9%	112,367	0	0	$17.56
Total Baltimore Region	**6,094**	**133,226,142**	**11.9%**	**1,252,903**	**1,002,240**	**1,163,140**	**$21.46**

Source: CoStar Group, Inc., 2012; compiled by Valbridge/LF&M.

sq.ft. per year over the 2009-2012 period—or 30.6% of total office space absorption for the entire Baltimore Region over the same period.

Baltimore Metro Office Market

CoStar states that the Baltimore Metropolitan market (Baltimore City and its five surrounding suburban counties) ended 2012 with a total office vacancy rate of 11.9%, a decrease from 12.2% a year earlier and from 13.0% in 2009 (the highest rate in the Recession).

Net absorption in 2012 was 1.3 million sq.ft. Combined with 1.6 million sq.ft. net absorption in 2011, it seems that economic growth is strengthening in the region. Quoted rental rates ended the year at $21.46, essentially the same as 12 months earlier ($21.45)—indicating that demand has not yet progressed to a point where landlords will have pricing power. Over 1.0 million sq.ft. of office space were delivered to the market in 2012, similar to the 1.1 million sq.ft. in deliveries in 2011. We note, however, that deliveries had averaged 2.7 million sq.ft. per year during the 2005-2010 period.

Overall, Class A space represents about one third (33.4%) of the total office supply in the Baltimore Region.

C. POSITIONING

Significant land supply is already available in and near the Development's Fort Meade PMA to support preferred campus-style office development for the foreseeable future. As described above, National Business Park and Annapolis Junction Business Park nearby each have approximately 2.0 million sq.ft. of additional office capacity. Other well-located competitors offering office space in the PMA include Arundel Preserve, Arundel Gateway, Parkside, Fort Meade Gateway and Independence Park at Odenton Town Center. Beyond the PMA, regional competitors include the Maple Lawn and Columbia Downtown locations in Howard County, as well as Konterra on I-95 in Prince George's County.

We are of the opinion that the Development's relatively circumscribed office component is appropriate given the immense amount of land available for larger-scale office construction in the Fort Meade PMA and the broader Baltimore-Washington marketplace. The space proposed for the Development is more likely to be speculative multi-tenant space, appealing to smaller office users. The location for such space is positive—in a mixed use environment with retail and hospitality support, as well as near the MARC station.

D. SUMMARY

Valbridge/LF&M finds that the Development's proposed office space is targeted to fill a specific niche within one of the most dynamic office submarkets in the Baltimore Region, rather than competing head-on with the larger scale corporate office developments active in the Fort Meade PMA.

The Route 1/BWI and Fort Meade PMA office market has demonstrated strong market performance as indicated by occupancy rates and rents above the Baltimore Region average, especially for Class A office product. The potential competitive supply of high quality office space in campus environments nearby (National Business Park and Annapolis Junction Business Park) and elsewhere in the immediate Fort Meade area is in the millions of square feet.

The proposed 100,000 sq.ft. office building needs to capture only a small proportion (1.8%) of the total 5.5 million sq.ft. of office product which may be required through 2020 in order to accommodate employment growth in the Fort Meade PMA according to BMC forecasts. Valbridge/LF&M judges that the Development's office product is well located and benefits from its mixed use TOD immediate environment, so that it can compete successfully for tenants in the Fort Meade area.

VI. RETAIL & HOSPITALITY PRODUCT

In this section, Valbridge/LF&M describes and evaluates the Development's competitive environment for retail and hospitality space. We review overall market statistics to understand regional supply/demand trends and then deal with specific competitive issues for the two products.

A. PROPOSED RETAIL & HOSPITALITY PRODUCT

Retail Product

The Developer proposes 14,250 sq.ft. of in-line and 3,200 sq.ft. of pad retail space. The retail space is located on the south side of Junction Drive, with on-street parking and direct access from the street separating the retail buildings and the parking garage. Given its small scale and location within the site, we consider the retail space to be an accessory use to the principal uses in the Development. Retail tenants will likely be in the entertainment and convenience categories: restaurant, coffee shop, convenience store, drycleaner, bank, etc. The retail use will be a valuable amenity to apartment residents, office workers and MARC commuters; the multiple consumer profiles will encourage customer traffic throughout the day.

Absorption of the bulk of the in-line retail space (14,000 sq.ft.) is forecast for 2016, with the bank space to follow in 2017. Assessed values of approximately $139 and $415 per sq.ft. respectively are estimated by MuniCap.

Retail Properties
Assessed Values

Address	Type	Built	Assessed Value	As of	Sq.Ft.	PSF
114 Natl Business Pkwy.	Shopping Ctr	2002	$1,178,300	1/1/11	10,530	$112
112 Natl Business Pkwy.	Day Care	2000	$1,412,900	1/1/11	10,508	$134
7651 Arund Mills Blvd.	Shopping Ctr	2004	$2,997,300	1/1/11	16,560	$181
7069 Arund Mills Blvd.	Retail Store	2003	$1,944,000	1/1/11	9,735	$200
7690-98 Dorchester Blvd	Shopping Ctr	2008	$5,300,400	1/1/11	21,608	$245
7566 Ridge Road	Branch Bank	2002	$1,201,400	1/1/11	3,400	$353
7061 Arund Mills Cir.	Restaurant	2011	$2,708,000	1/1/11	7,440	$364
7063 Arund Mills Cir.	Restaurant	2011	$2,951,500	1/1/11	7,202	$410
7045 Arund Mills Blvd.	Branch Bank	2003	$1,802,600	1/1/11	3,549	$508
7570 Ridge Rd.	Branch Bank	2005	$2,018,300	1/1/11	3,833	$527

We have analyzed the assessed values of a range of comparable commercial properties in the Fort Meade PMA. Among the ten properties, the two on National Business Parkway are located within National Business Park. The retail/shopping center properties carry values at the lower end of the range—with a weighted average of $186 per sq.ft. for our sample. The restaurant and branch bank properties have values at the upper end of the range—with a weighted average of $429 per sq.ft. for the sample. Valbridge/LF&M finds that the MuniCap projected assessed values are within the range suggested by current SDAT data.

<u>Hotel Product</u>

The Developer also proposes a 150 room limited service hotel. The hospitality space is located proximate to the MARC Station platform and garage. With its easy access to MD Route 32, the hotel will serve a business clientele working at nearby office/industrial parks and Fort Meade. It will also serve guests who wish to use the shuttle bus service from the MARC station into NSA or use the MARC line itself to travel north or south. The hotel will be supported by the adjacent retail and parking garage.

The hotel is forecast for delivery in 2017, with an assessed value of $93,774 per room.

Limited Service Hotel Properties Assessed Values						
Flag	**Address**	**Built**	**Assessed Value**	**As of**	**Rooms**	**Value/Room**
Courtyard	2700 Hercules Rd	2004	$10,940,400	1/1/11	140	$78,146
TownePlace	7021 Arund Mills Cir	2008	$10,002,000	1/1/11	109	$91,761
Residence Inn	7035 Arund Mills Cir	2003	$12,510,400	1/1/11	131	$95,499
Hampton Inn	7027 Arund Mills Cir	2002	$12,570,700	1/1/11	130	$96,698
TownePlace	120 Nat'l Bus Pkwy	2000	$9,232,800	1/1/11	95	$97,187
Element	7522 Teague Rd	2009	$20,714,700	1/1/11	147	$140,916
Wtd Average						**$101,025**

We have analyzed the assessed values of six limited service hotel properties in the Fort Meade PMA as a reference point. Two of the properties are located in National Business Park (2700 Hercules Road and 120 National Business Parkway) and the remaining properties are located in Arundel Mills. All properties were assessed in the 1/1/11 assessment cycle and will be reassessed for 2014. The weighted average value per hotel room in the survey is $101,025—with values ranging from $78,146 to $140,916 depending on age, location and the particulars of the property. The value per room projected by MuniCap for the proposed hotel is well within the range suggested by current SDAT data.

B. RETAIL MARKET

In this section, we review retail supply and demand issues in the Baltimore Region market and the BWI/Anne Arundel submarket in order to put in context issues better analyze the niche to be served by the Development's location. Our analysis of retail issues is grounded in data from CoStar's **Year End 2012 Retail Report** and our analysis of hospitality issues uses data from Smith Travel Research.

Route 1/BWI Submarket

As summarized in Table VI-1, the Development's Route 1/BWI submarket contains 4.9 million sq.ft. of retail space or 3.6% of the Baltimore Region's retail space overall. The inventory is divided approximately into thirds: one third (35.0%) being Mall space (most notably Arundel Mills); one third (36.9%) being General Retail space; and one third (28.1%) being Shopping Center space.

In 2012, the submarket overall slightly outperformed the Baltimore Region in terms of occupancy: 96.8% vs. 94.7%. In addition, occupancy rates for the General Retail (98.2%) and Mall sectors (99.9%) outpaced the Baltimore Region's 96.8% and 94.2% respectively. The submarket's occupancy has steadily improved since 3Q09 when it fell to its recessionary low of 92.7%.

Based on quoted rates in the Route 1/BWI submarket, retail space owners are asking lease rates averaging $21.11 per sq.ft.—a significant 16.7% premium over the $18.09 per sq.ft. being quoted in the Baltimore Region overall. General Retail space is asking a $1.67 premium, while Shopping Center space is quoting a rate $2.83 over the Baltimore Region. Submarket rents have remained stable overall for the past few years.

Baltimore Region Retail Market

The total inventory in the Baltimore Region amounted to 136.9 million sq.ft. in 10,196 buildings/centers as of year-end 2012. Overall, occupancy remains high at 94.7% despite the lingering effects of the Great Recession—with all retail space sectors performing well.

During 2012, the Baltimore Region experienced absorption of 1.5 million sq.ft. of retail space and delivery of 924,922 sq.ft. of new space—both statistics demonstrating the strength of the retail sector in a solid regional economy. During the year, a total of 924,922 sq.ft. of retail space had been built in the Baltimore Region—though only 81,509 sq.ft. were under construction going into 2013. The average retail rent in 2012 was $18.09 per sq.ft.

CoStar reports that retail market conditions have been gradually improving since 2006 when the overall occupancy rate was 93.7%. In 2009, the worst recent year, however, occupancy declined to only 93.3%. Absorption and new construction numbers have certainly declined from their pre-Recession highs, though rents have not yet fully recovered. In 2007, for example, there was

Table VI-1
ANNAPOLIS JUNCTION TOWN CENTER
Retail Performance Indicators
Rt. 1/BWI Area and Baltimore Region
Year End 2012

Rt. 1/BWI Area	**Bldgs/Ctrs**	**GLA**	**Vacancy**	**YTD Net Absorption**	**YTD Deliveries**	**Under Construction**	**Quoted Rate**
General Retail	210	1,821,382	1.8%	(3,774)	0	0	$18.53
Mall	2	1,732,085	0.1%	(2,500)	0	0	$0.00
Power Center	0	0	0.0%	0	0	0	$0.00
Shopping Center	29	1,389,008	8.9%	95,559	0	0	$21.57
Specialty Center	0	0	0.0%	0	0	0	$0.00
Rt. 1/BWI Area Total	**241**	**4,942,475**	**3.2%**	**89,285**	**0**	**0**	**$21.11**

Baltimore Region	**Bldgs/Ctrs**	**GLA**	**Vacancy**	**YTD Net Absorption**	**YTD Deliveries**	**Under Construction**	**Quoted Rate**
General Retail	9,338	61,288,979	3.2%	308,037	260,652	20,409	$16.86
Mall	25	20,285,885	5.8%	732,486	393,654	9,737	$31.01
Power Center	23	9,344,322	6.3%	(25,407)	0	0	$15.53
Shopping Center	809	45,713,525	7.8%	514,444	270,616	51,363	$18.74
Specialty Center	1	253,438	2.8%	(4,060)	0	0	$15.00
Rt. 1/BWI Area Total	**10,196**	**136,886,149**	**5.3%**	**1,525,500**	**924,922**	**81,509**	**$18.09**

Source: CoStar Group, Inc., 2012; compiled by Valbridge/LF&M.

net absorption of 3.4 million sq.ft. of retail space; 2.2 million sq.ft. of deliveries; 1.8 million sq.ft. under construction; and the average rent was $19.33.

Summary

In summary, Valbridge/LF&M finds that the Development's Route 1/BWI retail submarket is healthy—with higher occupancy (96.8%) and higher quoted rental rates ($21.11 average) than the Baltimore Region.

C. HOSPITALITY MARKET

Valbridge/LF&M has consulted Smith Travel Research (STR) in order to better understand the dynamics of the hospitality business which may affect the prospects for the Development's hotel proposed as 150 limited service guest rooms.

The Development is located in the "BWI Airport" submarket within its Baltimore market for STR, which is a prominent international collector/analyst of data on the hospitality industry. STR data is authoritative, since the firm receives operating information on a very high proportion of hotel chains and independent hotels.

The BWI Airport submarket includes the geography bounded more or less by US Route 1 on the west, US Route 50 on the south, Baltimore City on the north and by the Chesapeake Bay on the east. Though the submarket area is focused on BWI Marshall Airport and its hotels certainly receive airport-generated visitor business, they also receive the significant business and government traffic generated by Fort Meade, NSA, etc. The submarket's central location on the regional highway network (MD 295, MD 100, MD 32, I-95, etc.) and proximity to major employment/tourism centers are key factors in the area's identity and drawing power as a hospitality location.

The STR survey statistics cover include 58 hotels with 7,942 total rooms in the submarket. The survey includes the TownePlace Suites (95 rooms) and Courtyard Fort Meade (140 rooms) properties located in National Business Park proximate to the Development. All of the Arundel Mills/Arundel Preserve hotel properties (totaling 1,287 rooms) are also included: Hotel at Arundel Preserve, Candlewood Suites, aloft, Homewood Suites, Hampton Inn, element, TownePlace Suites, Springhill Suites, Residence Inn and Hilton Garden Inn.

As of February 2013, STR characterizes the Development's competitive hospitality market as follows:

- Supply Trends - The submarket supply has increased by 26.7% over the past six years, increasing from 6,267 rooms in 2007. The area's competitive supply is up-to-date, with 25 properties having opened since 2000. The National Business Park hotels opened in 2000 and 2004. Six out of the ten Arundel Mills hotels have opened since 2009.

- Occupancy - Over the past six years, occupancies in the submarket have increased from an average of 68.6% in 2007 up to 71.5% in 2012. Room night demand expanded over the same period from 1.7 million room nights up to 2.1 million.

- Average Daily Rate - The Average Daily Rate (ADR) is an indicator of "top line" revenue, calculated by dividing total room revenue by the number of room nights sold. The area's ADR declined from $109.02 in 2007 to $96.34 in 2012, though it is on a rebound from its lowest point in 2010 at $91.32. In that year the market was affected by both the Great Recession economy as well as the absorption of significant new supply.

- Day of Week Analysis - Occupancies and ADR's are highest within the supply on weekdays, indicative of a strongly business-driven guest base. Over the past three years, Monday-Thursday occupancy has averaged approximately 76.8% while occupancy has averaged approximately 63.9% on the other three days. Similarly, the weekday ADR has averaged approximately $98.96 while the weekend ADR has averaged $85.39. Business occupancy at National Business Park hotels in particular has a significant share of guests asking for the federal discount rate for their stay.

National Data

Overall, STR's BWI Airport submarket performed better than national averages for 2012. According to the Pricewaterhouse Coopers (PwC) **Real Estate Investor Survey** and **Hospitality Directions US** reports (dated January 2013), occupancy for the U.S. lodging industry was 61.4% for 2012 with an average ADR of $106.12. PwC forecasts an increase in hotel occupancy of 1.0% for 2013 and a 4.8% increase in ADR.

In particular, for the limited service midscale (not economy) lodging segment in which we judge the Development's hotel most likely to be positioned, PwC forecasts occupancy to grow to 55.5% and ADR to grow to $76.62 nationally in 2013. Those forecasts represent annual increases of 1.4% in occupancy and 2.9% in ADR over 2012.

Summary

In summary, Valbridge/LF&M finds that the Development's BWI Airport hospitality submarket is healthy—with higher occupancy (71.5%) and higher ADR ($96.34 average) than national indicators. A recovering national economy and continued business and residential growth in the Fort Meade PMA offer support to new entrants to the area's hospitality market.

D. SUMMARY

Valbridge/LF&M finds that the Development's proposed retail and hospitality products are accessory to its principal uses (apartments, offices, MARC) in a mixed use TOD environment, but will also serve a somewhat broader market centered on Fort Meade due to its visibility/easy access from MD Route 32:

- Accessory Retail - The Development's Route 1/BWI retail submarket is strong compared to regional retail trends, significantly attributable to continued economic and residential growth. In particular, Arundel Mills Mall and related development have been extremely successful. The Development's retail space will, however, be less dependent on larger retail trends than on the convenience needs of apartment residents, office workers and MARC commuters.

- Hospitality - The Development's BWI Airport hospitality submarket is healthy—with higher occupancy (71.5%) and higher ADR ($96.34 average) than national indicators. A recovering national economy and continued business and residential growth in the Fort Meade PMA offer support to new entrants to the area's hospitality market. The proposed hotel will principally serve business travelers needing easy access to locations in the Fort Meade area.

VII. ABSORPTION FORECAST

In this section, Valbridge/LF&M analyzes certain factors relevant to the reasonableness of projections made by the Developer for the Development. Our focus is on the Development's projected absorption schedule, as supported by market demand within a general pricing range determined to be competitive.

A. DEVELOPER PROJECTIONS

As summarized in Table VII-1, the Developer projects that the Phase I apartment and retail uses will lead, with construction completed in 2016. Phase II development (including bank/restaurant, office and hospitality uses) is projected to be completed in 2017.

The Developer has substantial experience in mixed use development (including all of the elements to be offered in the Development) in the Fort Meade PMA—at Arundel Preserve in particular. It is our understanding that the Developer intends to build the Phase I uses. The Phase II uses will be built by others on sites purchased from the Developer—for bank/restaurant, office and hotel uses.

B. ABSORPTION FORECAST

Valbridge/LF&M is of the opinion that each of the uses proposed for the Development is supported by market demand on an absorption schedule approximating that projected by the Developer.

<u>Apartment Absorption</u>

The proposed apartments are high quality, visible and well-located within the Fort Meade PMA. In particular, they are the only new apartments in the MD Route 32 corridor—benefiting from easy highway access and proximity to Fort Meade, NSA and National Business Park. Their proposed pricing structure is within the current competitive range.

The projected 2-year absorption schedule assumes a lease-up pace of approximately 35 units per month. Based on our recent experience, that pace is conservative since similar new properties have typically been leasing at paces of 25-40 units per month. The favorable location of the proposed apartments and strong residential growth prospects for the Fort Meade PMA should enable them to achieve the projected absorption pace, despite a significant increase in the apartment supply of the PMA and nearby submarkets over the next few years.

Table VII-1
ANNAPOLIS JUNCTION TOWN CENTER
Proposed Absorption Schedule

		Measure	Total	2013	2014	2015	2016	2017	2018
Apartments		Units	416			208	208		
Retail									
	In-Line	Sq.Ft.	14,000				14,000		
	Kiosk	Sq.Ft.	250				250		
	Bank/Restaurant	Sq.Ft.	3,200					3,200	
Office	Class A	Sq.Ft.	100,000					100,000	
Hotel		Rooms	150					150	

Source: "Annapolis Junction Town Center, Howard County, Maryland" Tax Increment Financing Projections No. 2-A (Revised), January 8, 2013.

<u>Office Absorption</u>

Despite the national recession, the Development's office submarket has posted net absorption averaging 442,000 sq.ft. per year over the 2009-2012 period—or 30.6% of total office space absorption for the entire Baltimore Region over the same period. The area's office supply is typically Class A in quality with corporate users serving Fort Meade clients. Our analysis of employment projections for the Fort Meade PMA indicates that there will likely be demand through 2020 for up to 550,000 sq.ft. of office space annually in order to accommodate the expansion of Fort Meade activities including NSA and Cyber Command in particular.

Significant land supply is already available in and near the Development's Fort Meade PMA to support preferred campus-style office development for the foreseeable future. Among the numerous competitors, National Business Park and Annapolis Junction Business Park nearby <u>each</u> have approximately 2.0 million sq.ft. of additional office capacity.

We are of the opinion that the office space proposed for the Development is more likely to be speculative multi-tenant space, appealing to smaller office users. The location for such space is positive—in a mixed use environment with retail and hospitality support, as well as near the MARC station. Nonetheless, the positioning of the Development's office space will depend on the orientation of its builder. Delivery of 100,000 sq.ft. of office space at the Development by 2017 is not unreasonable.

<u>Retail Absorption</u>

Given its small scale and location within the site, we consider the retail space to be an accessory use to the principal uses in the Development. Retail tenants will likely be in the entertainment and convenience categories: restaurant, coffee shop, convenience store, drycleaner, bank, etc.

The Developer is committed to providing the Phase I retail product as an important amenity for the apartment residents in particular—but also office workers and MARC commuters. The retail support is critical to the success of the overall Development as a mixed use TOD effort. Since consumer traffic will take a while to build, Phase I retail tenants may need rent or other concessions from the Developer in order to operate profitably prior to build-out of the Development. The Phase II bank/restaurant operator proposed for a pad site will presumably be dealing with better-established characteristics for the Development.

We find that absorption of the Development's limited retail space in 2016-2017 is reasonable, especially with some support from the Developer for the Phase I retail tenants.

<u>Hospitality Absorption</u>

The BWI Airport hospitality submarket is healthy, with occupancy and ADR achieved above the national average. The Development's proposed 150-room limited service hotel should be supported by a recovering national economy and continued business and residential growth in the Fort Meade area. The two hotels now operating in National Business Park have been successful.

With its easy access to MD Route 32, the hotel will serve a business clientele working at nearby office/industrial parks and Fort Meade. It will also serve guests who wish to use the shuttle bus service from the MARC station into NSA or use the MARC line itself to travel north or south.

We find that absorption of the Development's proposed hospitality space in 2017 is reasonable.

C. SUMMARY

Valbridge/LF&M has analyzed the Developer's projected absorption schedule for the Development in light of our understanding of market demand available within the Fort Meade PMA and within a general pricing range determined to be competitive.

We find that the scale and absorption schedule proposed for the Development are reasonable based on available demand. The Developer's proposed apartments will drive Phase I development including the accessory retail product. The bank/restaurant, office and hotel uses in Phase II will be built by others on land purchased from the Developer. Appropriately targeted, each of those uses should find demand within the growing Fort Meade PMA.

VIII. SUMMARY & CONCLUSION

Based on our review of available plans and demographic and economic data, Valbridge/LF&M has analyzed the market environment and proposed development of the Development and drawn certain conclusions.

- Location - The Development will capitalize on its strategic location near Fort Meade in the heart of the Baltimore Washington Corridor, well-served by the regional highway network—by MD Routes 32 and 295 in particular. The Development is well-located to major employers concentrated at/near Fort Meade and BWI Marshall Airport—and throughout the Baltimore-Washington area. Though its immediate development environment is currently predominately industrial, the Development's mixed use plan will integrate well into the high growth environment around Fort Meade.

- TOD Plan - The Development is located at the Savage MARC Station and anchored by a MARC commuter parking garage, with commuter traffic adding long-term value to the Development, especially if the MTA plans for expansion and enhancement of service to the MARC Camden Line come to fruition.

- Public Planning Context - The property is well planned as a mixed use development, consistent with Howard County's general plan and other planning efforts. Eastern Howard County and the US Route 1 Corridor are the focus of major revitalization efforts by public authorities. Mixed use and higher density development is promoted by both Howard County and neighboring Anne Arundel County in order to appropriately deal with employment and residential growth in an environmentally and fiscally responsible manner.

- Population & Household Growth - The PMA has outpaced both Howard and Anne Arundel counties in its population and household growth for the past two decades. Growth in the PMA is forecast to account for almost two fifths (38.5%) of the total growth of Howard and Anne Arundel counties over the 2010-2020 period. In all periods the PMA is expected to grow faster than the two counties and at more than double the pace of the Baltimore Region as a whole. That level of household growth, by definition, requires the delivery of the same number of housing units in an appropriate ownership and rental product mix.

- Housing Market - The PMA shows strong housing market fundamentals, which are likely to grow even stronger in the near future. The homeownership rate is 69.7%, influenced by its somewhat higher proportion of transient households. Homeownership values are solid, with a 2012 median value of $338,899. Though sales volume and prices have not reached the pre-Recession heights of 2006, they are on the rebound. Rents in the PMA tend to be somewhat higher overall than in Howard and Anne Arundel counties. Much of the premium is explained by the fact that the PMA rental stock—expanding in recent years due to strong growth—overall is somewhat newer than that in the other geographies.

- Employment - The Baltimore Region economy is well diversified. Nonetheless, federal government spending due to the proximity of the national capital in Washington DC remains an important foundation of the regional economy. The escalation in federal military and homeland defense spending over the past several years has benefited the area. In that context, the PMA has been heavily influenced by the presence of Fort Meade and the National Security Agency—an influence which has been intensified by the BRAC, NSA and Cyber Command expansions.

  The Baltimore Region, Howard and Anne Arundel counties continue to post strong long-term job growth while maintaining low unemployment rates. These trends are not expected to be altered in the foreseeable future, though the impact of sequestration and other federal budget changes are uncertain. Numerous new high quality mixed use and employment centers are planned for the PMA, absorbing the influx of jobs into the area.

- Development Environment - The PMA and its Howard and Arundel County development environment have been preferred, high growth locations for residential development within the Baltimore Region. The PMA has added 25,950 housing units over the past 20 years—almost one third (31.7%) of the total of Howard and Anne Arundel counties. The PMA saw virtually the same number of starts in the past decade as in the previous decade despite the impact of the Great Recession. Multifamily product (mostly apartments) accounts for the largest share (40.2%) of permits. The PMA represented only 11.7% of the Baltimore Region's housing starts in the 1993-2002 period, but has almost doubled its share to 19.1% in the past ten years.

- Multifamily Product - There is no other apartment property located at the doorstep of National Business Park, NSA and Fort Meade. We find that the pricing proposed for the apartments is competitive and within the range already prevailing in the Fort Meade PMA among the highest quality apartment communities. Occupancies in the Fort Meade PMA remain good at about the 95% mark despite a number of properties being in lease-up. The Development's location and high quality apartments should result in a long-term very defensible position in the PMA multifamily market, which will be seeing significant new supply coming on along the MD Route 175 Corridor just to the north.

- Office Product - We find that the Development's proposed office space should be targeted to fill a specific niche within one of the most dynamic office submarkets in the Baltimore Region, rather than competing head-on with the larger scale corporate office developments active in the Fort Meade PMA. The Route 1/BWI and Fort Meade PMA office market has demonstrated strong market performance as indicated by occupancy rates and rents above the Baltimore Region average, especially for Class A office product. The potential competitive supply of high quality office space in campus environments nearby (National Business Park and Annapolis Junction Business Park) and elsewhere in the immediate Fort

Meade area is in the millions of square feet. The proposed 100,000 sq.ft. office building needs to capture only a small proportion of the total 5.5 million sq.ft. of office product which may be required through 2020 in order to accommodate employment growth in the Fort Meade PMA according to BMC forecasts.

- Accessory Retail - The Development's Route 1/BWI retail submarket is strong compared to regional retail trends, significantly attributable to continued economic and residential growth. In particular, Arundel Mills Mall and related development have been extremely successful. The Development's retail space will, however, be less dependent on larger retail trends than on the convenience needs of apartment residents, office workers and MARC commuters.

- Hospitality - The Development's BWI Airport hospitality submarket is healthy—with higher occupancy (71.5%) and higher ADR ($96.34 average) than national indicators. A recovering national economy and continued business and residential growth in the Fort Meade PMA offer support to new entrants to the area's hospitality market. The proposed 150-room hotel will principally serve business travelers needing easy access to locations in the Fort Meade area.

Valbridge/LF&M has analyzed the Developer's projected absorption schedule for the Development in light of our understanding of market demand available within the Fort Meade PMA and within a general pricing range determined to be competitive.

We find that the scale and absorption schedule proposed for the Development are reasonable based on available demand. The Developer's proposed apartments will drive Phase I development including the accessory retail product. The bank/restaurant, office and hotel uses in Phase II will be built by others on land purchased from the Developer. Appropriately targeted, each of those uses should find demand within the growing Fort Meade PMA.

APPENDIX A

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

In conducting the market analysis, Valbridge Property Advisors/Lipman Frizzell & Mitchell LLC has made the following assumptions, except as otherwise noted in our report:

1) There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.

2) No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.

3) The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.

4) The subject project will be served by adequate transportation, utilities and governmental facilities.

5) The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.

6) The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.

7) The subject project will be developed, marketed and operated in a highly professional manner.

8) No projects will be developed which will be in competition with the subject project, except as set forth in our report.

9) There are no existing judgments nor any pending or threatened litigation which could hinder the development, marketing or operation of the subject project.

The market analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1) The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.

2) Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.

3) All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.

4) We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.

5) Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.

6) The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

APPENDIX B

CONSULTANT PROFESSIONAL QUALIFICATIONS

Valbridge Property Advisors/Lipman Frizzell & Mitchell, LLC (Valbridge/LF&M) is a multi-faceted real estate consulting and appraisal firm serving the Mid-Atlantic since 1977. Valbridge/LF&M is the Baltimore Region's largest real estate advisory firm, with 25 professionals in our Columbia, MD headquarters.

In March 2013, Lipman Frizzell & Mitchell LLC announced that it had combined with 41 other appraisal firms to form Valbridge Property Advisors, which provides independent valuation and advisory services to local, regional, multi-market and national clients. Based on publicly available information and company estimates, Valbridge ranks among the Top three national commercial real estate valuation and advisory services firms, with 145 MAIs, 59 office locations and 600 staff across the U.S.

Company Overview

Valbridge/LF&M provides clients with objective advice and practical assistance at every stage of decision-making on the development, use or reuse of all types of real estate. Our clients include corporations, institutions, real estate owners, builders, developers, and government entities. Our professional staff has an exceptional capability to use a vast array of information and resources to assist clients in making sound, timely decisions through the real estate planning, financing and development process.

Six senior members of the firm hold the MAI designation and other advanced degrees. Professional licenses are held by various members of the firm in Maryland, District of Columbia, Pennsylvania, Delaware and Virginia. Academic degrees and professional designations are combined with hands-on real estate investment, development and ownership expertise--offering our clients many decades of accumulated counseling and valuation experience.

Community Development Consulting

Valbridge/LF&M senior staff has advised state and county economic development and planning agencies, state housing finance agencies, and non-profit groups regarding affordable housing and other community development issues from a variety of perspectives including the following:

- Geographic Focus - Urban, Rural, Inner Suburban Ring, Suburban

- Partnership with Other Intermediary Groups - State Housing Finance Agencies, Non-Profit Community Development Corporations, Public Housing Authorities, Entitlement/Non-Entitlement Jurisdictions, Other State/Federal Agencies

- Strategic Planning - Statewide Housing Needs Assessments; Determine Available Resources: Financial, Talent, Public/Private; Gauge Legislative/Regulatory Environment; Determine Agency Mission and Role

- Advisory Assignments - Project Feasibility, Economic and Demographic Analysis, Program Feasibility and Review, Development Planning and Execution, Fiscal and Economic Impact Analysis, Annexation and Zoning Analysis, Policy Formulation and Implementation

Joseph M. Cronyn, Principal in Charge

The Valbridge/LF&M principal-in-charge of this assignment has been Joseph Cronyn, Senior Managing Director. He has over 35 years of real estate development, finance and consulting experience. Cronyn has conducted market analyses for numerous Tax Increment Financing districts in Maryland, Virginia and West Virginia.

His resume follows.

Qualifications of Consultant
JOSEPH M. CRONYN

Cronyn has over 35 years of professional experience in real estate research, sales and marketing, development, public policy, financing and appraisal. His experience includes market and financial feasibility analyses of major real estate projects; land acquisition and marketing for commercial and residential development; planning for mixed use development, including historic preservation concerns; tax-motivated and conventional financing for single family and multifamily residential projects; and advising public, nonprofit and private clients concerning economic and community development strategies.

PROFESSIONAL EXPERIENCE

Lipman Frizzell & Mitchell, LLC, Columbia, MD (2003 - present), *Principal*
(1997 - 2003), *Senior Associate*
Legg Mason Realty Group, Inc., Baltimore, MD (1989-1997), *Vice President*
Financial Associates of Maryland, Baltimore, MD (1987-1989), *Vice President*
Baltimore Federal Financial, F.S.A., Baltimore, MD (1982-1987), *Sr. Vice President*
Neighborhood Reinvestment Corporation, Washington, DC (1978-1982), *Asst. Director*
Baltimore Federal Savings & Loan, Baltimore, MD (1976-1978), Mortgage Underwriter

EDUCATION

Master of Business Administration, Loyola College Maryland, Executive Program, 1986
Bachelor's Degree, English & Philosophy, Boston College, 1969

AFFILIATIONS

Neighborhood Housing Services of Baltimore, Chairman of the Board emeritus
Citizens Planning and Housing Association, Member
National Trust for Historic Preservation, Member
Maryland Economic Development Association (MEDA), Member
Lambda Alpha International Land Economics Society, Baltimore Chapter, Board of Directors

QUALIFIED AS EXPERT WITNESS

Before public administrative bodies, zoning hearing examiners and/or boards of appeals in Maryland: Anne Arundel County, Baltimore County, Carroll County, Charles County, Frederick County, Harford County, Howard County, Montgomery County, Prince George's County

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APPENDIX C

Tax Increment and Special Tax Report

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Annapolis Junction Town Center Development District and Special Taxing District

Tax Increment and Special Tax Report

February 14, 2014

Prepared By:

MuniCap, Inc.

Annapolis Junction Town Center Development District and Special Taxing District

Tax Increment and Special Tax Report

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APPENDICES

I. EXECUTIVE SUMMARY

PURPOSE OF STUDY

The purpose of this study is to provide estimates of real property tax increment revenues resulting from the proposed Annapolis Junction Town Center development and available to repay bonds to be issued by Howard County, Maryland (the "County"). In particular, the study provides estimates of future real property tax increment revenues generated by the property within the Annapolis Junction Town Center District (the "Development District"). It separately provides estimates of "BRAC Zone" revenues that are potentially available but subject to certain additional risk factors.[1] The study also provides estimates of special taxes on property within the Annapolis Junction Town Center Special Taxing District (the "Special Taxing District" and, together with the geographically coterminous Development District, the "District"). This document is intended to be included in the offering memorandum for the bonds, and is meant to comply with guidelines set forth by the National Federation of Municipal Analysts in *White Paper on Expert Work Products*.

As real property taxes are generated on an ad valorem basis from assessed values, it is first necessary to estimate the future assessed value resulting from the District. This study provides assessed value information based on the following assumptions:

Scenario A – "Base Case"

- The development is completed as proposed by Annapolis Junction Town Center, LLC (the "Developer"), as subsequently described herein;
- Property values increase at a three percent annual rate of inflation; and
- The real property tax rate remains static at the 2013 level in future years.

Scenario B – "No Appreciation" (assumptions differ from Scenario A as follows)

- Property values remain static at the 2013 level in future years.

Scenario C – "Full Development, Increased Apartments Value" (assumptions differ from Scenario A as follows)[2]

- Assumed property values for apartments are based on the current assessed value of a specific comparable property, as explained in subsequent sections of this report.

Scenario D – "Phase II/II-A Only" (assumptions differ from Scenario A as follows)

- Only Phase II/II-A of the development, as subsequently described herein, is completed.

Scenario E – "Phase II/II-A Only, Increased Apartments Value" (assumptions differ from Scenario A as follows)[2]

- Only Phase II/II-A of the development, as subsequently described herein, is completed; and

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[1] The District is located within a "BRAC Zone," as subsequently described herein. Due to this designation, additional revenues may be available for debt service. As discussed in subsequent sections of this report, these revenues are more speculative in nature. Projections of debt service coverage are shown both with and without estimated BRAC Zone revenues.

[2] Apartment values in these scenarios are based on the Residences at Arundel Preserves property, which, as explained in Section VI, is believed to be the most directly comparable property to the subject.

- Assumed property values for apartments are based on the current assessed value of a specific comparable property, as explained in subsequent sections of this report.

After estimating projected assessed value, this study provides the projected tax revenues for all scenarios based on current tax rates for the District, as well as estimates of potential BRAC Zone revenues. For each scenario, the study also estimates the special taxes that must be collected in order to cover any shortfall in the payment of debt service on the bonds and the costs of administration of the District from real property tax revenues.

ORGANIZATION OF STUDY

This report begins with a discussion of the assessment and tax collection procedures within the County. Following this discussion is an analysis of historic appreciation within the County. The report continues with a detailed narrative describing the District. Next, the study provides an account of the proposed development within the District, including an estimate of the projected market and assessed values for the proposed properties. This section includes an analysis of the assessed values achieved by comparable properties, as well as projections of value based under various approaches.

The report continues with a calculation of real property tax increment revenues based on the estimated assessed values in preceding sections of the report, as well as estimates of potential BRAC Zone revenues. The subsequent section of the report explains the potential special taxes on property within the Special Taxing District. Finally, the report provides comprehensive projections of all estimated available revenue created by the District and shows the estimated debt service coverage generated by this revenue.

RESULTS OF STUDY

Projected Incremental Value

In summary, the study concludes that, under Scenario A, which assumes three percent inflation, the District is estimated to have an incremental value of $116.5 million at the time of stabilization, projected to occur in the bond year ending February 15, 2021.[3]

Under Scenario B, which assumes no increase in property values, the District is estimated to have $97.3 million in incremental value at the time of stabilization.

Under Scenario C, which assumes three percent inflation and a higher value for the apartment component of the development, the District is estimated to have an incremental value of $145 million at the time of completion, projected to occur in the bond year ending February 15, 2021.

Under Scenario D, which assumes three percent inflation and partial development, the District is estimated to have an incremental value of $76.6 million at the time of completion, projected to occur in the bond year ending February 15, 2021.

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[3] As noted in subsequent sections of this report, stabilization typically occurs one to three years following construction completion or upon the next property revaluation after projected material lease-up of income-producing property. The next revaluations are expected to occur as of 2014, 2017, and 2020. This study assumes phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. For certain types of development, the phase-in value is assumed to be equal to the stabilized value. See Appendices A-II, C-II, D-II, and E-II for projected absorption.

Under Scenario E, which assumes three percent inflation, partial development, and a higher value for the apartment component of the development, the District is estimated to have an incremental value of $105.1 million at the time of completion, projected to occur in the bond year ending February 15, 2021.

Table I-A provides the projected total and incremental assessed value for the District upon completion. Refer to Appendices A through E, attached hereto, for more information on the projected incremental value for each year.

TABLE I-A[4]

Projected Assessed Values – Annapolis Junction Town Center District

Scenario	*Projected Value*[1]	*Base Value*[2]	*Incremental Value*
A – Base Case	$118,058,157	($1,608,000)	$116,450,157
B – No Appreciation	$98,871,848	($1,608,000)	$97,263,848
C – Increased Apartments Value	$146,580,096	($1,608,000)	$144,972,096
D – Phase II/II-A Only	$78,177,024	($1,608,000)	$76,569,024
E – Phase II/II-A Only, Increased Apartments Value	$106,698,963	($1,608,000)	$105,090,963

[1]Refer to Footnote 3 on preceding page for information regarding completion and stabilization assumptions.
[2] The certified base value of $1,608,000 is the same for all scenarios. For Scenarios D and E, which assume only Phase II/II-A of the development is completed, the total projected value includes an amount associated with the portion of the site assumed to remain undeveloped (based on projected developed square feet), under the assumption that undeveloped land will retain its current value and will not create increment.

Projected Incremental Taxes

As outlined earlier, the projected assessed values displayed in Table I-A are the basis for estimating incremental real property taxes. The projected incremental taxes are shown below in Table I-B.[5]

TABLE I-B

Projected Incremental Taxes – Annapolis Junction Town Center District

Scenario	*Annual Incremental Taxes at Build-Out*[1]	*Cumulative Total Through Tax Year 2043*
A – Base Case	$1,174,901	$43,554,125
B – No Appreciation	$981,324	$26,145,494
C – Increased Apartments Value	$1,462,667	$54,005,609
D – Phase II/II-A Only	$772,528	$28,895,382
E – Phase II/II-A Only, Increased Apartments Value	$1,060,294	$39,348,213

[1]Assumes full build-out of the project in calendar year 2017 for Scenarios A, B, and C and calendar year 2016 for Scenarios D and E, with stabilized incremental taxes available for debt service in the bond year ending February 15, 2021.

[4] The methodology used to calculate assessed values is explained in subsequent sections of this report.
[5] The methodology used to calculate incremental taxes is explained in subsequent sections of this report with detailed calculations included in Appendices A through E, attached hereto. Annual incremental taxes are shown at full build-out and are expressed in dollars for the year in which full build-out is anticipated. Assumes payment is remitted in time to receive 0.5% discount, as subsequently described in Section II.

Refer to Appendices A through E for projected tax increment revenues for each year.

Potential BRAC Zone Revenue

In addition to incremental taxes, available revenues could be augmented due to the development's designation as a qualified property in a "BRAC Zone," as subsequently described in Section VII of this report. For qualified properties, a local jurisdiction receives up to 100% of the State real property tax increment and a payment equal to 50% of the local jurisdiction's real property tax increment for a ten-year period, subject to the limits of the State budget appropriation. Under the enabling legislation for the program, the State provides up to $5,000,000 annually, subject to appropriation by the State in each year, to be paid to all local jurisdictions under the program, which the local jurisdictions may appropriate to pay debt service on tax increment financing bonds or to pay for infrastructure improvements in the District. If the total eligible disbursements to local jurisdictions exceed $5,000,000, each jurisdiction receives a pro rata share, which could reduce the payments to Howard County for development within the District. BRAC Zone revenue is available for ten years from the date the first property in the BRAC Zone is completed and certified by the jurisdiction as a qualified property. If it is assumed that all potential projected BRAC Zone revenue from the development is received and made available to pay debt service, the total projected increase is shown in Table I-C.[6]

TABLE I-C

Projected Tax Increment Plus BRAC Zone Revenue – Annapolis Junction Town Center District

Scenario	***Annual BRAC Zone Revenues at Build-Out***[1]	***Annual Tax Increment and BRAC Zone Revenues at Build-Out***	***Cumulative Total of all Revenue Through Tax Year 2043***
A – Base Case	$720,826	$1,895,727	$50,886,115
B – No Appreciation	$602,063	$1,583,387	$31,951,236
C – Increased Apartments Value	$897,377	$2,360,044	$63,024,599
D – Phase II/II-A Only	$473,962	$1,246,490	$33,860,823
E – Phase II/II-A Only, Increased Apartments Value	$650,513	$1,710,807	$46,001,481

[1]Assumes full build-out of the project in calendar year 2017 for Scenarios A, B, and C and calendar year 2016 for Scenarios D and E, with stabilized incremental taxes available for debt service in the bond year ending February 15, 2021. BRAC revenues are available for the ten-year life of the BRAC zone, commencing the date the first property in the BRAC zone becomes a qualified property.

Detailed estimates of potential BRAC Zone revenue are included in Appendix J of this report.

Projected Debt Service Coverage

The total bond amount secured by tax increment revenue that will initially be issued on behalf of the District is assumed to be $17,000,000. This bond issue results in an estimated $1,207,304 in net annual debt service for the bond year ending February 15, 2021 (the first year in which stabilized taxes from the fully completed development are anticipated), assuming a 6.50% interest rate.[7] The projected net debt

[6] The information herein reflects MuniCap's understanding of how distribution of revenues under the BRAC Zone program is expected to work. As this project is the County's first in the program, there is no substantial historical demonstration of the process. Section VII of this report provides information on the potential dilution BRAC funding available due to future projects. No assurance can be given that BRAC Zone revenues as projected herein will be available to pay debt service.

[7] Based on calculations of debt service at the assumed rate as provided by Stifel, Nicolaus & Company, Inc. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc.

service is included in Schedules A-VI, B-II, C-VI, D-VI, and E-VI of Appendices A through E, respectively, at the end of this study.

Real property tax increment revenues are projected to be insufficient to pay debt service on the Bonds in some years, necessitating some combination of the receipt of BRAC Zone revenue, as discussed below, or the collection of special taxes, as discussed more fully in Section VIII of this report. For Scenario A, real property tax increment revenues are projected to be insufficient to fully cover debt service through the bond year ending February 15, 2023, and sufficient thereafter through the bond year ending February 15, 2044, which represents the final maturity date of the bonds. For Scenarios B and D, real property tax increment revenues are projected to be insufficient to fully cover debt service throughout the life of the bonds. For Scenarios C and E, real property tax increment revenues are projected to be insufficient to fully cover debt service through the bond year ending February 15, 2018 and February 15, 2034, respectively, and sufficient thereafter.

Table I-D shows the total estimated special taxes to be collected through the bond year ending February 15, 2044 for each scenario, assuming only tax increment is available to pay debt service, without consideration of additional BRAC Zone revenue.

TABLE I-D
Projected Special Taxes (Tax Increment Only)

Scenario	*Debt Service through Bond Year 2044*	*Incremental Tax Revenues through Bond Year 2044*	*Special Taxes Collected through Bond Year 2044*
A – Base Case	$40,446,181	$43,554,125	$836,529
B – No Appreciation	$40,446,181	$26,145,494	$14,300,686
C – Increased Apartments Value	$40,446,181	$54,005,609	$485,393
D – Phase II/II-A Only	$40,446,181	$28,895,382	$11,550,799
E – Phase II/II-A Only, Increased Apts. Value	$40,446,181	$39,348,213	$2,132,648

Table I-E below shows the estimated annual debt service coverage at full build-out for each scenario, again assuming only projected tax increment is available to pay debt service.

TABLE I-E
Debt Service Coverage at Build-Out (Tax Increment Only)

Scenario	*Annual Debt Service at Build-Out*[1]	*Annual Incremental Taxes at Build-Out*	*Debt Service Coverage*[2]
A – Base Case	$1,207,304	$1,174,901	97%
B – No Appreciation	$1,207,304	$981,324	81%
C – Increased Apartments Value	$1,207,304	$1,462,667	121%
D – Phase II/II-A Only	$1,207,304	$772,528	64%
E – Phase II/II-A Only, Increased Apts. Value	$1,207,304	$1,060,294	88%

[1]Assumes full stabilization occurs in bond year ending February 15, 2021.
[2]As more fully described in Section VIII, special taxes provide additional debt service coverage for years in which tax increment is insufficient. See Schedules A-6, B-2, C-6, D-6, and E-6 of Appendices A-E, attached hereto, for detailed calculations of debt service coverage on an annual basis.

Table I-F shows the total estimated special taxes to be collected through the bond year ending February 15, 2044 for each scenario, assuming that, in addition to tax increment, BRAC Zone revenue is available to pay debt service. The Indenture allows the County to withdraw BRAC Zone revenues on July 15 of each fiscal year only if funds are on deposit to pay debt service on August 15 of that fiscal year and certain other tests are met. The County may withdraw all BRAC Zone revenues if tax increment revenues receivable in that fiscal year are sufficient to pay net debt service due on February 15 of that fiscal year and August 15 of the next fiscal year. Alternatively, if the BRAC Zone revenues exceed the product of (A) the number of years remaining until the final maturity date of the bonds and (B) the difference between (I) the amount of tax increment revenues receivable in the current Fiscal Year and (II) the amount of net debt service on February 15 of such fiscal year and August 15 of the next fiscal year (the "Excess Amount"), the County may withdraw BRAC Zone revenues in an amount equal to the Excess Amount.

TABLE I-F
Projected Special Taxes (Tax Increment & BRAC Zone Revenue)

Scenario	*Debt Service through Bond Year 2044*	*Incremental Tax & BRAC Zone Revenues through Bond Year 2044*	*Special Taxes Collected through Bond Year 2044*
A – Base Case	$40,446,181	$50,886,115	$229,777
B – No Appreciation	$40,446,181	$31,951,236	$11,403,826
C – Increased Apartments Value	$40,446,181	$63,024,599	$227,139
D – Phase II/II-A Only	$40,446,181	$33,860,823	$7,190,011
E – Phase II/II-A Only, Increased Apts. Value	$40,446,181	$46,001,481	$516,121

Table I-G below shows the estimated annual debt service coverage at full build-out for each scenario, assuming both tax increment and BRAC Zone revenues are available to pay debt service.

TABLE I-G
Debt Service Coverage at Build-Out (Tax Increment & BRAC Zone Revenue)

Scenario	*Annual Debt Service at Build-Out*[1]	*Annual Revenues at Build-Out*	*Debt Service Coverage*[2]
A – Base Case	$1,207,304	$1,895,727	157%
B – No Appreciation	$1,207,304	$1,583,387	131%
C – Increased Apartments Value	$1,207,304	$2,360,044	195%
D – Phase II/II-A Only	$1,207,304	$1,246,490	103%
E – Phase II/II-A Only, Increased Apts. Value	$1,207,304	$1,710,807	142%

[1]Assumes full stabilization occurs in bond year ending February 15, 2021.
[2]As more fully described in Section VIII, special taxes provide additional debt service coverage for years in which tax increment and BRAC Zone revenue is insufficient. See Schedules A-6, B-2, C-6, D-6, and E-6 of Appendices A-E, attached hereto, for detailed calculations of debt service coverage on an annual basis.

The attached Charts 1 through 5 at the end of this executive summary graphically expresses the projected debt service coverage under each scenario.

CHART 1: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO A -- BASE CASE)

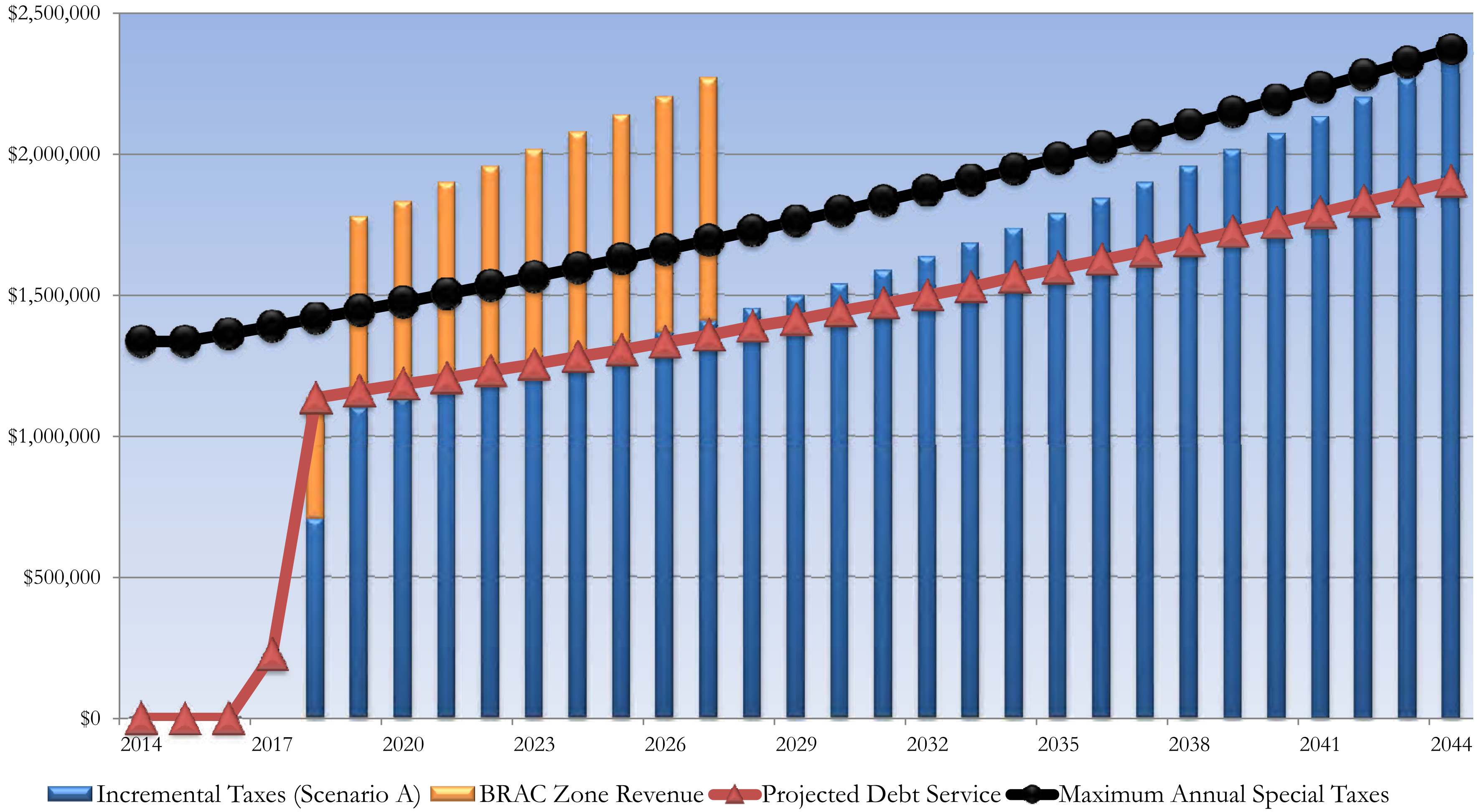


CHART 2: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO B -- NO APPRECIATION)

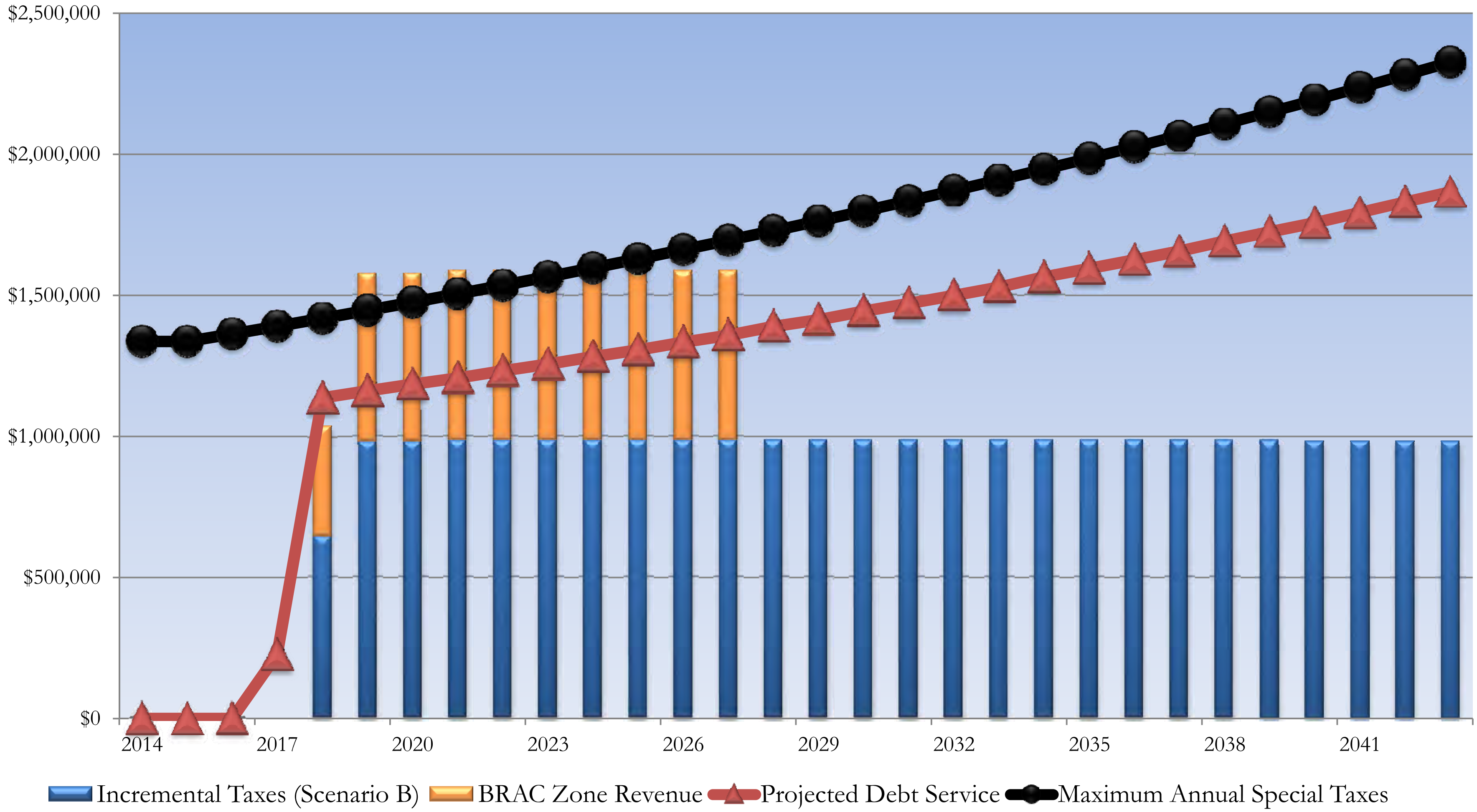


CHART 3: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO C -- INCREASED APARTMENTS VALUE)

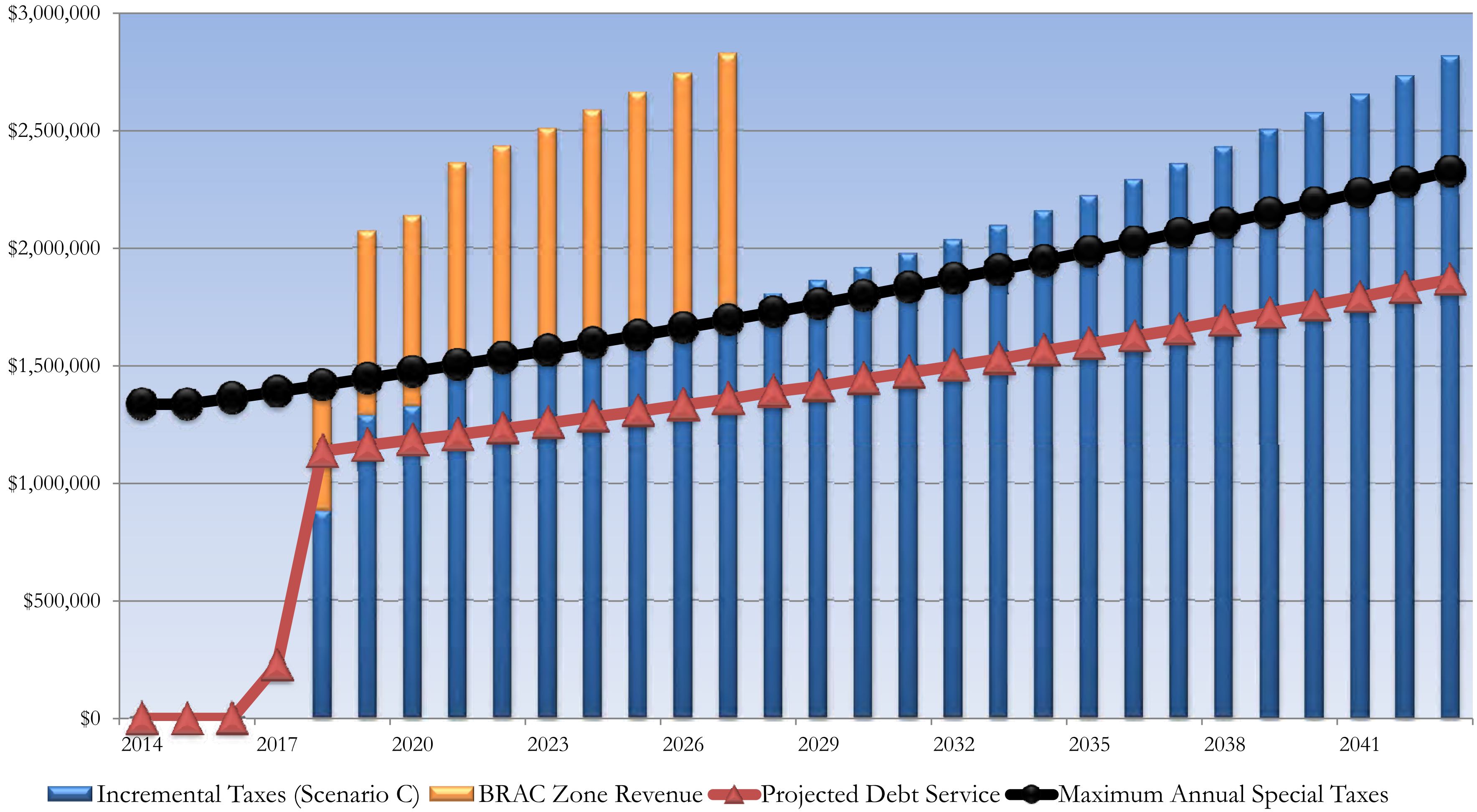


CHART 4: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO D -- PHASE II/II-A ONLY)

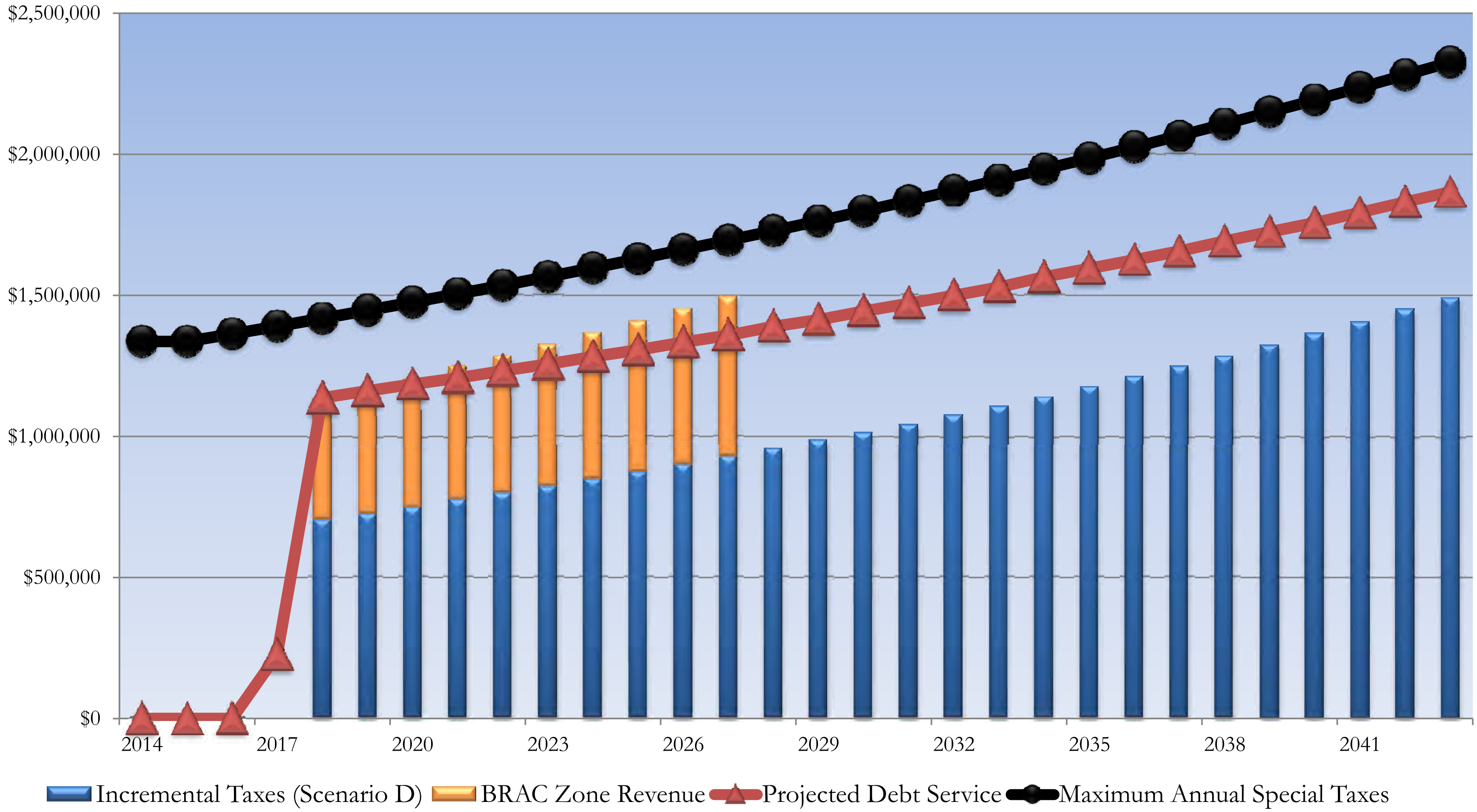
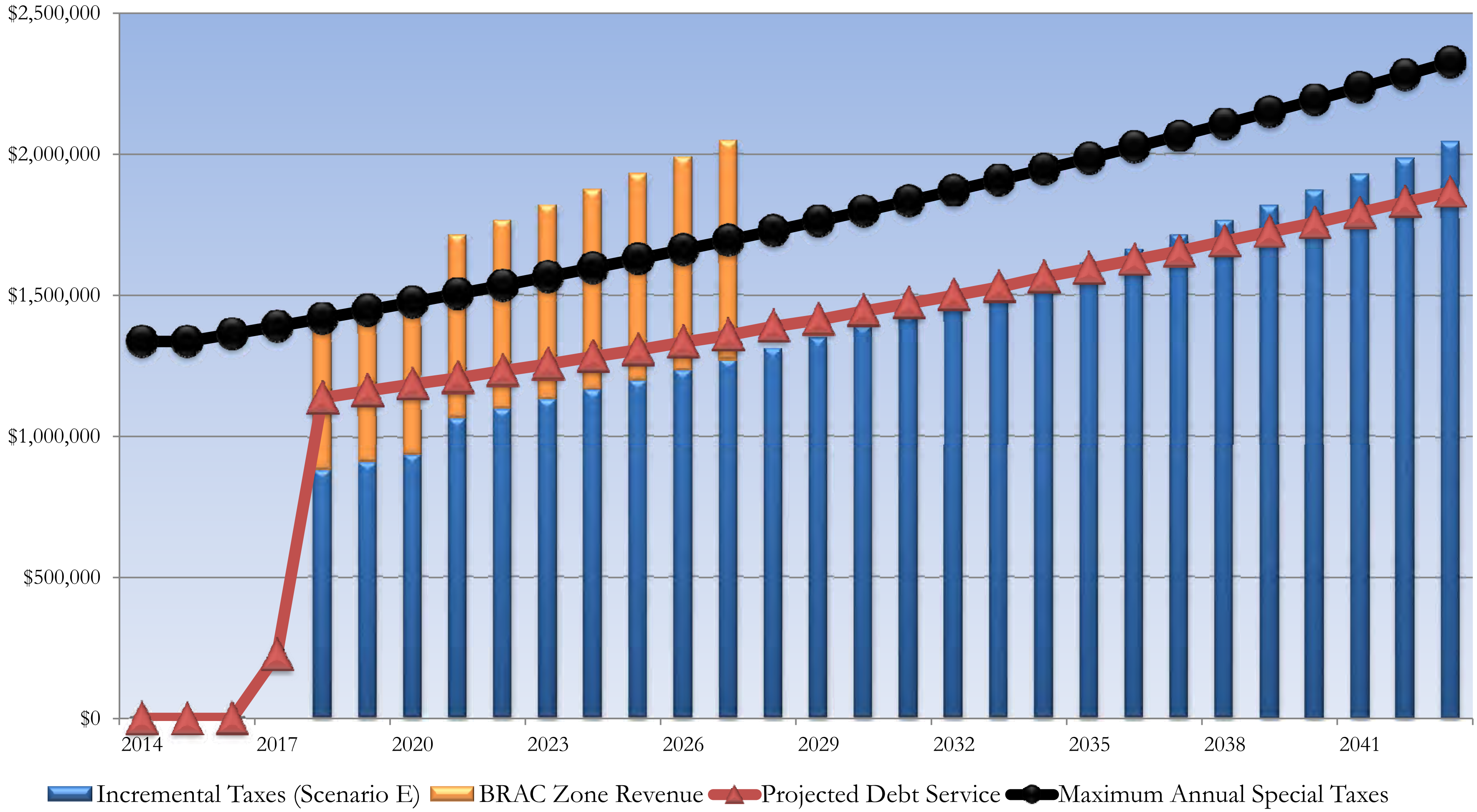


CHART 5: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO E -- PHASE II/II-A ONLY, INCREASED APARTMENTS VALUE)



II. Assessment and Tax Collection Procedures

ASSESSMENT PROCEDURES

Overview

Pursuant to Maryland State Law, all taxes upon real property must be "laid upon the actual value of the property taxed in a fair and equitable manner." The Supervisor of Assessments for the County, appointed by the Maryland State Department of Assessments and Taxation ("SDAT"), assesses properties on a triennial basis, with one-third of the properties in the County reassessed every year. The Supervisor of Assessments performs a number of functions, including the tasks of appraising and listing all real property for taxation that is located in the County and maintaining an inventory of all real estate within the County, including depictions of land ownership boundaries, data records showing ownership, and legal descriptions.

Schedule

Property is assessed as of its condition on January 1 of the assessment year. The property is assessed once every three years in the State of Maryland unless new improvements are made to the property. Property is reassessed for new improvements each quarter. There are three Assessment Areas in the County. The reassessment dates for the three Assessment Areas are as follows:

Assessment Area	Last Reassessment Year
Assessment Area 1	January 1, 2013
Assessment Area 2	January 1, 2014
Assessment Area 3	January 1, 2012

SDAT divides reassessment regions and dates into three separate Assessment Areas based on geographical location. Specifically, the subject property is located in Assessment Area 2 of the County, which was reassessed as of January 1, 2011 and will next be reassessed as of January 1, 2014 and every three years thereafter. Property owners will receive assessment notices for the subject property in December 2013 for the next reassessment.[8] Upon receipt of the assessment notification, property owners may begin the appeals process. A detailed schedule of the assessment, appeals, and taxation process is included in the discussion of taxation as Table II-B.

As stated, property is reassessed for new improvements each quarter. For purposes of this study, it is assumed that property is not reassessed at its full value until January 1 after the year in which improvements were completed. This study does not assume any assessed value increase for partial construction.

Methodology

Maryland State law requires assessed values to be based on full cash value as established by selling prices in a market area. Since assessments are performed every three years, the Supervisor of Assessments is required to calculate a "phase-in assessment." Apart from new construction, for any increase in the full cash value of a property, Maryland State law requires that the increase in value over the old value be "phased-in" over the next three years. For example, a new appraisal of

[8] Source: Maryland State Department of Assessments and Taxation.

$130,000 is compared to an old appraisal of $100,000. In this example, the new appraisal is $30,000 higher than the old appraisal. The $30,000 is "phased-in" equally over the next three years: 1st year, $110,000; 2nd year, $120,000; 3rd year, $130,000.

The Supervisor of Assessments uses different valuation methods depending on property type. A brief description of these methods follows.

Cost Approach – As the name implies, the cost approach values property on the basis of the costs of development. The value of a structure is determined by estimating the cost to replace the building with a new structure and then subtracting depreciation. This method assumes the cost of replacing the existing building plus the value of the land equals market value. The steps in applying the cost approach include:

- Estimating the site value (land and site improvements) through review of comparable sales;
- Estimating the cost of replacing the existing building with one of similar usefulness (reflecting current building design and materials); and
- Deducting all sources of depreciation, including physical deterioration ("wear and tear" on a building) and functional and economic obsolescence. Functional obsolescence is the reduced ability of the building to perform the function it was originally designed and built for. Economic obsolescence refers to external forces that affect the ability of the building to continue to perform, including changes in transportation corridors, new types of building design demanded by the market, etc.

The cost approach is relied upon most often when the property being appraised is new or nearly new and income is not yet stabilized, where there are no comparable sales, or where the improvements are relatively unique or specialized.

Sales Comparison Approach – The sales comparison approach is based on the premise that the value of a specific property is set by the price an informed purchaser would pay for a comparable property, offering similar desirability and usefulness. For instance, if recent sales of condominium units within the same building indicate an increase in market values, all assessed values for condominiums in the building will be reassessed to reflect this increase in market value. This requires an understanding of all market variables, including location, property size, physical features and economic factors. The process of identifying and analyzing comparable property sales is repeated until a satisfactory range of value indicators for the subject property is established and a final estimate of value is possible. The limitations of the sales comparison approach are that it requires recent and accurate sales data for similar properties. The sales comparison approach is relied upon most often for appraising for-sale residential property.

Income Capitalization Approach – The income capitalization approach to value is based on the premise that the value of a property is directly related to the income it will generate. The Supervisor of Assessments analyzes both the property's ability to produce future income and its expenses, and then estimates the property's value. The Supervisor of Assessments develops a capitalization rate by analyzing the sales of similar income properties and determining the relationship between the sale price and net income.

The steps in applying the income capitalization approach are to determine the stabilized, net-operating income by:

- Estimating potential gross income from all sources;
- Deducting an allowance for vacancy and bad debts; and
- Deducting all direct and indirect operating expenses.

The resulting net operating income is capitalized by a market rate, which reflects the property type and effective date of valuation to produce an estimate of overall property value.

To determine the potential gross income, the Supervisor of Assessments determines market rents by analyzing rents, both within the property being assessed and in comparable properties in the neighborhood and making an allowance for vacancy and collection loss.

To determine the effective gross income, the Supervisor of Assessments deducts operating expenses.

The Supervisor of Assessments determines the capitalization rate by analyzing sales (comparing net operating income to sale price) in the same market to determine rates of return. The capitalization rate will vary depending on the attractiveness of a property as an investment, income risks and physical factors. In the absence of sufficient sales data, the Supervisor of Assessments may use standard industry rates as generated by other sources to determine cap rates.

The income approach is relied upon most often when appraising properties that produce a rental income from single or multiple tenants. The capitalized value of the income stream provides an estimate of the market value of the property (land and improvements).

Appeals

Property owners in the State of Maryland have the right to appeal property assessments on the basis of taxability, uniformity, or values. In the County, this appeal must be submitted within 45 days of notification that the property value has changed. A property's value may also be appealed in any year of the three-year assessment cycle if the property owner feels the value has decreased in that time. The out-of-cycle appeal must be filed by the first working day after January 1 of the year of the appeal. Upon appeal, the Assessor reviews the claim and renders a decision. If the property owner still objects to the findings, the owner has 30 days to file an appeal with Property Tax Assessment Appeal Board, an independent board comprised of three local residents in the County.

Upon receiving the appeal, the Property Tax Assessment Appeal Board will schedule a hearing. If the property owner is not satisfied with the decision made by Property Tax Assessment Appeal Board, an appeal may be filed with the Maryland Tax Court within 30 days of the date of board's decision. Decisions rendered by the Maryland Tax Court may be appealed to the regular judiciary system based on a legal or procedural basis, but cannot appeal the actual value to the Circuit Court. A detailed schedule of the assessment, appellate, and taxation process is included in the discussion of taxation as Table II-B.

TAXATION PROCEDURES

Overview

The Property Tax Accounting Division of the Department of Finance takes the appraised values provided by SDAT, applies any applicable exemptions, and calculates taxes for each property. The A third party acting on behalf of the Property Tax Accounting Division then mails bills to corresponding property owners.

Credits and Exemptions

There are several State and County programs that result in real property tax credits and exemptions. Based on reviews of the proposed development, the likely potential ownership of property within the District, and discussions with SDAT, no credits or exemptions were assumed to be applicable in this study for purposes of projecting tax increment.

BRAC Revitalization and Incentive Zone Program

The Maryland State Department of Business & Economic Development offers an incentive as a result of the Federal Base Realignment and Closure ("BRAC") program to jurisdictions impacted by the growth at military installations. Specifically, the BRAC Revitalization and Incentive Zone Program (the "BRAC Zone Program") allows for the capture of tax increment to finance public infrastructure in areas identified as a BRAC Zone for a ten-year period. For qualified properties located in a BRAC Zone, the local jurisdiction receives 100% of the State real property increment and a payment equal to 50% of the local jurisdiction's real property tax increment. Under the enabling legislation, the State provides up to $5,000,000 annually, subject to appropriation in each year, to be paid to all local jurisdictions under the program, which the local jurisdictions may appropriate to pay debt service on tax increment financing bonds or to pay for infrastructure improvements in the District. If the total eligible disbursements to local jurisdictions exceed $5,000,000, each jurisdiction receives a pro rata share.

To obtain a BRAC Zone designation, jurisdictions may submit applications to the Secretary of the State Department of Business & Economic Development by April 15 and October 15 each year. The Secretary is limited to six zones in a calendar year and a county may not receive more than 2 designations for the duration of the program.[9] To date the State has designated seven BRAC Zones.

The development within the District has been designated a BRAC Zone. A range of estimates for these potential revenues is provided in Section IX of this report.

Discounts, Penalties, and Interest

All taxes remaining unpaid after the County due dates are delinquent and are subject to interest and penalties. County taxes are collected annually without interest or penalty by September 30th and December 31st.[10] Property owners receive a 0.5% discount on the portion of property tax payments received during July. Property taxes become delinquent on October 1st following the first semiannual payment and January 1 following the second semiannual payment. Delinquent taxes are subject to interest and penalty at the rate of 1.5% per month on all County taxes and fees and 1.0%

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[9] Source: Maryland State Department of Business & Economic Development. For fiscal year 2014, the real property tax rate is $0.112 per $100 for the State and $1.014 per $100 of assessed value for the County.

[10] The timeline discussed herein is for property that is not owner-occupied residential or a small business. Property owners in the County have the option of paying semi-annual payments on taxes for their primary residence or small businesses with total taxes less than $100,000, with payments due on September 30th and December 31st. As no owner-occupied property is contemplated herein, only the timeline for annual payments is considered.

on State taxes. For purposes of this study, it is assumed that all property owners in the District remit payment in time to receive the full 0.5% discount.

According to County records, 99.5% of real property taxes were paid within the fiscal year they were levied from 2000 to 2013, the most recent year for which data is available. Including collections in subsequent years, 99.9% of taxes levied during that timeframe have been collected to date, as shown in Table II-A.

TABLE II-A
Historic Taxes Levied and Collected – Howard County, 2000-2013

Fiscal Year Ended June 30	*Taxes Levied for Fiscal Year*	*Taxes Collected within Fiscal Year*	*Percentage of Levy Collected within FY*	*Percentage of Levy Collected to Date*
2000	$236,531,533	$235,348,987	99.5%	99.9%
2001	$250,619,586	$249,341,918	99.5%	100.0%
2002	$272,888,397	$270,842,836	99.3%	99.9%
2003	$286,459,075	$284,784,071	99.4%	99.9%
2004	$306,220,976	$305,055,699	99.6%	100.0%
2005	$338,595,522	$336,809,362	99.5%	100.0%
2006	$384,872,472	$382,410,597	99.4%	100.0%
2007	$435,502,514	$433,853,289	99.6%	100.0%
2008	$507,119,578	$505,564,702	99.7%	99.9%
2009	$569,987,425	$568,246,317	99.7%	99.9%
2010	$601,068,331	$599,327,223	99.7%	99.9%
2011	$577,633,399	$574,829,923	99.5%	99.9%
2012	$541,972,687	$540,659,569	99.8%	100.0%
2013	$551,716,941	$547,732,006	99.3%	99.3%
Total	**$5,861,188,436**	**$5,834,806,499**	**99.5%**	**99.9%**

Source: *Howard County, MD Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013* for all years from 2004 onwards (information for years prior to 2004 provided in same document for Fiscal Years Ended June 30, 2008). Taxes levied represent the total adjusted levy. Percentage of levy collected to date includes penalties and interest levied and collected.

Tax Sale

Tax sale is where a property is sold at public auction to the highest bidder for nonpayment of property taxes and other fees. At the tax sale the bidding starts at taxes due plus interest and penalties and other expenses incurred in making the sale. The lien on the property then passes to the tax sale purchaser. A tax sale certificate is given to the purchaser. The tax sale certificate is valid for a period of two years unless redemption of the property occurs. For redemption to occur, the property owner must pay the County:

(1) The total price paid at the tax sale for the property together with interest;
(2) Any taxes, interest, and penalties paid by any holder of the certificate of sale;
(3) Any taxes, interest, and penalties accruing after the date of the tax sale; and
(4) Any expenses or fees for which the holder of the certificate of sale is entitled for reimbursement in any action or preparation for foreclosure on the property.

Taxes which are delinquent as of March 1 of each year receive a final legal notice. Beginning April 1st, additional charges are added to the property tax bill for the cost of tax sale preparation. The delinquent properties are advertised in the *Howard County Times/Columbia Flier* for at least four weeks prior to the sale.

No assurances can be given that the real property subject to tax sale will be sold or, if sold, that the proceeds of any sales will be sufficient to pay all delinquent special taxes or ad valorem taxes.

Timeline

After the tax roll is submitted by the Office of the Assessor at the beginning of January, the Property Tax Accounting Division calculates taxes owed and engages a third party to send bills on its behalf beginning in early July and early December for the first and second annual installment, respectively. The property owner has the right to appeal the assessed value, which must be submitted within 45 days of receiving an assessment notice. The County property taxes are due by September 30th and December 31st for the first and second annual installment, respectively.

In all scenarios included herein, incremental taxes are first projected to be generated from development occurring in calendar year 2015 and assessed as of 1-January-2016, with taxes payable by 30-September-2016 and first applicable to debt service in the Bond Year Ending 15-February-2017. These scenarios assume stabilized incremental taxes available for debt service in the bond year ending 15-February-2021.

Table II-B below outlines the assessment, appeals, and taxation timeline. Subsequent sections of this report provide greater detail regarding the projected timing of development and incremental taxes.

TABLE II-B

Assessment, Appellate, and Taxation Timeline

Process	***Date***
Assessment notification mailed to property owners	Late December
Valuation date (Date of Finality) for real property	January 1
Deadline for out-of-cycle appeals	1st business day following January 1
Deadline for appealing reassessment notices mailed the prior December	Mid- February
Tax bills mailed for first semiannual installment (including special taxes)	Early July
Deadline for payment of taxes to receive 0.5% discount	July 31
Deadline to pay first installment of County taxes (including special taxes)	September 30
Taxes payable by September 30 subject to 1.5% monthly interest	October 1
Tax bills mailed for second semiannual installment[11]	Early December
Deadline to pay second installment of County taxes	December 31
Delinquent properties subject to tax sale (notices mailed to property owners)	March 1
Tax sale	By June 30

[11] Only owner-occupied residential parcels and small businesses are eligible to pay real property taxes in semi-annual installments. It is assumed that all projected incremental taxes for the District must be paid in one annual installment.

Tax Rates

Tax rates are set on an annual basis by the County. From the fiscal years 2000 to 2014, the effective tax rate decreased by 2.9% percent, with a compounded average annual decrease of 0.21%. For fiscal year 2014, the real property tax rate in the County is $1.014 per $100 of assessed value.

County tax rates have fluctuated in past years. It is likely that this tax rate will continue to change overtime; for purposes of this study, however, it is assumed that the tax rate remains static at its current level in future years.

Table II-C provides historical tax rates in the County from fiscal years 2000 to 2014. A visual presentation of the change in tax rate over the years is shown in Chart 6 at the end of this section.

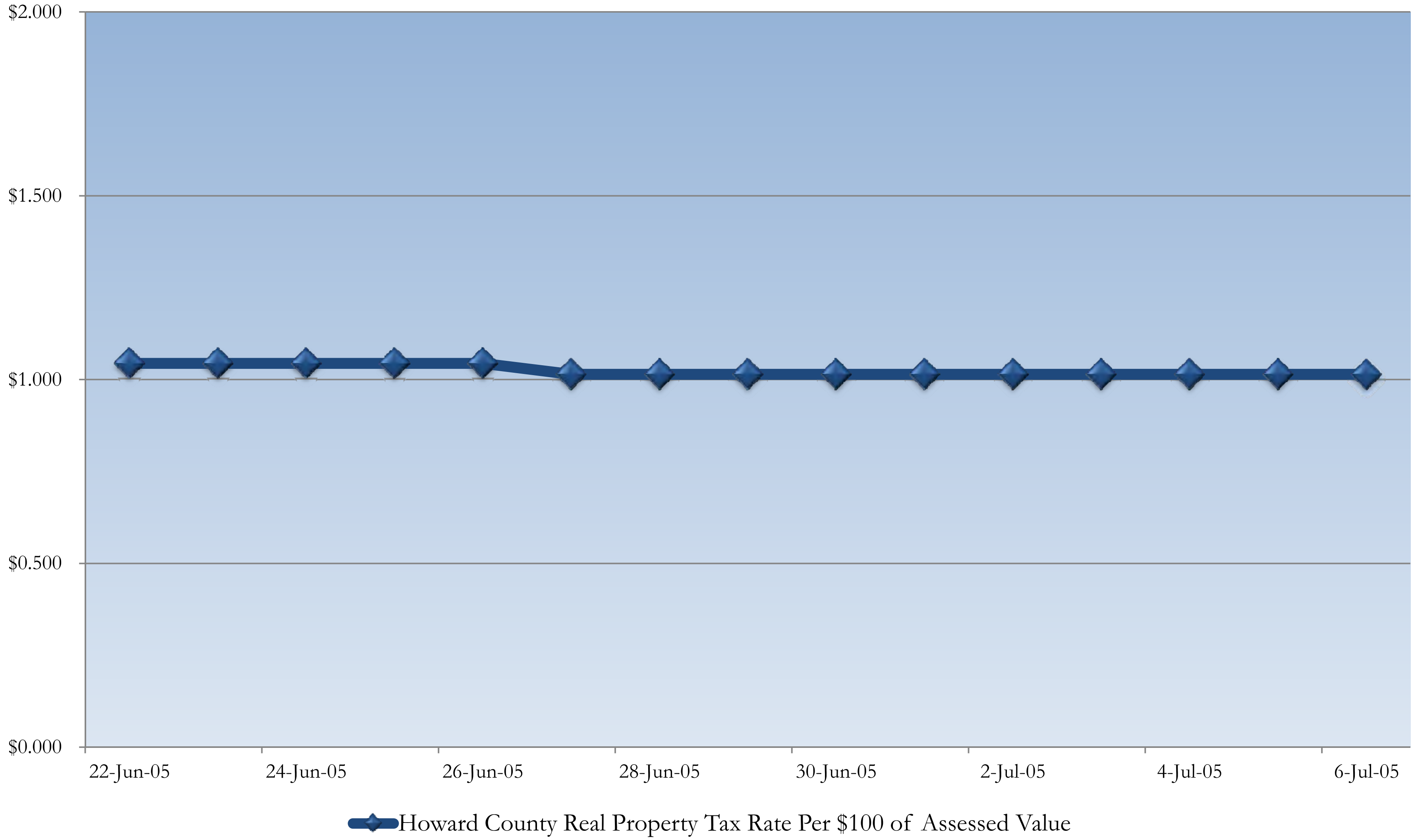
TABLE II-C[12]

Howard County Historical Tax Rates (2000-2014)

Fiscal Year Ended June 30	***County Tax Rate Per $100 Assessed Value***
2000	$1.044
2001	$1.044
2002	$1.044
2003	$1.044
2004	$1.044
2005	$1.014
2006	$1.014
2007	$1.014
2008	$1.014
2009	$1.014
2010	$1.014
2011	$1.014
2012	$1.014
2013	$1.014
2014	$1.014

[12] Source: *Howard County, MD Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013* for all years from 2004 through 2013. Information for years prior to 2004 provided in same document for Fiscal Years Ended June 30, 2008. Information for 2014 provided by Maryland State Department of Assessments and Taxation.

CHART 6: HOWARD COUNTY HISTORIC REAL PROPERTY TAX RATES



III. Historical Appreciation in Assessed Values

RESULTS

Property values typically appreciate over time. SDAT publishes an annual report for the most recently revalued reassessment area, which provides the average increase in assessments for each county since the previous triennial reassessment. The earliest available information is from the year 2000.

Analysis of triennial changes to assessed value reveals robust appreciation for all real property for the time period selected (2000 through 2013). MuniCap estimated annual appreciation based on the triennial growth reported by SDAT. The average annual appreciation for this time period was 4.90%. This percentage is calculated prior to taking into account the Homestead Credit, which restricts increases in owner-occupied housing assessed values to 5% annually.[13] Table III-A shows the average annual appreciation of assessed values in the County from 2000 to 2013. The percentage in any given year indicates the appreciation over the prior year and is not cumulative.

TABLE III-A
Historical Appreciation in Values

Year	*Increase Since Triennial Reassessment*[1]	*Annual Appreciation*[2]
2000	6.60%	2.15%
2001	10.40%	3.35%
2002	20.10%	6.30%
2003	29.00%	8.86%
2004	39.30%	11.68%
2005	48.50%	14.09%
2006	58.70%	16.64%
2007	50.30%	14.55%
2008	24.20%	7.49%
2009	-2.30%	-0.77%
2010	-19.38%	-6.93%
2011	-18.80%	-6.71%
2012	-8.70%	-2.99%
2013	2.50%	0.83%
Average Annual Appreciation		4.90%
Compound Growth Rate		**4.63%**

[1]Maryland State Department of Assessments and Taxation.

[2]Represents compounded growth rate for three years, based on triennial reassessment.

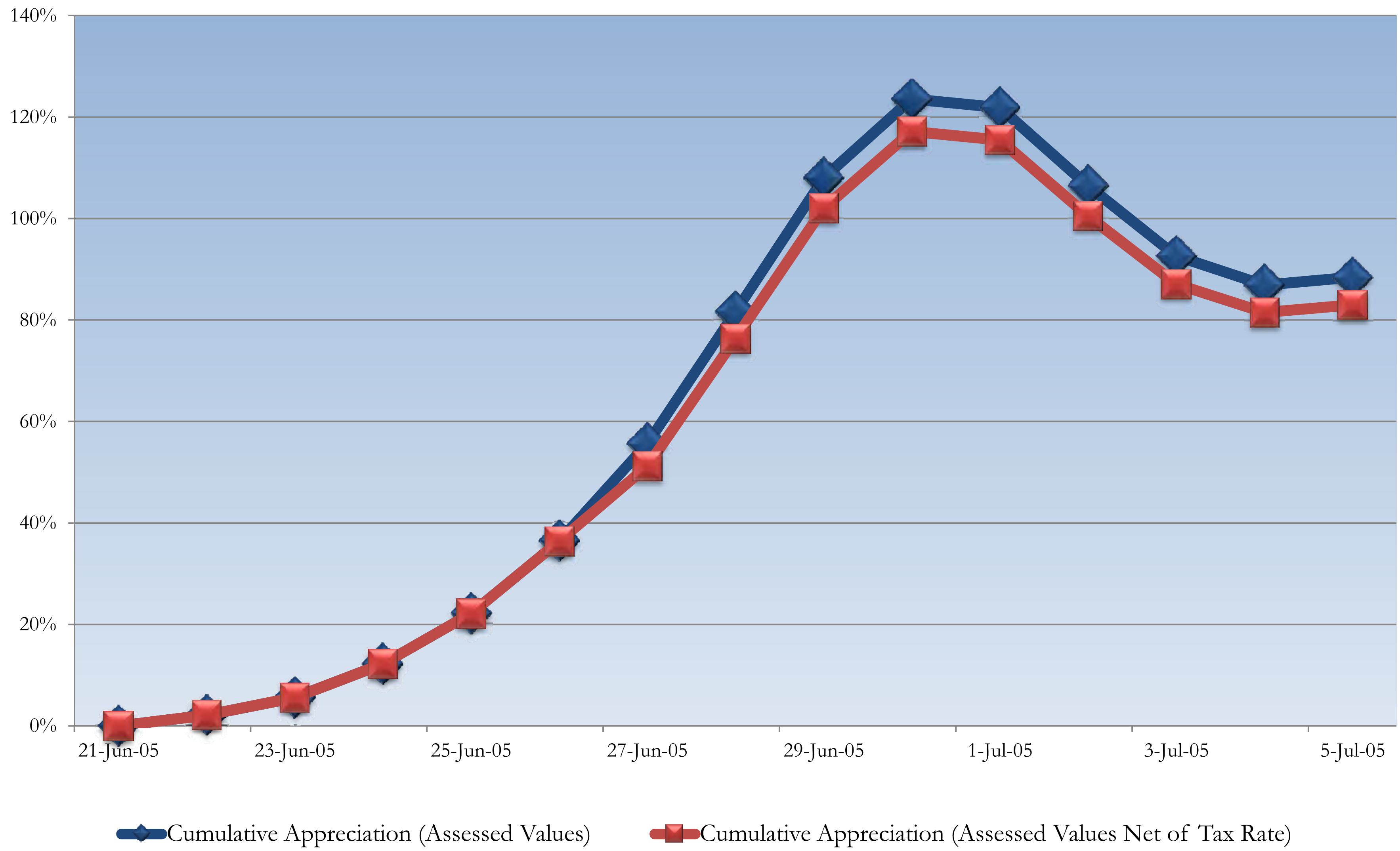
[13] As residential properties are sold, assessed values are reset to reflect current market values, rather than the value as restricted by the Homestead Credit. As a result, in the event that actual growth in market values exceeds 5%, annual growth in assessed values used for tax purposes can be expected to be somewhere between five percent and actual growth in assessed value.

Based on the annual appreciation rates shown in Table III-A, the compound annual growth rate from 2000 to 2013 is 4.63%. Using the annual appreciation rates shown in Table III-A and the tax rates for this same period shown in Table II-D, the compound growth rate of taxes levied on a given parcel has been equal to 4.41%. This information is shown graphically in Chart 7 at the end of this section.

A future annual appreciation rate of 3% for all property has been used in Scenarios A, C, D, and E of this study to project future appreciated assessed values. Based on the historic trends outlined in this section, this rate is believed to be conservative, although it should be noted that values have depreciated in some years, including from 2009 through 2012.[14]

[14] These declines coincided with the real estate crisis of 2008 and the ensuing recession. While the period of decline is not believed to be indicative of a long-term trend, values in future years will not appreciate at a uniform rate and values may depreciate in some years.

CHART 7: HOWARD COUNTY CUMULATIVE HISTORIC APPRECIATION



IV. DESCRIPTION OF ANNAPOLIS JUNCTION TOWN CENTER DISTRICT

HISTORY

On March 26, 2009, the State of Maryland and Petrie Ross Ventures D.C., LLC ("PRV") submitted to Howard County a "Request for the Creation of a Special Taxing District, the Levy of Special Taxes on the Property in the Special Taxing District and the Issuance of Special Obligation Bonds" (the "Original Request").

On May 4, 2009, the County Council of Howard County adopted Council Resolution No. 14-2009 establishing a special taxing district known as the "Savage Towne Centre Special Taxing District" and a development district known as the "Savage Towne Centre Development District." Also included, and adopted, by the Council with the legislative package was Council Bill No. 21-2009 that provided for the collection of the special tax on the property in the Special Taxing District and Council Bill No. 20-2009 that approved a multi-year agreement between the County and PRV for the construction of a parking garage and related infrastructure in the District.

On January 7, 2013, the Developer submitted to the County an Amended and Restated Request for the Creation of a Special Taxing District, the Levy of Special Taxes on the Property in the Special Taxing District, and the Issuance of Special Obligation Bonds to the County (the "Amended Request"). The Amended Request proposed updates to the Original Request including an expansion of the District to include the adjacent Boise Parcel, as further described below, and to change the name of the Districts to the "Annapolis Junction Town Center Special Taxing District" and the Annapolis Junction Town Center Development District" (collectively, the "District"), among other changes.

On February 8, 2013, the County adopted Resolution No. 10-2013 together with Council Bill No. 4-2013 and Council Bill No. 5-2013 that provided for the creation of the District pursuant to the Amended Request, provided for the collection of the special tax on the property in the Special Taxing District, and approved the multi-year agreement between the County and the Developer.

The District was created to finance all or a portion of the costs of certain public improvements for the benefit of the property in the District. Bonds are expected to be issued by the County to fund the costs of the public improvements for the benefit of property within the District. The Bonds will be secured by the County's real property tax increment revenues from all property in the District and backup special taxes on property in the District. Special taxes will be levied and bonds will be issued pursuant to the Act.

The State of Maryland, through the Maryland Department of Transportation, owns 12.73 acres of land at the site of the MARC Savage commuter rail station located in Howard County, Maryland. The State has agreed to sell 9.3 acres of the 12.73 acre site to PRV (now controlled and principally owned by Savage Towne Centre Ventures, LLC and re-named Annapolis Junction Town Center, LLC) ("the Developer"), in exchange for commitments by the Developer to construct a parking garage on the property retained by the State and other commitments to develop the remaining acreage.

Savage Town Centre Ventures, LLC ("STCV") represents that it presently controls and owns 90% of the interests in PRV and that the members of PRV have agreed to sell all of their remaining membership interest in PRV to STCV at or before closing on the 2014 Bonds. Pursuant to an Assignment of Real Estate Sales Agreement dated February 6, 2012 between STCV, PRV and Boise Maryland Business Trust, STCV is the contract purchaser of approximately 5.96 acres of land contiguous to the 12.73 acre site (the "Boise Parcel"). At or before closing the Boise Parcel purchase and sales agreement will be assigned to Annapolis Junction Town Centre, LLC.

The 12.73 acres currently owned by the State, the 5.96 Boise Parcel, and the County right of way parcel consisting of 0.16 acres, together totaling approximately 18.8 acres, are the properties to be included in the District.

Currently, the State owned parcel consists of surface parking areas for use by patrons of the MARC Savage commuter rail station. Additional site uses include storm water management ponds and other surface parking lot improvements. The Boise Parcel was previously a lumber storage and building materials distribution facility owned and operated by Boise Cascade Corporation. On or about 2008/2009, Boise discontinued activities and vacated the site. This parcel currently consists of the following vacant buildings: four wood framed single story office structures, a storage facility, and two other buildings used in conjunction with the property's use as a building materials distribution facility. As more fully described in subsequent sections of this report, major uses planned for the District include apartments, retail, office, and hotel. As mentioned, bonds will be issued for the purpose of financing public improvements necessary for the Annapolis Junction Town Center development.

Tax increment financing is a redevelopment and financing tool by which governments can provide financial assistance to fund infrastructure for eligible public and private redevelopment efforts within an officially designated area of the development. Increases in property tax revenues, which are generated primarily from new investment in the District, are allocated to pay debt service on bonds issued to pay for such infrastructure costs or certain private development costs within the District.

LOCATION

The District is generally bound by Henkels Lane to the north, Dorsey Run Road to the west, and Brock Bridge Road and the CSX rail line to the south. Dorsey Run Road will act as the primary entry point to the District. The District is located approximately two miles west of National Business Park, a premier government-contracted tenant office campus, 12 miles southwest of the Baltimore/Washington International Thurgood Marshall Airport, 20 miles southwest of downtown Baltimore and 25 miles northeast of Washington, DC.

A map of the District, as well as the corresponding proposed development, is included as Exhibit A at the end of Section V.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The County comprises approximately 251 square miles and is located directly between Baltimore and Washington, DC, and is considered part of the Baltimore-Washington Metropolitan Area. The region has ready access to interstates I-95 and I-70, and is also proximate to three major airports and the Port of Baltimore. According to the U.S. Census Bureau, the population of the County has grown from 187,328 in 1990 to 287,085 in 2010, a 53 percent increase.[15]

Historically, the County has been known for its affluence: the U.S. Census Bureau's most recent data ranks the County's median income as the third highest in the nation. The 2009-2011 median household income for the County was $104,375 and the median home price was $430,700, compared to the 2009-2011 median household income of $71,294 and the median home price of $301,400 for the State of Maryland.[16] Over 9,160 businesses are located in the County, many in higher-paying sectors such as technology, telecommunications, biotechnology, and research and development.[17] Major employers include the Johns Hopkins Applied Physics Laboratory, Verizon Wireless, Lorien Health Systems, Howard County General Hospital, and Science Applications International Corporation.[18] According to the U.S. Bureau of Labor Statistics, the average unemployment rate for the County was 4.5% for November 2013, compared to 6.0% for the State of Maryland and 6.6% nationally.[19] The County's unemployment rate represents a slight year-over-year decrease from 4.7% in November 2012.

The County has benefitted from the Base Realignment and Closure (BRAC) program. Under the program, approximately 5,800 skilled positions were transferred to Fort Meade, which is less than two miles outside of the County. In addition, it is estimated that through 2015 an additional 21,000 new jobs will be created due to expansion at Fort Meade. Despite an increase of over 14 million square feet of commercial space in the County over the past five years, commercial vacancy rates have actually declined.[20]

The Howard County Public School System is regarded as one of the best in the nation, and 94.7% of residents over the age of 25 are high school graduates, while 59% have a bachelor's degree or higher. There are also 84 private schools in the County, while the University of Maryland, Johns Hopkins University, Loyola University of Maryland, University of Phoenix, and Howard County Community College all offer programs within the County.[21]

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[15] Source: U.S. Census Bureau, State and County QuickFacts.
[16] *American Community Survey 3-Year Estimates*, U.S. Census Bureau.
[17] Source: Howard County Office of Economic Development.
[18] Source: *Howard County, Maryland Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012.*
[19] Source: U.S. Department of Labor, Bureau of Labor Statistics. Rates are not seasonally adjusted.
[20] Source: *Howard County, Maryland Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012.*
[21] Source: Howard County Office of Economic Development.

V. PROPOSED DEVELOPMENT

OVERVIEW

The District is a 18.8-acre mixed-use development and includes apartment, retail, office, and hotel components. As stated in Section IV, it is located at the intersection Dorsey Run Road and Henkels Lane in Howard County. The proposed mixed-use development will create a live-work environment for residents and commercial tenants of the site, while also providing parking to the adjacent MARC line.

Based on the most recent Developer plans, the proposed development at Annapolis Junction Town Center is to include the following:

Apartments– The apartment component includes 416 units in a "Texas donut" configuration, built around a multi-story structured parking garage. Amenities are to include a pool, large courtyards, an all-weather dog run and pet spa, a media room with theater, a fitness center, electric car charging stations, and LEED Silver designation. The multi-family component is expected to be completed in 2016. The gross area of the planned apartment building is 489,066 square feet, while the integrated parking structure represents an additional 228,358 square feet, for total gross area of 717,424 square feet. Excluding the garage, the net leasable area is 380,574 square feet, of which 25,000 square feet is rentable storage space.

Retail – The retail component includes 14,000 square feet of in-line retail, a 250 square foot kiosk, and an additional 3,200 square feet in retail developed on pad sites, expected to be delivered from 2016-2017. Retail tenants will likely be in the service and convenience categories.

Office – The office component includes 100,000 leasable square feet in a single 4-story building, expected to be delivered by 2017.

Hotel – The hotel component is a 150-room limited service hotel, totaling 84,000 square feet, expected to be delivered by 2017. The hotel is intended primarily to serve the business clientele generated by the nearby office and industrial parks, as well as Fort Meade.

Scenarios A, B, and C assume that all of the above components are completed as planned. Scenarios D and E assume that only Phase II/II-A of the development, which consists of the apartments and 14,000 square feet of in-line retail, is completed as planned.

Table V-A on the following page summarizes the projected development for the District under Scenarios A, B, and C, while Table V-B summarizes the projected development under Scenarios D and E.

Detailed estimated absorption is provided on an annual basis in Appendices A, C, D, and E, attached hereto.

Exhibit A at the end of this section provides the site plan for the development at Annapolis Junction Town Center.

TABLE V-A
Projected Development at Full Buildout (Scenarios A, B & C)

	Projected Development[1]				
Property Type	***Gross SF***	***Net SF***	***Units***	***Net SF Per Unit[2]***	***Rooms***
Apartments					
Market rate	451,446	351,299	384	915	NA
Affordable	37,620	29,275	32	915	NA
Integrated garage	228,358				
Sub-total apartments (w/o garage)	489,066	380,574	416		
Sub-total apartments (w/ garage)	717,424				
Retail					
In-Line retail	14,000	NA	NA	NA	NA
Kiosk	250	NA	NA	NA	NA
Sub-total retail	14,250				
Bank/Restaurant	3,200	NA	NA	NA	NA
Office	100,000	NA	NA	NA	NA
Hotel	84,000	NA	NA	NA	150
Total project (w/o garage)	690,516		416		150
Total project (w/ garage)	918,874				

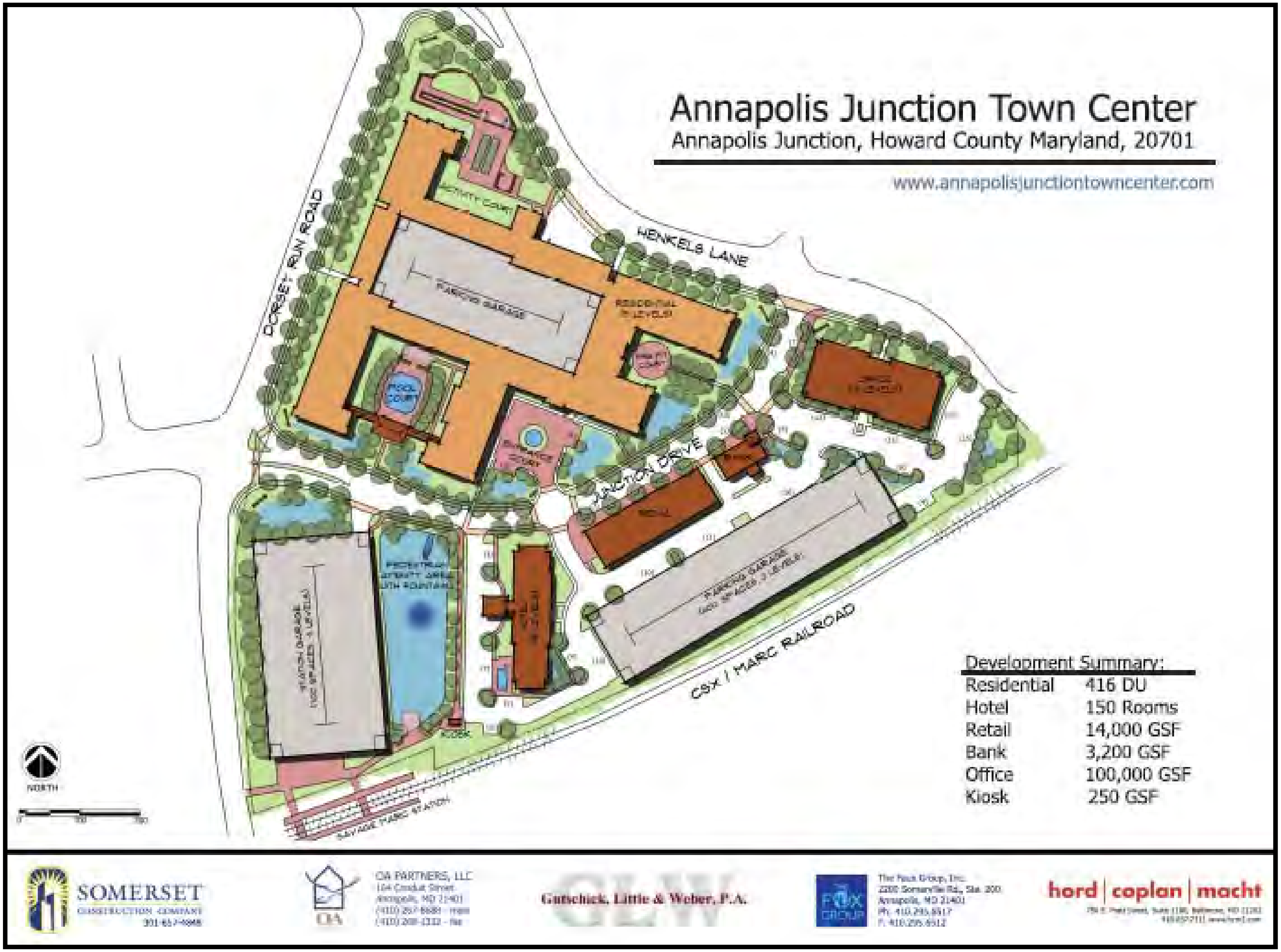
[1]Projected development provided by Annapolis Junction Town Center, LLC.
[2]Includes 25,000 square feet of rentable storage space.

TABLE V-B
Projected Development of Phase II/II-A (Scenarios D & E)

	Projected Development[1]				
Property Type	***Gross SF***	***Net SF***	***Units***	***Net SF Per Unit***[2]	***Rooms***
Apartments					
Market rate	451,446	351,299	384	915	NA
Affordable	37,620	29,275	32	915	NA
Integrated garage	228,358				
Sub-total apartments (w/o garage)	489,066	380,574	416		
Sub-total apartments (w/ garage)	717,424				
Retail					
In-Line retail	14,000	NA	NA	NA	NA
Kiosk	0	NA	NA	NA	NA
Sub-total retail	14,000				
Bank/Restaurant	0	NA	NA	NA	NA
Office	0	NA	NA	NA	NA
Hotel	0	NA	NA	NA	NA
Total project (w/o garage)	503,066		416		NA
Total project (w/ garage)	731,424				

[1]Projected development provided by Annapolis Junction Town Center, LLC.
[2]Includes 25,000 square feet of rentable storage space.

EXHIBIT A: ANNAPOLIS JUNCTION TOWN CENTER SITE PLAN



VI. PROJECTION OF MARKET AND ASSESSED VALUES

OVERVIEW

As outlined in the discussion on assessment procedures in the County, assessed values are based on values as appraised by the Supervisor of Assessments, which, in turn, are meant to represent fair market value. Different property types are appraised using different methods, as described in Section II of this report. This section of the report includes the estimated assessed value and an explanation of the methodology used for each of the proposed development types within the District.

Assumptions

The properties are first assumed to be on the tax roll as developed property based on estimates of when the property will be substantially completed. No interim construction values are estimated in this report. For each property type, this study estimates future absorption based on the more conservative (i.e. slower) projected absorption as provided in the Developer pro forma or as stated in *Market Analysis – Annapolis Junction Town Center* (the "Market Study") by Valbridge Property Advisors (the "Market Consultant") dated April 1, 2013 and revised June 24, 2013.[22]

As stated in Section V, full development plans for the District include 416 market and affordable apartment units, 14,250 square feet of retail, 3,200 square feet of retail pad sites (assumed end-user is a bank or restaurant), 100,000 square feet of office, and a 150 room hotel. Based on the projected absorption from the Developer pro forma and evaluated in the Market Study, this study assumes absorption of the apartment component and the retail component by 2016, with the pad site, office, and hotel components absorbed by 2017.

Table VI-A below shows when properties are assumed to first be assessed under these assumptions. Refer to Appendices A, C, D, and E for detailed annual absorption figures.

TABLE VI-A
Projected Completion Dates

Property	*Estimated Date of Completion*	*Date Improved Value Appears on Assessor's Roll*
Apartments	2016	2017
Retail	2016	2017
Retail pad sites (bank/restaurant)	2017	2018
Office	2017	2018
Hotel	2017	2018

22 In the opinion of the Market Study, Developer forecasts are reasonable. No suggested alterations to projected absorption are offered. In an opinion letter dated January 17, 2013, the Market Consultant states that market demand had not materially changed and conclusions of the Market Study remained valid.

This study assumes an inflation rate of three percent to account for the effect of market appreciation in Scenarios A, C, D, and E. For Scenario B, no inflation is assumed. SDAT reassesses property on a triennial basis, with increases in value due to property appreciation are phased-in over the following three years.

For purposes of estimating value in this report, MuniCap interviewed the Supervisor of Assessments and other SDAT staff, reviewed the findings of the Market Study and A*ppraisal of the Property of the Annapolis Junction Town Center* (the "Appraisal") by Westholm & Associates, LLC (the "Appraiser") dated December 21, 2013, and analyzed current market and assessed values for existing comparable properties. As subsequently described, MuniCap ultimately relied on the values of comparable properties to establish estimates of stabilized value on a per square foot basis for the subject property, and applied these values to the development scenarios outlined in Section V.[23] For comparison, MuniCap also estimated current market values under the income capitalization and cost approaches.

COMPARABLE PROPERTIES

As described in Section V of this report, the proposed development by Annapolis Junction Town Center, LLC, consists of several commercial components. To estimate the value of these properties, MuniCap reviewed a sample of properties believed to be of similar quality to the development planned for Annapolis Junction Town Center. Assessment information of proximate similar properties was compiled and analyzed, serving as a basis of estimating future assessed values at the subject property.

Generally, it is expected that newly developed property will achieve similar values to comparable existing property in the same market area. The two major challenges in making these comparisons are:

1. Accurately identifying the true market area in which the subject property will be competing; and
2. Accurately identifying similar projects that truly allow for a direct comparison of the subject property.

To address these concerns as sufficiently as possible, MuniCap consulted with the Developer to ascertain the existing properties they viewed as direct competition to the proposed development at Annapolis Junction Town Center. MuniCap also reviewed the comparable properties mentioned in the Market Study and the Appraisal. In addition, MuniCap conducted independent research, selecting potentially comparable properties based on use, size, age, quality, and location. The resulting comparables were then discussed with the Supervisor of Assessments for verification that they were suitable comparisons for the subject properties. Finally, MuniCap conducted site visits to examine the location and condition of select comparable properties used herein. The results described in this sub-section.

[23] In the case of the proposed hotel development, comparable values were analyzed on a per room basis rather than a per square foot basis.

Use of Comparable Properties in Anne Arundel County

According to the Market Study, the District is located in a market area that includes portions of both the eastern County and western Anne Arundel County. Moreover, most of the comparable properties identified in the Market Study are located in Anne Arundel County. While generally it is appropriate to include properties identified in the Market Study when generating estimates of value, using comparable properties from a county other than the one in which the subject is located can be problematic due to differences in methodology, even though the Supervisor of Assessments for all counties in Maryland are appointed by SDAT.

As stated in Section II of this report, assessed values in Maryland are required to be based upon actual market value, as determined by property sales. SDAT publishes an annual "Ratio Report," which provides the ratio of assessed value to market value as established by sales in each county. According to SDAT, for tax year 2012, assessed values in the County were, on average, 91.3% of true market value. By comparison, assessed values in Anne Arundel County were, on average, 90.2% of true market value for the same year, suggesting slightly more conservative (i.e. lower) assessed values when compared to true market value. Because of the relative uniformity in assessment ratios, MuniCap concludes that properties located in Anne Arundel County and otherwise comparable to the proposed development within the District are appropriate for inclusion herein without risk of discrepancies in methodology skewing estimated values.[24]

Results – Comparable Properties

This sub-section includes an overview of the comparables used to estimate value for each property type. For a comprehensive listing of the parcels used for comparison, refer to Appendix G, attached hereto. Maps identifying the location of comparables, along with photographs of selected comparables, are included in the attached Exhibits B through K at the end of this sub-section.

[24] In the case of apartments, one comparable property in Baltimore County was also used. According to SDAT data, assessed value in Baltimore County averaged 93% of true market value for tax year 2013.

Apartments

For comparison to the proposed apartment development at Annapolis Junction Town Center, MuniCap looked at eight apartment properties located in the County, Baltimore County, or Anne Arundel County, and built from 1998 through 2012. The comparable properties are shown below in Table VI-B.

TABLE VI-B
Comparable vs. Subject Properties – Apartments
(Highlighted Properties Used for Purposes of Estimating Value)

Property	*County*	*Year Built*	*Assessed Value*	*Net Sq. Feet*	*Units*	*Value PSF*	*Value Per Unit*
Belmont Station[25, 26]	Howard	2008	$25,874,000	234,519	208	$110	$124,394
Concord Park[25, 27]	Anne Arundel	2005	$49,315,000	402,234	335	$123	$147,209
Stonehaven Apartments[25, 27]	Howard	1999	$23,849,500	194,400	200	$123	$119,248
Enclave at Emerson[25, 26]	Howard	2011	$24,949,600	196,207	164	$127	$152,132
Columbia Town Center Apartments[25, 28]	Howard	2001	$73,444,000	557,872	531	$132	$138,313
Lodge at Seven Oaks[26]	Anne Arundel	2007	$54,264,200	405,432	396	$134	$137,031
Arbors at Baltimore Crossroads[25, 28]	Baltimore	2011	$47,529,400	341,776	365	$139	$130,218
Alta at Regency Crest[28]	Howard	2011	$21,791,300	154,292	150	$141	$145,275
Haven at Odenton Gateway[27, 29]	Anne Arundel	2012	$34,982,100	244,440	252	$143	$138,818
Gramercy at Town Center[28]	Howard	1998	$32,206,900	210,772	210	$153	$153,366
Arbors at Arundel Preserve[26]	Anne Arundel	2007	$73,352,200	459,371	496	$160	$147,888
Elms at Stoney Run Village[29]	Anne Arundel	2008	$65,998,100	340,621	280	$194	$235,708
The Quarter (Jazz & Renaissance)[27]	Baltimore	2009	$80,326,800	402,260	430	$200	$186,807
Residences at Arundel Preserves[26]	Anne Arundel	2011	$54,986,500	233,546	242	$235	$227,217
Average (competitive apartments)				306,342	304	$171	$170,158
Annapolis Junction Town Center (Scenarios A, B, & D)				**380,574**	**416**	**$171**	**$156,002**
Annapolis Junction Town Center (Scenarios C & E)[30]				**380,574**	**416**	**$235**	**$215,392**

Of the fourteen properties listed in Table VI-B, the per square foot value of eight were included in the average used for Annapolis Junction Town Center.

Five apartment communities used for comparison herein were identified in the Market Study as competitive with the subject property. The Lodge at Seven Oaks, Arbors at Arundel Preserves, and Residences at Arundel Preserve were identified in the Market Study as among the "highest quality competition" for the subject. According to the Market Study, these luxury properties "represent the

[25] Excluded for purposes of estimating value at Annapolis Junction Town Center.
[26] Indentified in Market Study as "highest quality competition."
[27] Identified in Appraisal as comparable improved apartment sale.
[28] Identified as potential comparable properties by MuniCap based on discussions with Developer, discussions with SDAT, and research by MuniCap.
[29] Identified in Market Study as "standard competition."
[30] Based upon value per square foot for Residences at Arundel Preserve. See page 35.

newest and best apartment properties in the area." The Haven at Odenton Gateway and the Elms at Stony Run Village were identified in the Market Study as "standard competition," which indicates good quality communities, but built to a somewhat lower standard with fewer amenities than the highest quality competition. While these properties are located in Anne Arundel County, they were considered appropriate for inclusion based on their identification in the Market Study as direct competition within the market area.

One apartment community (the Quarter) that the Appraisal identified as comparable improved sales was included herein.[31] Though this property is in Baltimore County, it was included due to similarities in age, marketability, and quality as described in the Appraisal.

Two additional properties in Howard County (Alta at Regency Crest, and Gramercy at Town Center) were included for comparison based on research by MuniCap and discussions with the Supervisor of Assessments. These are quality, modern apartments within the County featuring decent amenities with low vacancies.

In addition to the aforementioned eight apartment developments, MuniCap reviewed six other apartment complexes but ultimately excluded them for purposes of estimating value.

Belmont Station and Enclave at Emerson, both of which were judged to be high-quality completion in the Market Study, were excluded because the developments include townhome-type units that potentially skew per square foot values. All else being equal, the per square foot value decreases as the size of the unit increases; the townhome-type units are significantly larger and thus likely to have a lower per square foot value than the proposed units at Annapolis Junction Town Center will at stabilization.

Concord Park and Stonehaven Apartments, identified in the Appraisal as comparable sales, were excluded because of the large disparity between assessed value and known sales price.[32] In addition, Concord Park is located outside the County, and Stonehaven Apartments, while within the County, is older than most of the included comparables.

Columbia Town Center, originally reviewed by MuniCap because of its location in the County and its advertised rental rates, was ultimately excluded because the configuration of the property in fourteen separate buildings is not considered comparable to the subject's single structure with integrated parking.

Finally, Arbors at Baltimore Crossroads, originally reviewed by MuniCap because of its perceived high-quality and its advertised rental rates, was excluded because its current assessment may not represent a stabilized value for the property.

[31] The Haven at Odenton Gateway, which was identified in the Market Study as a comparable property, was also identified as a comparable sale in the Appraisal.

[32] Concord Park reportedly sold in August 2010 for $219,701, but is currently assessed at a per unit average of $147,209, or 67% of sales price. Stonehaven Apartments reportedly sold in July 2012 for $183,750 per unit but is currently assessed at a per unit average of $119,248, or 65% of sales price. As these assessed values are significantly below the average assessed value ratios for the counties in which they were located, they were excluded from consideration herein.

The average per square foot value of the eight included properties, or $171 per square foot, was used to estimate the value of the market rate apartments in Scenarios A, B, & D of this study. Based on the projected unit sizes discussed in Section V of this report, this leads to a projected per unit value of $156,002 for the market rate apartments.[33]

For Scenarios C and E of this study, the per square foot value of the Residences at Arundel Preserve, or $235 per square foot, was used to estimate the value of market rate apartments. This leads to a projected per unit value of $215,392 for the market rate apartments. These scenarios are included because the Residences at Arundel Preserve are believed to be the single-most directly comparable property to the subject in terms of design, build-quality, and amenities. Somerset Construction Company and Southern Management Company, which co-developed and co-own the Residences at Arundel Preserve, will also own the entities that will develop and own the subject property.

[33] Of the 416 planned apartment units, 32 will be offered at below market rates. Based on projected income their value is estimated at approximately 57% of market value, or $88,733 in Scenarios A, B, and D and $122,513 per unit in Scenarios C and E.

Retail

For comparison to the proposed retail development at Annapolis Junction Town Center, MuniCap examined nine retail centers in mixed-use communities in the County and Anne Arundel County, built between 2000 and 2008. These properties are shown in Table VI-C.

TABLE VI-C
Comparable vs. Subject Properties – Retail

Property	*County*	*Year Built*	*Assessed Value*	*Square Feet*	*Value PSF*
114 National Business Parkway – Retail	Anne Arundel	2002	$1,178,300	10,530	$112
112 National Business Parkway - Daycare	Anne Arundel	2000	$1,412,900	10,508	$134
Maple Lawn retail	Howard	2005	$3,051,400	20,688	$147
In-line retail	Howard	2007	$1,755,900	11,238	$156
Lakeside Plaza	Howard	2006	$3,937,000	22,493	$175
7651 Arundel Mills Boulevard	Anne Arundel	2004	$2,997,300	16,560	$181
7069 Arundel Mills Boulevard	Anne Arundel	2003	$1,944,000	9,735	$200
7690 Dorchester Boulevard	Anne Arundel	2008	$2,650,200	11,250	$236
7698 Dorchester Boulevard	Anne Arundel	2008	$2,650,200	11,250	$236
Average (competitive apartments)				13,806	$175
Annapolis Junction Town Center				14,250	**$175**

Of the nine comparable properties listed in Table VI-C, six are identified as comparable properties in the Market Study. These were evaluated therein as competitive properties within the primary market area, but located in Anne Arundel County. MuniCap also researched three retail properties within the County that were of comparable size to the subject site, while also featuring tenants similar to those likely to occupy the subject property. MuniCap used an average assessed value for the properties shown in Table VI-C, or $175 per square foot, in projecting future values for the subject property.

The Market Study concludes that the retail space will be an accessory use to the principal uses within Annapolis Junction Town Center, providing a valuable amenity to apartment residents, office workers, and MARC commuters. None of the competitive properties listed in Table VI-C are supported by all of three of those components (apartment residents, office workers, and MARC commuters).

Retail Pad Sites (Bank/Restaurant)
For comparison to the proposed pad site development at Annapolis Junction Town Center, MuniCap reviewed ten restaurants and four banks in the County and Anne Arundel County, built between 1983 and 2011. These properties are shown in Table VI-D.

TABLE VI-D
Comparable vs. Subject Properties – Retail Pad Sites (Bank/Restaurant)

Property	*County*	*Year Built*	*Assessed Value*	*Square Feet*	*Value PSF*
Applebee's	Howard	1993	$1,768,900	5,608	$315
Lonestar Steakhouse	Howard	1996	$1,766,400	5,462	$323
Chevy Chase Bank	Anne Arundel	2002	$1,201,400	3,400	$353
Red Lobster	Howard	1995	$3,072,300	8,670	$354
Olive Garden	Anne Arundel	2011	$2,708,000	7,440	$364
Red Lobster	Anne Arundel	2011	$2,951,500	7,202	$410
Wendy's	Howard	1983	$1,159,500	2,713	$427
Houlihans/On the Border/Mimis	Howard	2007	$10,801,000	24,194	$446
Bertucci's	Howard	1993	$3,535,700	7,597	$465
Bank of America	Anne Arundel	2003	$1,802,600	3,549	$508
Branch Bank	Anne Arundel	2005	$2,018,300	3,833	$527
Capital One Bank	Howard	2007	$2,050,700	3,600	$570
Average (competitive retail pad sites)				6,939	$422
Annapolis Junction Town Center				**3,200**	**$175**

The five competitive properties located in Anne Arundel County were identified in the Market Study as directly comparable properties within the primary market area of the subject site. In addition, MuniCap researched six restaurants and one bank within the County, which, combined with the properties identified in the Market Study, yielded an average per square foot value of $422. As the end user of the pad site is not known as of this writing, MuniCap applied the more conservative value of the inline retail comparable properties, or $175 per square foot, in projecting future values for the subject property.

As with the inline retail component, the pad site will be supported by apartment residents, office workers, and MARC commuters.

Office

For comparison to the proposed office development at Annapolis Junction Town Center, MuniCap reviewed thirteen office properties in National Business Park, located in the County, built between 1991 and 2011. These properties are shown in Table VI-E.

TABLE VI-E
Comparable vs. Subject Properties – Office

Property	*County*	*Year Built*	*Assessed Value*	*Square Feet*	*Value PSF*
Lakeside Plaza Office	Howard	1991	$18,299,500	159,577	$115
Office	Howard	2007	$7,480,700	54,020	$138
Arundel Preserve	Anne Arundel	2009	$20,125,300	136,400	$148
National Business Park	Anne Arundel	2010	$19,399,300	126,960	$153
Annapolis Junction Business Park	Anne Arundel	2011	$19,357,900	121,834	$159
National Business Park	Anne Arundel	2010	$29,494,600	164,448	$179
Annapolis Junction Business Park	Anne Arundel	2008	$23,001,400	126,078	$182
National Business Park	Anne Arundel	2005	$30,857,300	162,729	$190
National Business Park	Anne Arundel	2002	$30,906,200	151,605	$204
National Business Park	Anne Arundel	2007	$29,128,800	130,200	$224
National Business Park	Anne Arundel	2009	$31,071,300	135,000	$230
National Business Park	Anne Arundel	2003	$29,774,900	124,092	$240
National Business Park	Anne Arundel	2007	$31,564,900	130,200	$242
Average (competitive office)				132,549	$185
Annapolis Junction Town Center				**100,000**	**$185**

Six of the eleven competitive properties located in Anne Arundel County were identified in the Market Study as directly comparable properties within the primary market area of the subject site. The remaining seven Anne Arundel properties were researched by MuniCap and are smaller office buildings within National Business Park, in close proximity to the subject site. Finally, MuniCap analyzed two office properties in the County, which, while not as directly comparable to the subject as the Anne Arundel properties and have lower assessed values, serve to temper estimates in the event that values for existing properties within the County constrain values of new development. MuniCap used an average of comparison values in projecting future values for the subject property, which results in a per square foot value of $185.

While there are several properties achieving significantly higher assessed values, the Market Study concludes that the proposed office is meant to fill a specific niche within the market area: speculative multi-tenant space targeted at smaller office users. At the same time, the proposed development at Annapolis Junction Town Center can be viewed as superior to the two properties located within the County, as they are not located in a mixed-use TOD with retail and hospitality support.

Hotel

For comparison to the proposed hotel development at Annapolis Junction Town Center, MuniCap reviewed ten mid-tier hotels in the County and Anne Arundel County, built between 1990 and 2009. These properties are shown in Table VI-F.

TABLE VI-F
Comparable vs. Subject Properties – Hotel

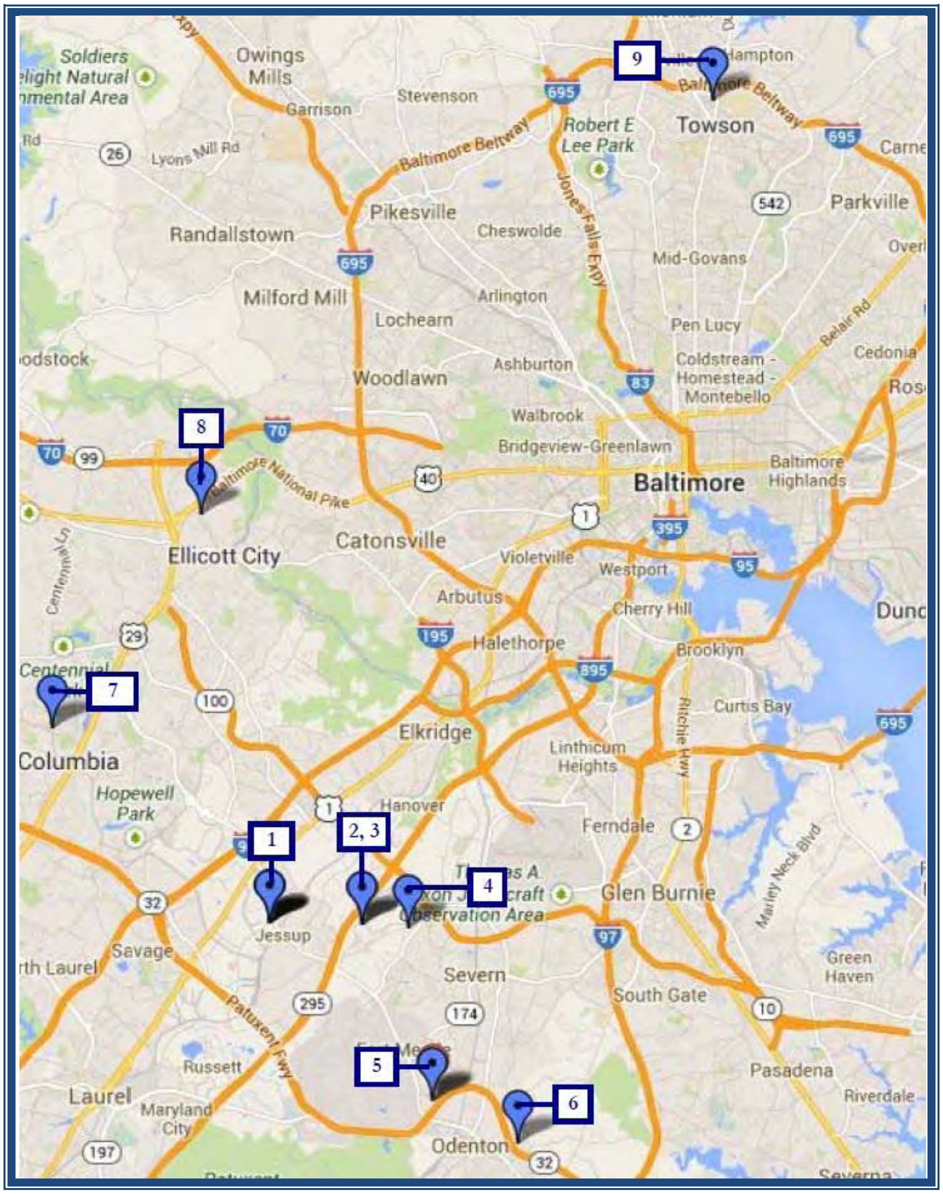
Property	*County*	*Year Built*	*Assessed Value*	*Square Feet*	*Rooms*	*Value PSF*	*Value Per Room*
Courtyard	Anne Arundel	2004	$10,940,400	87,666	140	$125	$78,146
Springhill Suites	Howard	2009	$10,155,100	66,228	117	$153	$86,796
TownePlace	Anne Arundel	2008	$10,002,000	62,430	109	$160	$91,761
Courtyard by Marriott	Howard	1990	$13,979,100	73,705	152	$190	$91,968
Hampton Inn	Howard	2001	$7,723,500	54,300	83	$142	$93,054
Residence Inn	Anne Arundel	2003	$12,510,400	97,227	131	$129	$95,499
Hampton Inn	Anne Arundel	2002	$12,570,700	71,344	130	$176	$96,698
Towne Place Suites by Marriott	Anne Arundel	2000	$9,232,800	54,240	95	$170	$97,187
Hilton Garden Inn	Howard	2003	$9,786,600	57,968	98	$169	$99,863
Element	Anne Arundel	2009	$20,714,700	171,612	147	$121	$140,916
Average (competitive hotel)				79,672	120	$153	$97,189
Annapolis Junction Town Center				**84,000**	**150**	**$174**	**$97,189**

The six competitive properties located in Anne Arundel County were identified in the Market Study as directly comparable properties within the primary market area of the subject site. In addition, MuniCap researched four additional limited service hotels in the County. MuniCap used an average room value of comparison properties in projecting future values for the subject property, which results in a per room value of $97,189.

The Market Study concludes that proposed 150 room limited service hotel will serve business clientele at the subject site, but also at the nearby office/industrial parks and Fort Meade. Moreover, it will be supported by guests who wish to use the MARC line or the shuttle bus service from the MARC station to NSA, and should be well positioned to succeed among the existing hotels identified in Table VI-F.

Charts 5 through 8, which follow the exhibits at the end of this sub-section, graphically express the relationship between subject and comparison property values for applicable components.

EXHIBIT B: COMPARABLE LOCATION MAP (APARTMENTS)



1. **Subject Property**
2. **Residences at Arundel Preserve**
3. **Arbors at Arundel Preserve**
4. **Elms at Stony Run**
5. **Lodge at Seven Oaks**
6. **Haven at Odenton Gateway**
7. **Gramercy at Town Center**
8. **Alta at Regency Quest**
9. **The Quarter**

EXHIBIT C: APARTMENTS COMPARABLES

Residences at Arundel Preserve

(Milestone Parkway)

- Built 2011
- 242 units/233,546 square feet
- $235 assessed value per square foot

Lodge at Seven Oaks

(2027 Odens Station Lane)

- Built 2007
- 396 units/405,432 square feet
- $134 assessed value per square foot

Arundel Preserve

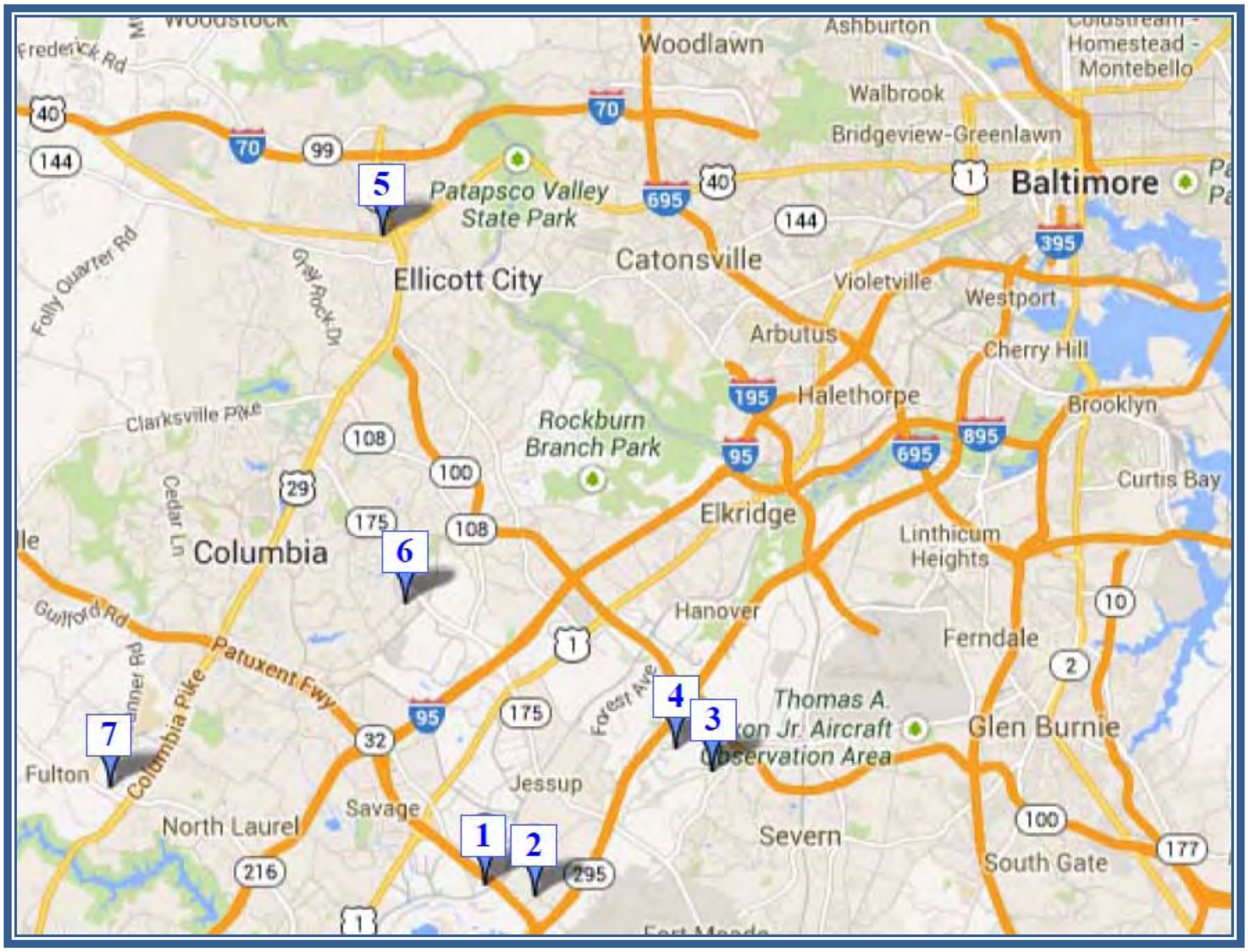
(2111 Piney Branch Circle)

- Built 2007
- 496 units/459,371 square feet
- $160 assessed value per square foot

Gramercy at Town Center
(10601 Gramercy)

- Built 1998
- 210 units/210,772 square feet
- $153 assessed value per square foot

EXHIBIT D: COMPARABLE LOCATION MAP (RETAIL)



1. Annapolis Junction Town Center
2. National Business Parkway - Retail/Daycare
3. Arundel Mills Boulevard
4. Dorchester Boulevard
5. In-Line Retail
6. Lakeside Plaza
7. Maple Lawn Retail

EXHIBIT E: RETAIL COMPARABLES

National Business Parkway Retail
(112-114 National Business Parkway)

- Built 2000/2002
- 10,530/10,508 square feet
- $112/$134 assessed value per square foot

Arundel Mills Boulevard Retail
(7069 Arundel Mills Boulevard)

- Built 2003
- 9,735 square feet
- $200 assessed value per square foot

Arundel Mills Boulevard Retail
(7651 Arundel Mills Boulevard)

- Built 2004
- 16,560 square feet
- $181 assessed value per square foot

Dorchester Boulevard Retail

(7690-7698 Dorchester Boulevard)

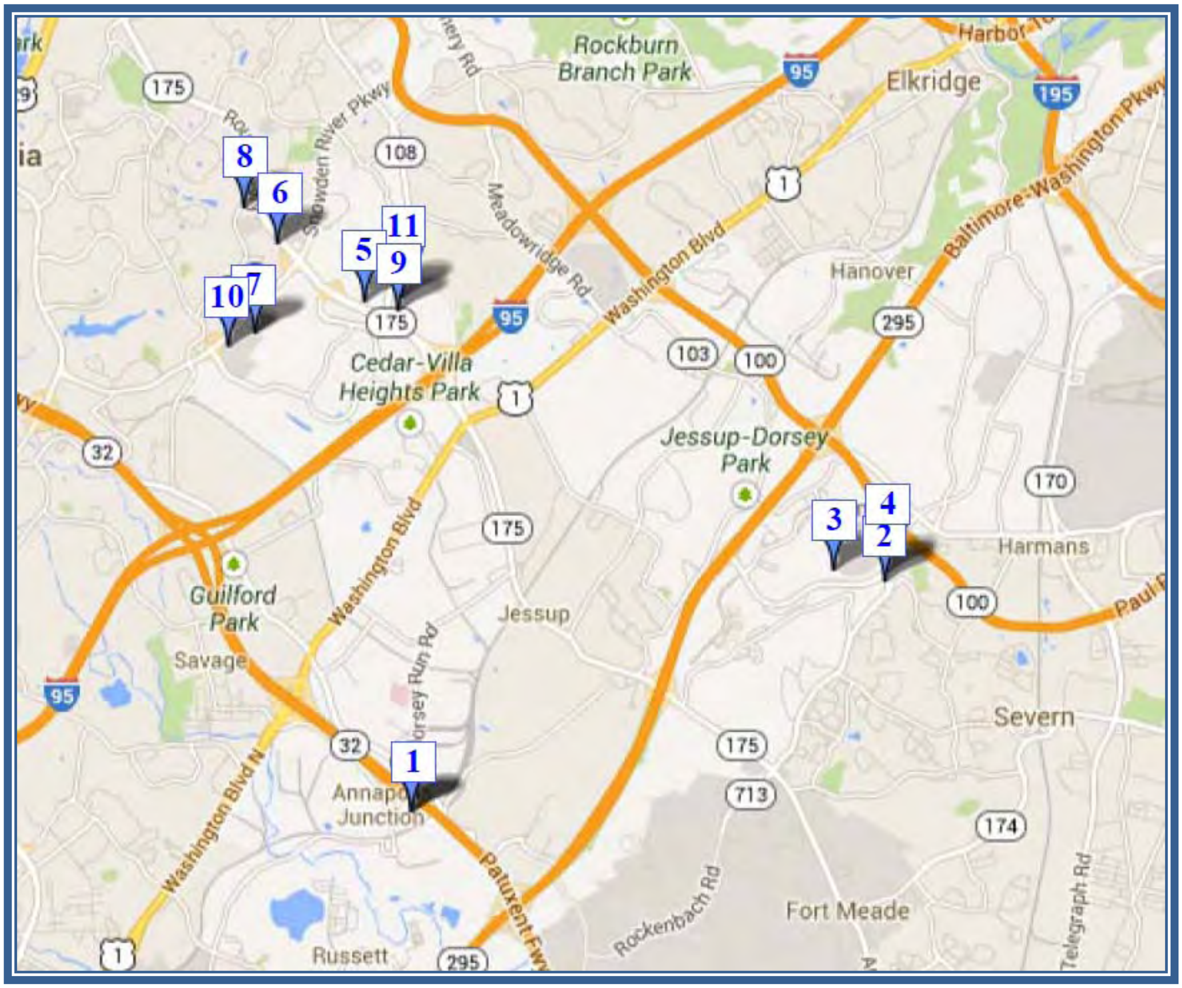
- Built 2008
- 11,250/11,250 square feet
- $236 assessed value per square foot

Lakeside Plaza

(8865 Stanford Boulevard)

- Built 2006
- 22,493 square feet
- $175 assessed value per square foot

EXHIBIT F: COMPARABLE LOCATION MAP (RETAIL PAD SITE)



1. Annapolis Junction Town Center
2. Capital One Bank/Wells Fargo (Ridge Road)
3. Olive Garden/Red Lobster (Arundel Mills Circle)
4. Bank of America
5. Applebee's
6. Stanford Grill
7. Red Lobster
8. Wendy's
9. Houlihans/On the Border/Mimis
10. Bertuccis's
11. Capital One Bank

EXHIBIT G: RETAIL PAD SITE (RESTAURANT/BANK) COMPARABLES

Capital One Bank
(7566 Ridge Road)

- Built 2002
- 3400 square feet
- $353 assessed value per square foot

Olive Garden/Red Lobster
(7061-7063 Arundel Mills Boulevard)

- Built 2011
- 7,440/7,202 square feet
- $364/$410 assessed value per square foot

Wells Fargo
(7570 Ridge Road)

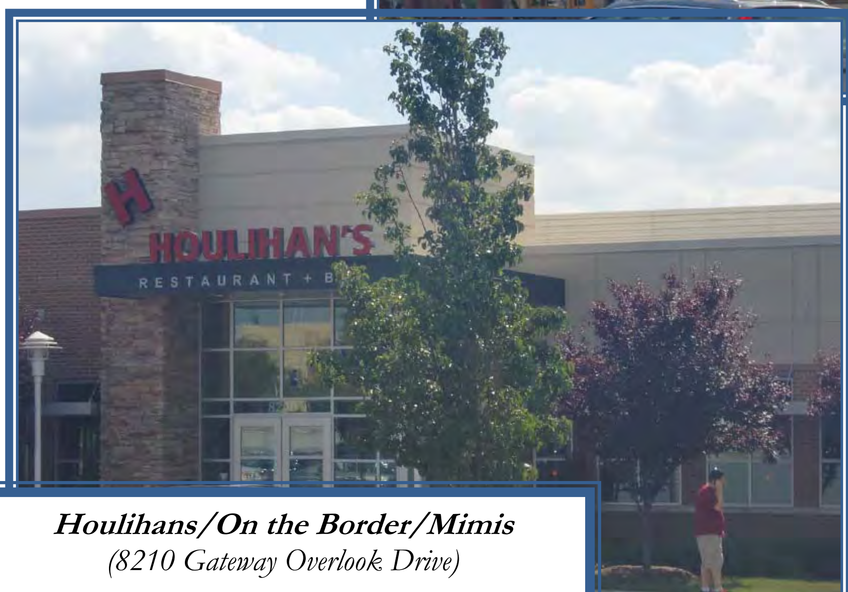
- Built 2005
- 3,833 square feet
- $527 assessed value per square foot

Stanford Grill
(8900 Stanford Boulevard)

- Built 1996
- 5,462 square feet
- $323 assessed value per square foot

Capital One
(6690 Marie Curie Drive)

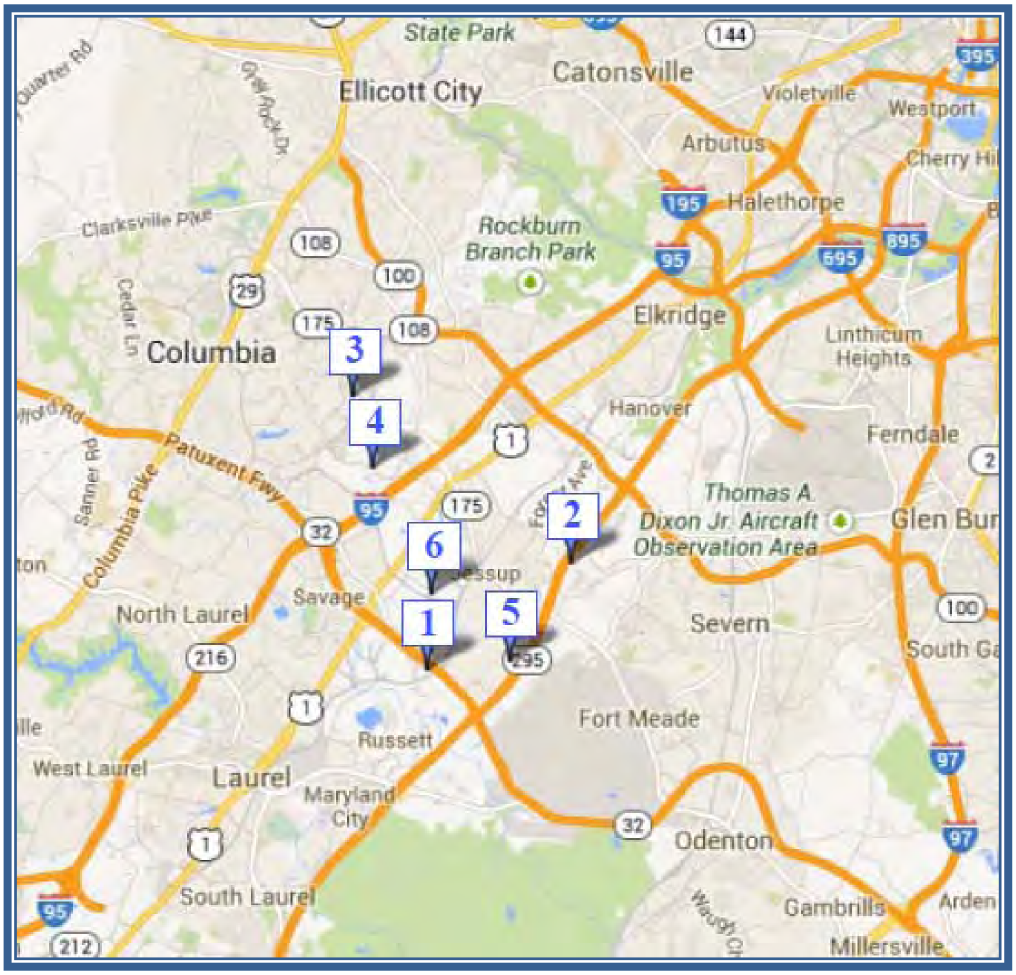
- Built 2007
- 3,600 square feet
- $570 assessed value per square foot



Houlihans/On the Border/Mimis
(8210 Gateway Overlook Drive)

• Built 2007
• 24,194 square feet
• $446 assessed value per square foot

EXHIBIT H: COMPARABLE LOCATION MAP (OFFICE)



1. Annapolis Junction Town Center
2. Arundel Preserve
3. Lakeside Plaza Office
4. Manekin Office
5. National Business Park
6. Annapolis Junction Business Park

EXHIBIT I: OFFICE COMPARABLES

Arundel Preserve
(7740 Milestone Parkway)

- Built 2009
- 136,400 square feet
- $148 assessed value per square foot

Lakeside Plaza Office
(8930 N. Stanford Boulevard)

- Built 1991
- 159,577 square feet
- $115 assessed value per square foot

Manekin Office
(8601 Robert Fulton Drive)

- Built 2007
- 54,020 square feet
- $138 assessed value per square foot

National Business Park
(Sentinel Way, Technology Drive, National Business Parkway)

- Built 2002-2010
- 124,092-164,448 square feet
- $153-$242 assessed value per square foot

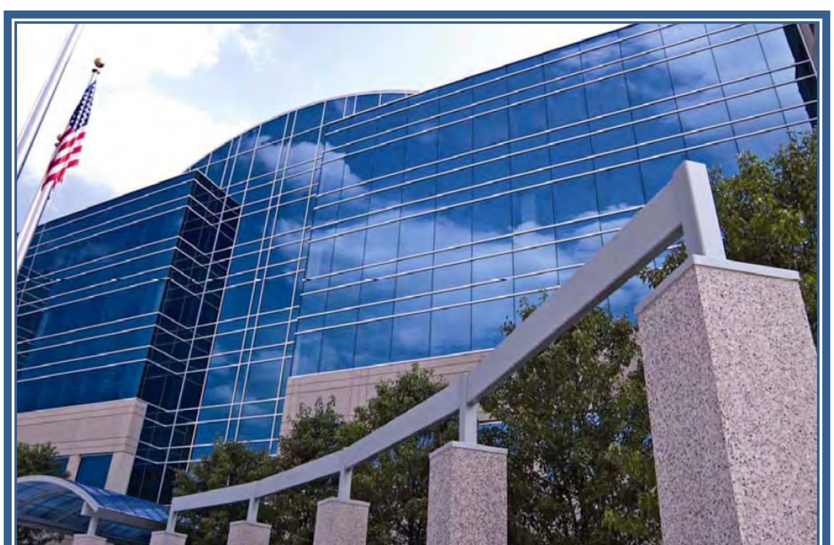
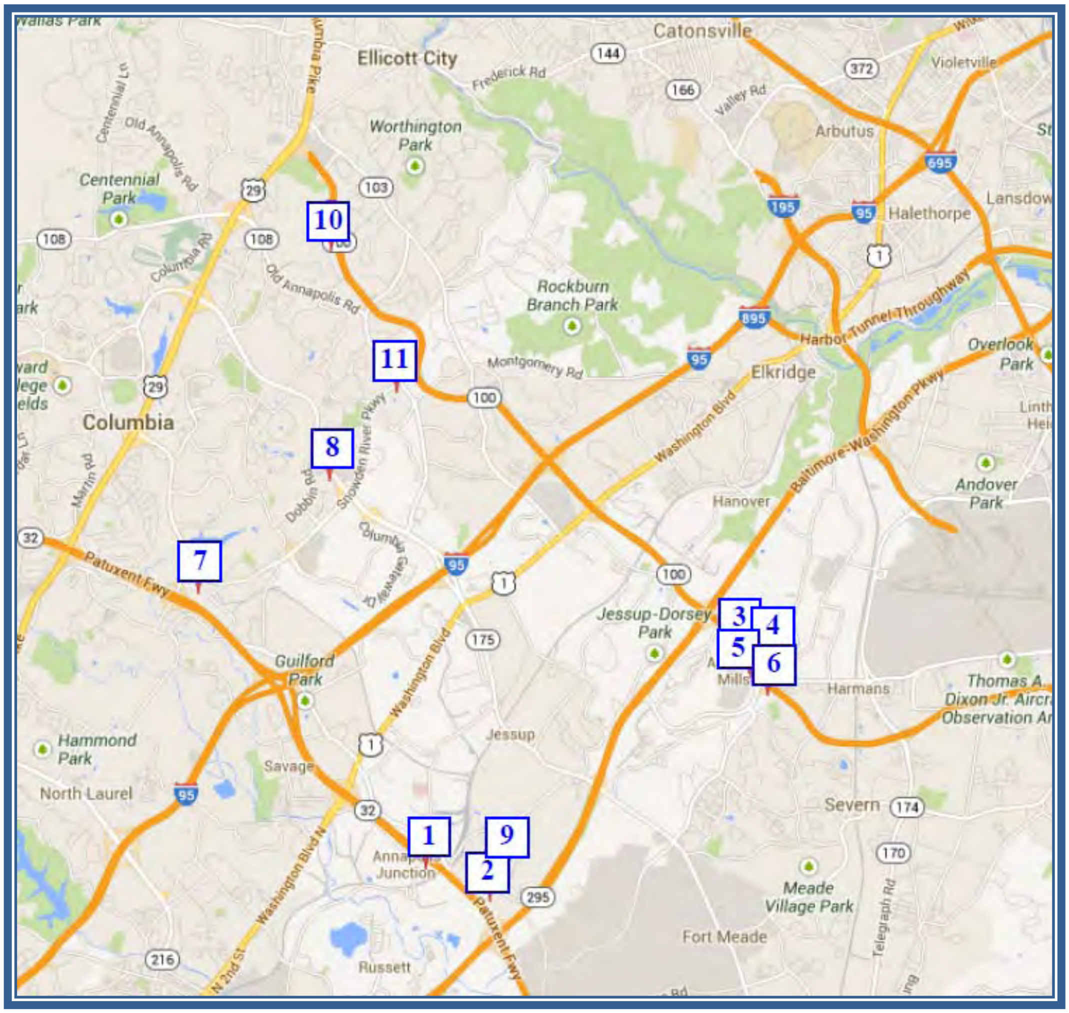


EXHIBIT J: COMPARABLE LOCATION MAP (HOTEL)



1. Annapolis Junction Town Center
2. Courtyard (Annapolis Junction)
3. Towne Place (Hanover)
4. Residence Inn
5. Hampton Inn (Hanover)
6. Element
7. Springhill Suites
8. Courtyard by Marriott (Columbia)
9. Town Place (Annapolis Junction)
10. Hampton Inn (Columbia)
11. Hilton Garden Inn

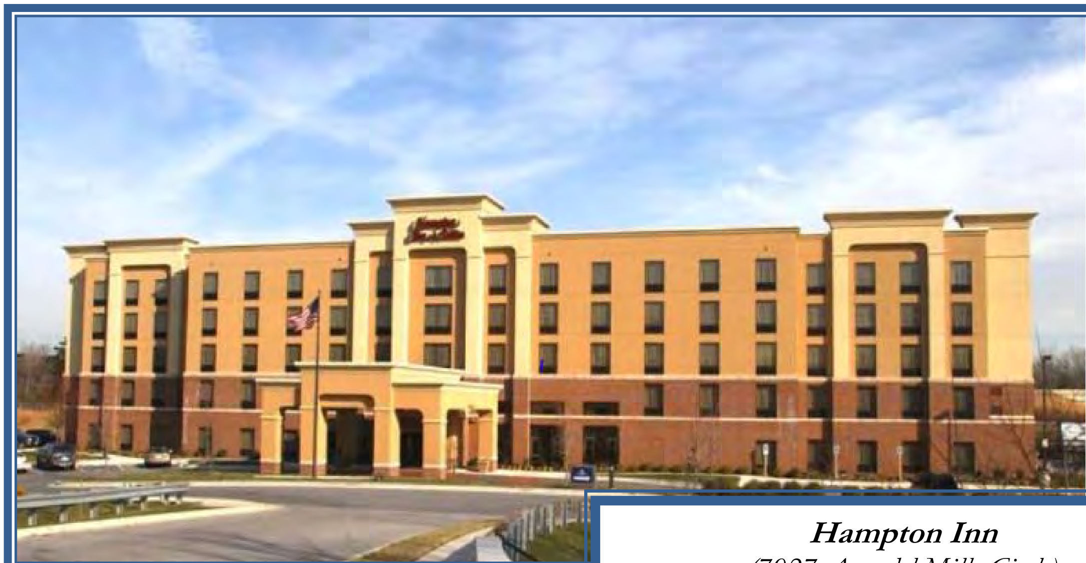
EXHIBIT K: HOTEL COMPARABLES

Courtyard Marriott
(2700 Hercules Road)

- Built 2004
- 87,666 square feet/140 rooms
- $78,146 assessed value per room

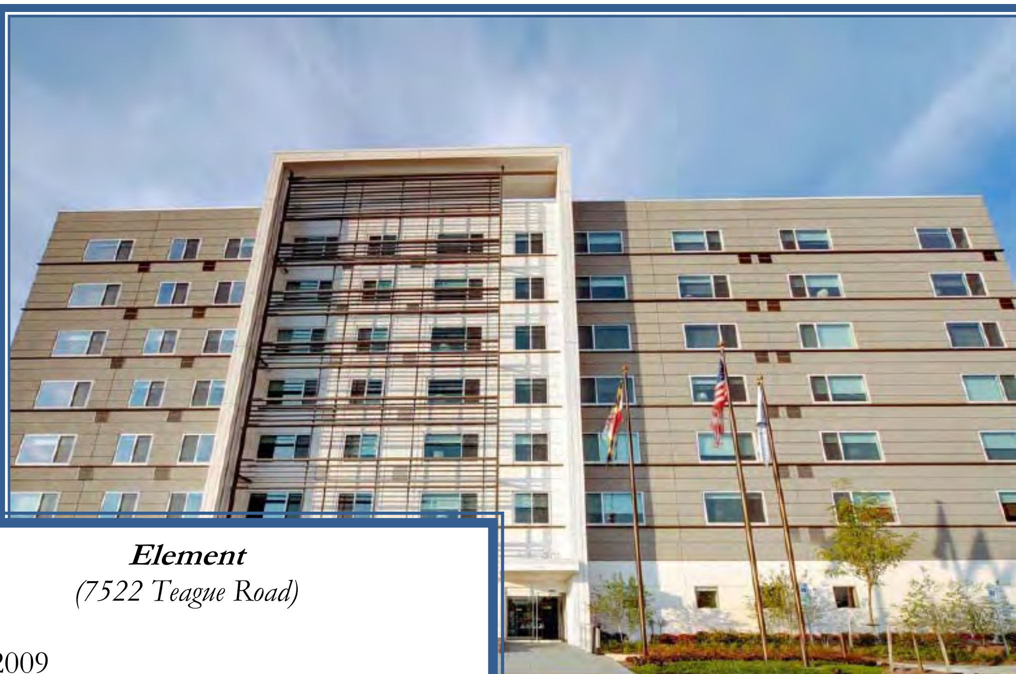
TownePlace Suites
(7021 Arundel Mills Circle)

- Built 2008
- 62,430 square feet/109 rooms
- $91,761 assessed value per room



Hampton Inn
(7027 Arundel Mills Circle)

- Built 2002
- 71,344 square feet/130 rooms
- $96,698 assessed value per room



Element
(7522 Teague Road)

- Built 2009
- 171,612 square feet/147 rooms
- $140,916 assessed value per room

Courtyard by Marriott
(8910 Stanford Boulevard)

- Built 1990
- 73,705square feet/152 rooms
- $91,968 assessed value per room

Hilton Garden Inn
(8241 SE Snowden River Parkway)

- Built 2003
- 57,968 square feet/98 rooms
- $99,863 assessed value per room

CHART 8: COMPARABLE VS. SUBJECT PROPERTIES, APARTMENTS

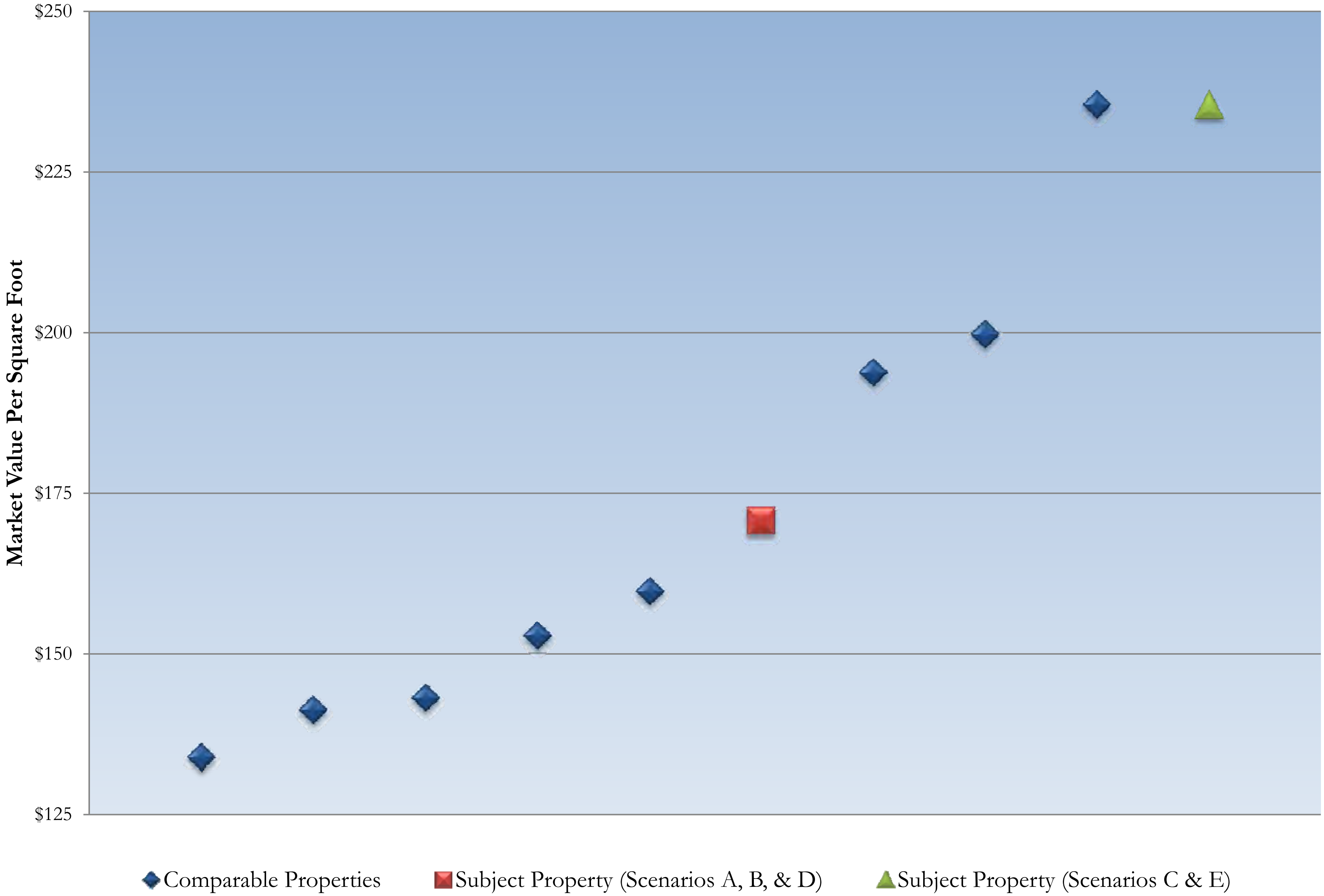


CHART 9: COMPARABLE VS. SUBJECT PROPERTIES, RETAIL

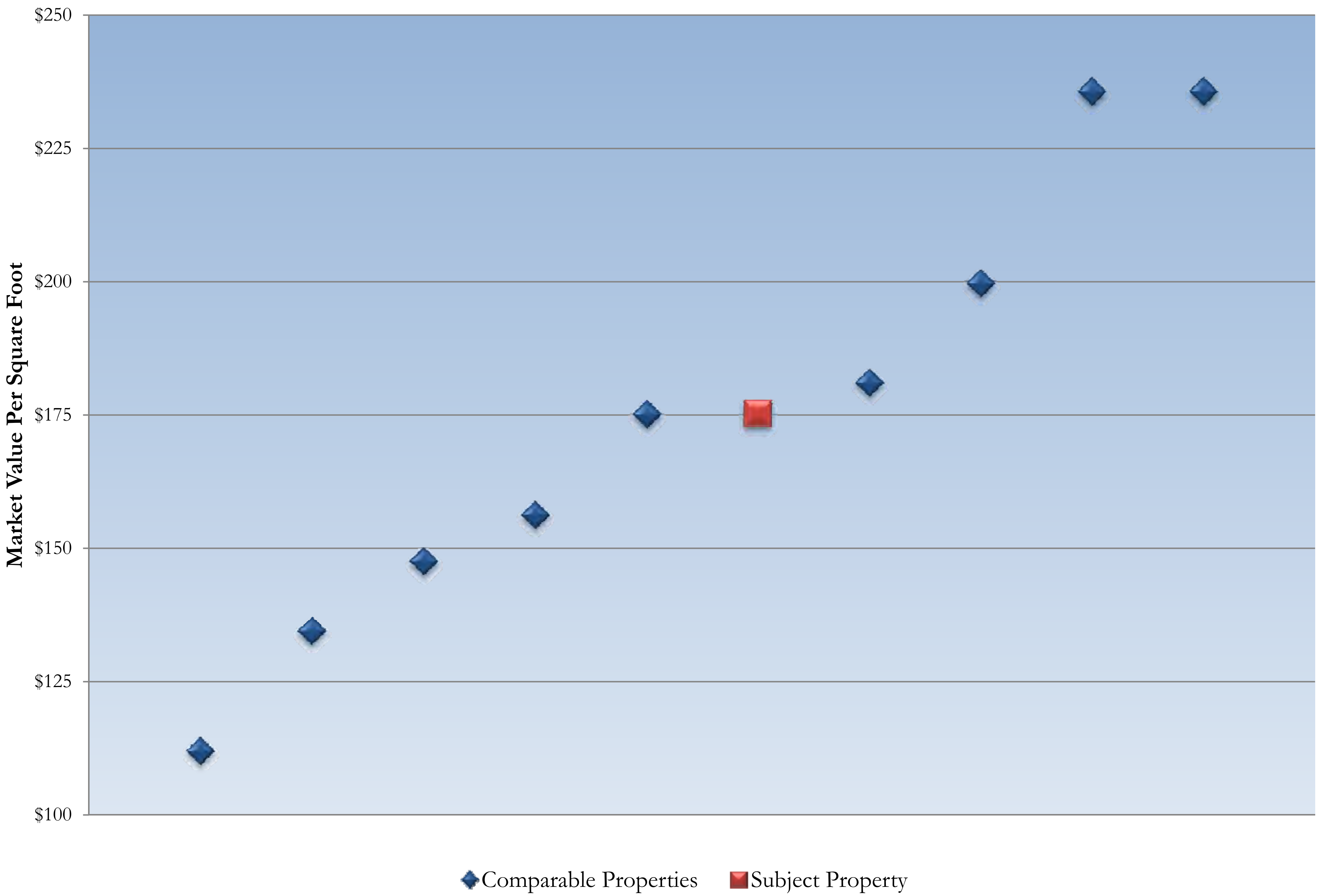


CHART 10: COMPARABLE VS. SUBJECT PROPERTIES, OFFICE

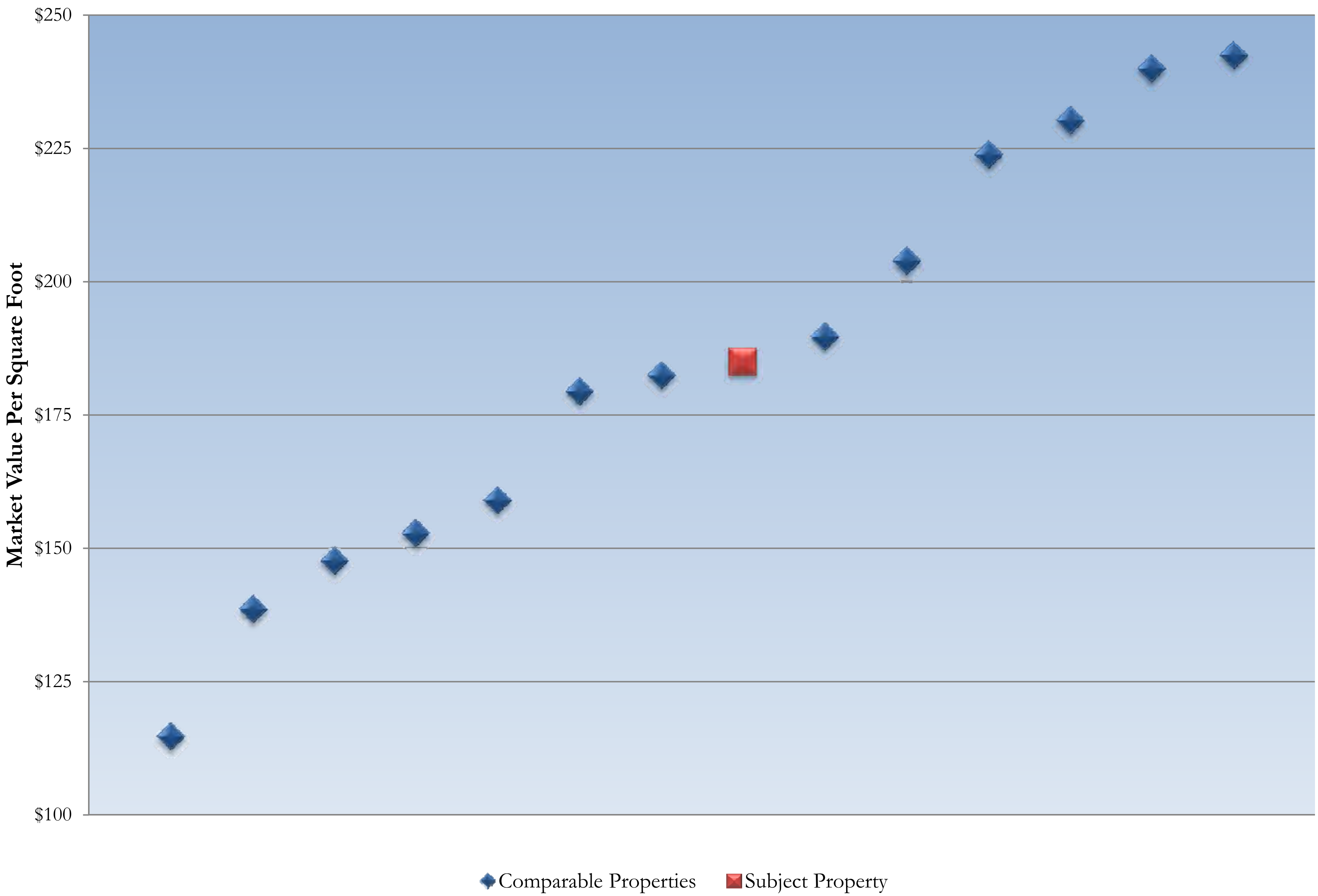
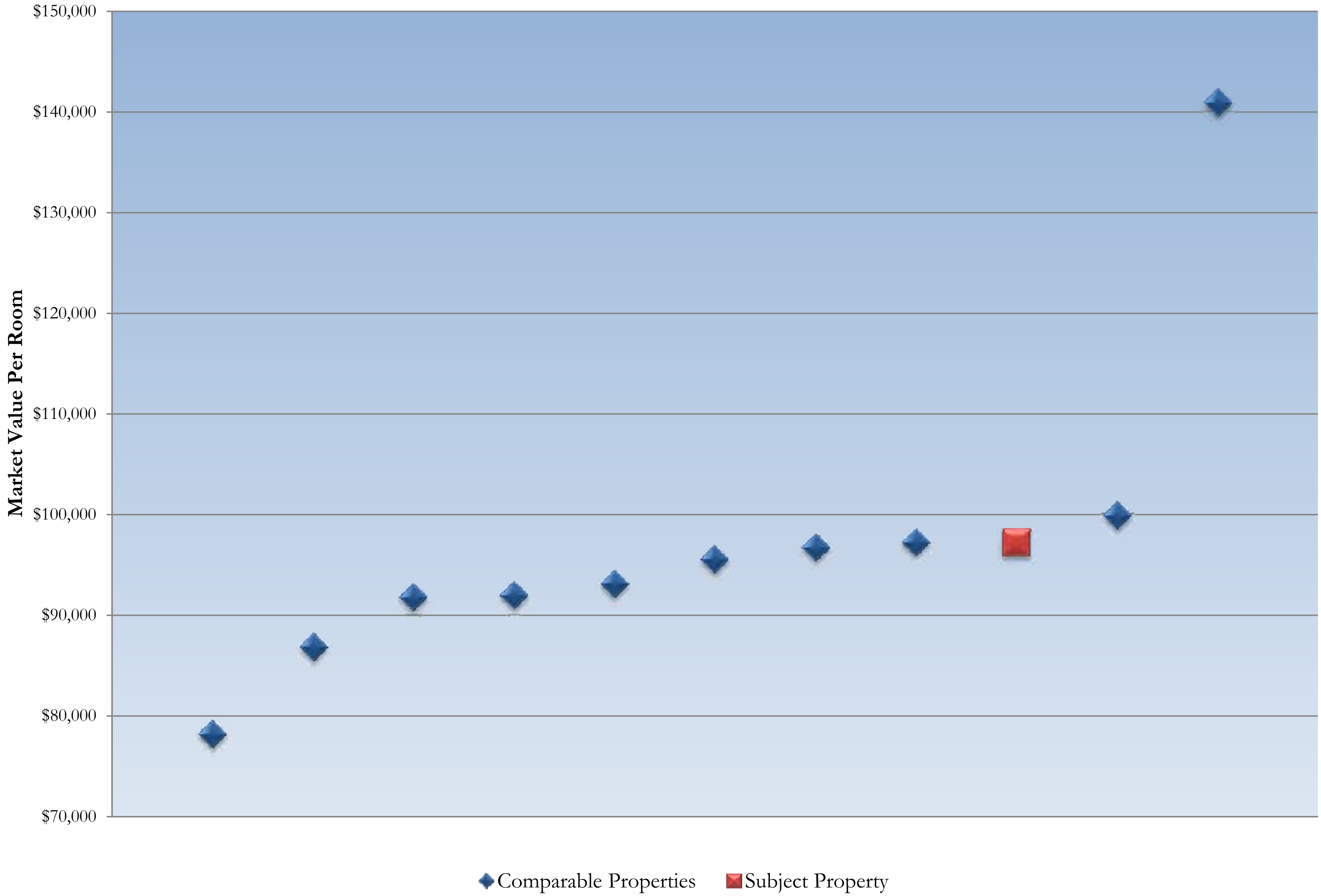


CHART 11: COMPARABLE VS. SUBJECT PROPERTIES, HOTEL



INCOME CAPITALIZATION APPROACH

As a check on estimates of values established by comparable properties, MuniCap also estimated market and assessed value using an income capitalization model. For income generating properties, Record Owners may appeal assessed values on an income capitalization basis. To estimate future values for commercial properties in the District, MuniCap generated projections using an income capitalization model based on analysis of information provided by SDAT, the Developer, the Market Study, and third party sources as noted. These calculations are included in this report as Appendix H.

In estimating values using income capitalization, MuniCap endeavored to replicate the process used by SDAT. This process involves first estimating the rent paid by tenants at the property, which is assumed to be "triple net" for the retail component and gross rent for the other property types. Under a triple net lease, the tenant pays, in addition to its rent, the real property taxes, building insurance, and maintenance on the portion of the building rented by the tenant. When such information is available, SDAT will use actual rents when valuing the building. In the absence of actual rent rates, SDAT will estimate market rents.

Once the rental rate has been established, the Assessment Office then deducts a percentage for vacancy and a percentage for expenses not passed on directly to the tenant. The resulting figure is the *net operating income*, or NOI, of the property. The NOI is then divided by a capitalization rate to calculate the current fair market value of the property.

MuniCap's estimated values of the proposed commercial property in the District using the income capitalization approach are shown in Tables VI-G and VI-H on the following pages. Calculations of value using the income approach are included in Appendix H, attached hereto.

TABLE VI-G

Estimate of Market and Assessed Values – Income Capitalization Approach (Apartments, Retail, and Office)

	Apartments				
	Market Rate	*Affordable*	*Retail*	*Bank/Restaurant*	*Office*
Monthly rent per square foot	$1.91	$1.38			
Annual rent per square foot[1]	$22.95	$16.52	$21.11	$35.00	$27.99
Net square feet per unit[2]	915	915			
Monthly rent per unit[1]	$1,750	$1,260			
Annual rent per unit	$21,000	$15,114			
Occupancy[2]	95%	95%	95%	95%	95%
Effective rent per square foot	$21.81	$15.69	$20.05	$33.25	$26.59
Effective rent per unit	$19,950.00	$14,358.30			
Expense ratio[3]	35%	49%	8%	8%	34%
Expenses	($6,982.50)	($6,982.50)	($1.50)	($2.49)	($8.98)
Net operating income per square foot	$14.17	$8.06	$18.55	$30.76	$17.61
Net operating income per unit	$12,968	$7,376			
Capitalization rate[4]	6.610%	6.610%	7.910%	7.910%	8.560%
Tax rate[5]	1.126%	1.126%	1.126%	1.126%	1.126%
Fully loaded capitalization rate	7.736%	7.736%	9.036%	9.036%	9.686%
Value per net square foot	$183.23	$104.22	$205.29	$340.37	$181.81
Value per unit	$167,625	$95,344			
Value per gross square foot	$142.58	$81.10			

[1]Market rent and commercial rents are the lower of either projected rents as provided by Annapolis Junction Town Center, LLC, as in the case of market apartments and bank/restaurant rents, or area rents as reported in *Market Analysis -- Annapolis Junction Town Center* (Valbridge Property Advisors, April 1, 2013), as in the case of retail and office. Monthly rent for affordable unit is based on the average maximum monthly rent for a one and two bedroom apartment under the provisions of the Howard County Housing Moderate Income Housing Unit Program for 2012. Based on discussions with the Howard County Office of Maryland State Department of Assessments and

[2]Based on conversations with the Howard County Office of State Department of Assessments and Taxation.

[3]Market rate apartment expense ratio provided by the Annapolis Junction Town Center, LLC. Assumes affordable unit expenses are equal to market rate per unit expenses. Retail expenses based on conversations with the Howard County Office of State Department of Assessments and Taxation. Office expenses represent the median operating expense per square foot for suburban offices located in the Baltimore market as provided by the *2013 BOMA Experience Exchange Report.*

[4]Represents the average overall capitalization rate for the national apartment market, retail strip shopping center market, and suburban Maryland office market, as provided in the *PwC Real Estate Investor Survey for Second Quarter 2013.* Based on discussions with the Howard County Office of State Department of Assessments and Taxation, an additional 1% is added to the market cap. rate.

[5]Includes the fiscal year 2014 Howard County ($1.014) and Maryland State ($0.112) tax rate.

TABLE VI-H
Estimate of Market and Assessed Values – Income Capitalization Approach (Hotel)

	Hotel
Average daily rate per room[1]	$76.62
Gross annual income	$27,966.30
Assumed occupancy[1]	55.5%
Effective gross income per room	$15,521.30
Assumed expense ratio[2]	26%
Less: assumed expenses	($3,988.97)
Net operating income per room	$11,532.32
Capitalization rate[1]	9.60%
Tax rate[3]	1.126%
Fully loaded capitalization rate	10.73%
Total estimated value per room	$107,517

[1]Assumptions provided by the *PwC Real Estate Investor Survey for Third Quarter 2013* for limited service hotels.

[2]Assumptions provided by the *U.S. Hotel Operating Statistics Study, Report for the Year 2011* for limited service hotels.

[3]Includes the fiscal year 2014 Howard County ($1.014) and Maryland State ($0.112) tax rate.

COST APPROACH

As a final approach to projecting assessed value, MuniCap estimated values using the cost approach. The Supervisor of Assessments frequently values newly constructed commercial property on a cost basis prior to stabilization of income from the property.

As stated in Section II, the cost approach involves estimating the site value (land and site improvements), estimating the cost of replacing the existing building with one of similar usefulness, and deducting all sources of depreciation.[34]

MuniCap assumed an improved site value of $6,154,300, based on the 2011 SDAT assessed value of the land. MuniCap then apportioned this value among the various property types on the basis of improvement value.[35] MuniCap estimated the cost of the actual structures using "Commercial Estimator 7" software by Marshall & Swift/Boeckh, LLC. As the buildings will be newly constructed, no allowance was made for depreciation.

Projections of value under the cost approach are shown in Table VI-I on the following page. For detailed estimates of land value and structure costs, see Appendix I, attached hereto.

[34] According to SDAT, no allowance for entrepreneurial profit is added when calculating values under the cost approach.

[35] Based on values estimated under the comparable approach.

TABLE VI-I
Estimate of Market and Assessed Values – Cost Approach[1]

Occupancy	*Class*	*Height*	*Rank*
Apartments (market/affordable)	Fireproof Structural Steel Frame	9'	Average
Structure cost[2]			
Base cost per square foot	$101.47		
Exterior walls per square foot	$23.95		
Heating & cooling per square foot	$11.43		
Estimated improved value per square foot based on cost	$136.85		
Gross square feet[2]	489,066		
Sub-total apartment structure cost	$66,928,682		
Apartments (integrated garage)	Fireproof Structural Steel Frame	8'	Average
Structure cost -- parking structure			
Base cost per square foot	$35.17		
Exterior walls per square foot	$9.25		
Heating & cooling per square foot	$0.00		
Estimated improved value per square foot based on cost	$44.42		
Gross square feet[2]	228,358		
Sub-total parking structure cost	$10,143,663		
Total structure cost	$77,072,345		
Net square feet[3]	380,574		
Value per net square foot	$202.52		
Land value			
Estimated land value per square foot[3]	$10.26		
Total estimated market value per square foot	$212.78		
Average square foot per unit[4]	915		
Total estimated market value per unit	$194,658		
Retail	Fireproof Structural Steel Frame	12'	Good
Structure cost			
Base cost per square foot	$90.37		
Exterior walls per square foot	$25.95		
Heating & cooling per square foot	$10.36		
Estimated improved value per square foot based on cost	$126.68		
Land value			
Estimated land value per square foot[3]	$10.91		
Total estimated market value per square foot	$137.59		
Bank/Restaurant	Fireproof Structural Steel Frame	18'	Excellent
Structure cost			
Base cost per square foot	$249.15		
Exterior walls per square foot	$44.67		
Heating & cooling per square foot	$34.16		
Estimated improved value per square foot based on cost	$327.98		
Land value			
Estimated land value per square foot[3]	$10.91		
Total estimated market value per square foot	$338.89		
Office	Fireproof Structural Steel Frame	10'	Good
Structure cost			
Base cost per square foot	$126.75		
Exterior walls per square foot	$32.62		
Heating & cooling per square foot	$25.14		
Estimated improved value per square foot based on cost	$184.51		
Land value			
Estimated land value per square foot[2]	$11.51		
Total estimated market value per square foot	$196.02		
Hotel	Fireproof Structural Steel Frame	10'	Good
Structure cost			
Base cost per square foot	$139.24		
Exterior walls per square foot	$30.00		
Heating & cooling per square foot	$20.15		
Estimated improved value per square foot based on cost	$189.39		
Land value			
Estimated land value per square foot[2]	$10.80		
Total estimated market value per square foot	$200.19		

[1]All cost estimates by MuniCap, Inc., using Marshall & Swift "Commercial Estimator 7" software.
[2]Includes costs connected of six-story parking garage.
[3]See Appendix I-I-B.
[4]See Appendix A-I.

COMPARISON OF VALUATION APPROACHES

A comparison of assessed value estimates under each approach is shown below in Table VI-J. For all property types, MuniCap used estimates of values from comparable properties to estimate incremental value and property taxes at stabilization.[36] As shown in Table VI-J, these are the most uniformly conservative estimates across property types. Prior to stabilization, for property types wherein the cost approach yielded a more conservative value than the comparable approach, MuniCap assumed the lower cost valuation for the initial three years of assessment, after which the stabilized value as calculated under the comparable approach was used. For property types wherein the value from comparable properties was more conservative than the value under the cost approach, the value from comparable properties was assumed from the onset of development for both the phase-in and stabilization periods.

TABLE VI-J
Comparison of Valuation Approaches

Property Type	***Comparables[1]***	***Income Capitalization[2]***	***Cost Approach[3]***
Apartments			
Market rate			
Per Unit	$156,002	$167,625	$194,658
Per SF	***$170.52***	$183.23	$212.78
Affordable			
Per Unit	$88,733	$95,344	NA
Per SF	***$96.99***	$104.22	NA
Retail			
Per SF	***$175.22***	$205.29	$137.59
Bank/Restaurant			
Per SF	***$175.22***	$340.37	$338.89
Office			
Per SF	***$184.92***	$181.81	$196.02
Hotel			
Per SF	$173.55	NA	$200.19
Per Room	***$97,189***	$107,517	$112,106

[1]Valuation approach chosen for each type of development is underlined and shown in bold and italics. For comparables, See Appendix G. Apartment comparables are for scenarios A, B, and D.

[2]See Appendix H. Per unit values for apartments and per square foot values for hotels refer to estimates for the subject property rather than average of comparables.

[3]See Appendix I.

[36] According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. This study assumes phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. See Appendix A-II, C-II, D-II, and E-II for projected absorption.

COMPARISON TO APPRAISAL

The Appraisal provides a projection of market value for the apartment building and retail center components of the development. A comparison between the projections of value prepared by MuniCap with those included in the Appraisal is shown in Table VI-K for those two components.

TABLE VI-K
Comparison of Value – Appraisal

	Total Estimated Value at Stabilization		
Development Component	***MuniCap (Scenarios A, B, & D)***	***MuniCap (Scenarios C &E)***	***Appraisal***
Apartment building	$62,744,243	$86,630,918	$102,350,000
In-line retail	$2,453,062	$2,453,062	$5,350,000
Total	$65,197,306	$89,083,981	$107,700,000

PROJECTED MARKET AND ASSESSED VALUES

Based on the values per square foot as outlined in Tables VI-B through VI-F and the projected development as outlined in Tables V-A and V-B, the total projected assessed value for the Annapolis Junction Town Center development is shown in Table VI-L. The total value shown in this table assumes stabilized value at full build-out and stabilized using 2013 dollars. Detailed calculations of values are shown in the attached Appendices A through E, both at completion and through bond year 2044.

TABLE VI-L
Projected Assessed Value at Stabilization (Current Dollars)

Property Type	*Units/Square Feet/Rooms*[1]	*Value Per Unit/ Sq. Ft./Room*[2]	*Value*
Apartments (Scenarios A, B, & D)			
Market rate	384	$156,002	$59,904,800
Affordable	32	$88,733	$2,839,444
Sub-total apartments	416	$150,828	$62,744,243
Apartments (Scenarios C & E)			
Market rate	384	$215,392	$82,710,501
Affordable	32	$122,513	$3,920,417
Sub-total apartments	416	$208,247	$86,630,918
Retail			
In-Line retail	14,000	$175.22	$2,453,062
Kiosk	250	$175.22	$43,805
Sub-total retail	14,250	$175.22	$2,496,867
Bank/Restaurant	3,200	$175.22	$560,700
Office	100,000	$184.92	$18,491,706
Hotel	150	$97,189	$14,578,332
Total Scenarios A & B			**$98,871,848**
Total Scenario C			**$122,758,523**
Total Scenario D			**$65,197,306**
Total Scenario E			**$89,083,981**

[1]Projected development provided by Annapolis Junction Town Center, LLC.

[2]See Appendix F. Represents projected market value at stabilization.

Potential Incremental Assessed Value

As described in Section II of this report, the State of Maryland mandates that property must be assessed at 100% of its full cash value. Projected incremental assessed value at full build-out is shown in Table VI-M.

TABLE VI-M

Projected Incremental Values at Full Build-Out – Annapolis Junction Town Center

Scenario	***Projected Value[1]***	***Base Value[2]***	***Incremental Value***
A – Base Case	$118,058,157	($1,608,000)	$116,450,157
B – No Appreciation	$98,871,848	($1,608,000)	$97,263,848
C – Increased Apartments Value	$146,580,096	($1,608,000)	$144,972,096
D – Phase II/II-A Only	$78,177,024	($1,608,000)	$76,569,024
E – Phase II/II-A Only, Increased Apartments Value	$106,698,963	($1,608,000)	$105,090,963

[1]Refer to Footnote 3 on page 2 for information regarding completion and stabilization assumptions.

[2] The certified base value of $1,608,000 is the same for all scenarios. For Scenarios D and E, which assume only Phase II/II-A of the development is completed, the total projected value includes an amount associated with the portion of the site assumed to remain undeveloped (based on projected developed square feet), under the assumption that undeveloped land will retain its current value and will not create increment.

Detailed calculations of incremental values are included in Appendices A through E.

VII. PROJECTION OF INCREMENTAL TAX REVENUE

BACKGROUND INFORMATION

The incremental property value created within the District will produce incremental revenue in the form of additional real property taxes. In accordance with Maryland statute, this incremental revenue is calculated by subtracting the base value from the new total assessed value to get the net "incremental value," which is then multiplied by the applicable tax rate. Currently, the tax rate for the County is $1.014 per $100 assessed value, as described in Section II of this report.

CALCULATION OF INCREMENTAL TAX REVENUE

The aggregate base value for properties located within the District is $1,608,000. At stabilization, the property in the District is estimated to have an assessed value of $118,058,157 under Scenario A using an assumed inflation rate of three percent per year; therefore, incremental value is estimated to be $116,450,157. Assuming no inflation, the estimated assessed value at stabilization for Scenario B is $98,871,848, leading to an increment of $97,263,848, and so on for each scenario as shown in Table VI-M in the preceding section.

Total projected incremental taxes are as shown in the below calculations. Refer to Appendices A through E for detailed calculations of projected incremental taxes.

(Incremental Assessed Value) ÷ 100 × (Tax Rate) × (Percent Remaining after Early Payment Discount)[37] = *Incremental Real Property Tax*

Scenario A:
$116,450,157 ÷ 100 × $1.014 × 99.5% = $1,174,901

Scenario B:
$97,263,848 ÷ 100 × $1.014 × 99.5% = $981,324

Scenario C
$144,972,096 ÷ 100 × $1.014 × 99.5% = $1,462,667

Scenario D:
$76,569,024 ÷ 100 × $1.014 × 99.5% = $772,528

Scenario E:
$105,090,963 ÷ 100 × $1.014 × 99.5% = $1,060,294

[37] Assumes payment is remitted in time to receive 0.5% discount, as described in Section II.

POTENTIAL REVENUE FROM BRAC ZONE PROGRAM[38]

As mentioned in Section II, the District has been designated a BRAC Zone. For qualified properties, a local jurisdiction receives up to 100% of the State real property tax increment and a payment equal to 50% of the local jurisdiction's real property tax increment for a ten-year period, subject to the limits of the State budget appropriation. Under the enabling legislation for the program, the State provides up to $5,000,000 annually, subject to appropriation by the State in each year, to be paid to all local jurisdictions under the program, which the local jurisdictions may appropriate to pay debt service on tax increment financing bonds or to pay for infrastructure improvements in the District. If the total eligible disbursements to local jurisdictions exceed $5,000,000, each jurisdiction receives a pro rata share, which could reduce the payments to Howard County for development within the District. BRAC Zone revenue is available for ten years from the date the first property in the BRAC Zone is completed and certified by the jurisdiction as a qualified property.

There are currently seven designated zones in the State of Maryland encompassing approximately 3,344 acres. Within these seven zones, twelve parcels are currently receiving funds. According to *BRAC Revitalization and Incentive Zone Program Annual Status Report for Calendar Year 2013* (Maryland Department of Business and Economic Development, December 2013), total disbursements for FY 2013 totaled $506,911, which is approximately ten percent of the maximum $5,000,000 State appropriation.

This same status report identifies five projects completed or anticipated to be completed and submitted as qualified properties prior to February 1, 2014, five projects currently under construction and/or approved with an anticipated completion date after February 1, 2014, and sixteen projects expected to begin construction within the next twelve months (including the Annapolis Junction Town Center project). Total anticipated disbursements for FY 2014 are expected to increase to $778,824.

The amount of BRAC Zone revenue potentially available from the project is contingent on several factors beyond the County's control, and the projected amount could be materially reduced over time. Figures shown in this section assume 100% of the potential revenue is received by the County, based on only $506,911 of $5,000,000 in total capacity being appropriated in FY 2013 and $778,824 of $5,000,000 in total capacity expected to be appropriated in FY 2014. No assurance can be given that BRAC Zone revenues as projected in this section will be available to pay debt service.

[38] Information regarding the BRAC Zone program and the methodology for calculating and distributing BRAC Zone revenues is as provided to MuniCap from several sources, including the Maryland Department of Business and Economic Development. While this information is believed to be accurate, MuniCap has made no effort independently verify the information as presented herein.

RESULTS

Section II of this report describes various exemptions and credits that are available to certain properties within the County. For the purposes of this report, no credits are assumed to pertain to the property within the District. Therefore, total estimated tax increment revenues at full build-out are as shown below in Table VII-A.

TABLE VII-A
Projected Incremental Taxes

Scenario	***Annual Incremental Taxes at Build-Out***[1]	***Cumulative Total Through Tax Year 2043***
A – Base Case	$1,174,901	$43,554,125
B – No Appreciation	$981,324	$26,145,494
C – Increased Apartments Value	$1,462,667	$54,005,609
D – Phase II/II-A Only	$772,528	$28,895,382
E – Phase II/II-A Only, Increased Apartments Value	$1,060,294	$39,348,213

[1]Assumes full build-out of the project in calendar year 2017 for Scenarios A, B, and C and calendar year 2016 for Scenarios D and E, with stabilized incremental taxes available for debt service in the bond year ending February 15, 2021.

Detailed calculations of these figures are included in the attached Appendices A through E. If estimated BRAC Zone Revenue is also considered, total potential revenue is as shown below in Table VII-B. Detailed calculations of potential BRAC Zone revenue are included in Appendix J, attached hereto.

TABLE VII-B
Projected Incremental Taxes Plus BRAC Zone Revenue – Annapolis Junction Town Center District

Scenario	***Annual BRAC Zone Revenues at Build-Out***[1]	***Annual Tax Increment and BRAC Zone Revenues at Build-Out***	***Cumulative Total of all Revenue Through Tax Year 2043***
A – Base Case	$720,826	$1,895,727	$50,886,115
B – No Appreciation	$602,063	$1,583,387	$31,951,236
C – Increased Apartments Value	$897,377	$2,360,044	$63,024,599
D – Phase II/II-A Only	$473,962	$1,246,490	$33,860,823
E – Phase II/II-A Only, Increased Apartments Value	$650,513	$1,710,807	$46,001,481

[1]Assumes full build-out of the project in calendar year 2017 for Scenarios A, B, and C and calendar year 2016 for Scenarios D and E, with stabilized incremental taxes available for debt service in the bond year ending February 15, 2021. BRAC revenues are available for the ten-year life of the BRAC zone, commencing the date the first property in the BRAC zone becomes a qualified property.

VIII. Projected Special Taxes

Levy of Special Taxes

Special taxes will be levied each year to provide funds for the payment of debt service on the bonds and to cover the cost of administration of the District. Beginning with the first fiscal year special taxes are levied and continuing until the year provided for in the *Annapolis Junction Town Center Special Taxing District Rate and Method of Apportionment of Special Taxes* (the "RMA"), special taxes will be levied at the District maximum special tax. For the first fiscal year, the District maximum special tax is $1,336,500. On each July 1 thereafter, the District maximum special tax shall be increased to 102 percent of the District maximum special tax in effect from the previous fiscal year. (The RMA provides that the maximum special taxes may be reduced by the County's director of finance to reflect the actual debt service on the 2014 Bonds. The maximum special taxes are expected to be reduced to an amount that would provide a minimum of 110% debt service coverage plus estimated administrative expenses in any year.)

Allocation of Special Taxes

Special taxes are imposed on taxable property in accordance with the methodology set forth in the RMA. Taxable property consists of property within the District other than public property or owner association property. For purposes of allocating special taxes, taxable property is classified into one of five classes. The method used to allocate special taxes to these five classes is based on the equivalent unit factors. Equivalent unit factors are simply the ratio of future estimated value of property in each class, estimated at the time the County Council set the factors, with a unit of residential property being equal to one equivalent unit. The classes and equivalent unit factors as set forth in the RMA are as follows:

TABLE VIII-A
Property Classes, Equivalent Unit Factors, and Special Taxes
(Bond Year Ending July 1, 2014)

Property Class	*Basis of Allocation*	*Equivalent Unit Factors*	*Maximum Special Tax Per Equivalent Unit*	*Maximum Special Tax by Class*	*Total Allocation by Class*
Residential Property	Per Unit	1	$1,850	$769,516	58%
Retail Property	Per 1,000 SF	1.1	$2,035	$28,996	2%
Retail Pad-Site Property	Per 1,000 SF	3.23	$5,975	$19,120	1%
Office Property	Per 1,000 SF	1.68	$3,108	$310,766	23%
Hotel Property	Per Room	0.75	$1,387	$208,102	16%
Total				$1,336,500	100%

Special taxes for the entire District are $1,336,500 for the first fiscal year, as explained above (although this amount may be reduced to provide a minimum of 110% debt service coverage as explained above). These special taxes are allocated to each property on the basis of the equivalent units for the uses of that property compared to the total equivalent units of all property within the District. Parcels are not obligated to pay special taxes in excess of the amount allocated to the parcel.

For the Bond Year ending February 15, 2021, the maximum special tax is $1,535,218 (prior to any reduction) and the projected net annual debt service is $1,207,304. The maximum special taxes would then create debt service coverage of 127%, as calculated on the following page.

Maximum special taxes ($1,535,218) ÷ *debt service* ($1,207,304) = 127%

If the maximum special taxes were reduced to provide minimum debt service coverage of 110% for this year, the maximum special taxes would be $1,328,034 plus estimated administrative expenses.

Adjusted Maximum Special Tax

Special taxes may be collected from each parcel in the District only up to the adjusted maximum special tax for the parcel. The adjusted maximum special tax is the lesser of (i) the maximum special tax and (ii) the maximum special tax less the tax increment revenues related to each parcel available to repay the bonds. The tax increment revenues collected from a given parcel in a fiscal year are referred to as the special tax credit. The adjusted maximum special tax has the impact of limiting the special taxes that may be collected to any shortfall between tax increment revenues and debt service on the bonds, plus any coverage built into the maximum special tax rates. The maximum special taxes have a minimum coverage of 110% debt service on estimated net annual debt service. The adjusted maximum special taxes also limit the special tax that may be collected from any parcel to the special tax allocated to that parcel less the tax increment revenues produced by that parcel.

Table VIII-B provides an example of how the special tax credit works for a sample parcel.

TABLE VIII-B

Adjusted Maximum Special Tax for Sample Parcel

Sample parcel equivalent units:	
Sample parcel development (multi-family units)	416
Equivalent unit factor per multi-family unit[1]	1.00
Equivalent units for sample parcel	416
Total District equivalent units[2]	723
Percentage of total equivalent units on sample parcel	58%
Maximum special tax (bond year ending 2/15/2021)	$1,535,218
Portion allocable to sample parcel	58%
Maximum special tax for sample parcel	$883,335
Estimated special tax credit (bond year ending 2/15/2021)[3]	$1,174,901
Portion allocable to sample parcel	58%
Special tax credit for sample parcel	$676,015
Adjusted maximum special tax for sample parcel **(Maximum Special Tax Rate - Special Tax Credit)**	$207,320

[1]Provided for in the *Annapolis Junction Town Center Special Taxing District Rate and Method of Apportionment of Special Taxes.*
[2]Based on the proposed development described in Section V and adopted equivalent unit factors in the *Annapolis Junction Town Center Special Taxing District Rate and Method of Apportionment of Special Taxes.*
[3]Represents the estimated special tax credit as shown in Appendix A, Schedule A-V. This credit includes only tax increment revenue. Though not shown, BRAC Zone revenue could also be used to reduce special taxes, as shown in Appendix J.

Collection of Special Taxes

The special taxes are payable each year. While the District maximum special tax is levied each year, for the term of the bonds, special taxes will only be collected up to the special tax requirement. As defined in the RMA, the special tax requirement for any fiscal year is equal to:

> (A) the amount required in any Fiscal Year to pay: (1) debt service and other periodic costs (including deposits to any sinking funds) on the Bonds to be paid from the Special Taxes collected in such Fiscal Year, (2) Administrative Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year and not paid by the District, (3) any amount required to replenish any reserve fund established in association with any Bonds, (4) an amount equal to the estimated delinquencies expected in payment of the Special Tax or other contingencies as deemed appropriate, and (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash), less (B) (1) Tax Increment Revenues available to apply to the Special Tax Requirement for that Fiscal Year, (2) any credits available pursuant to the Indenture of Trust, such as capitalized interest, reserves, and investment earnings on any account balances, and (3) any other revenues available to apply to the Special Tax Requirement.

The result of this methodology is that special taxes are collected only to the extent that tax increment revenue and available BRAC Zone revenue are insufficient to pay District obligations. As property is developed and additional tax increment revenues are produced, the special tax requirement will decrease.

Each parcel receives a credit to the special taxes levied on that parcel for the property taxes produced by the parcel that are available to apply to the repayment of the bonds. The special tax requirement for a parcel is generally equal to the special tax levied on the parcel less the special tax credit for property taxes and BRAC Zone revenues available to pay debt service on the bonds. As a result, special taxes are collected only in the amount necessary to pay debt service and administrative expenses less the tax revenues available to repay the bonds. In some cases, as shown in Table VIII-B, the special tax credit for a parcel may not fully off-set the special tax requirement for that parcel and the parcel would be subject to special taxes. In other cases, the special tax credit in a particular year may fully offset the special taxes levied on the parcel and the parcel will have no special tax obligation for that year.

The special taxes are subject to a mandatory prepayment of special taxes if there is a reduction in development proposed for a parcel, resulting in an increase in the special tax per equivalent unit to an amount that is greater than the maximum special tax per equivalent unit (if the special tax may not be transferred to another parcel).

IX. Projected Debt Service Coverage

OVERVIEW

The total bond amount secured by tax increment revenue that will initially be issued on behalf of the District is assumed to be $17,000,000. This bond issue results in an estimated $1,207,304 in net annual debt service for the bond year ending February 15, 2021 (the first year in which stabilized taxes from the fully completed development are anticipated), assuming a 6.50% interest rate. The projected net debt service is included in Schedule A-VI, B-II, C-VI, D-VI, and E-VI of Appendices A, B, C, D, and E, respectively, at the end of this study.

As Tables IX-A.1, IX-B.1, IX-C.1, IX-D.1, and IX-E.1 at the end of this section show, during some years, projected tax increment revenues are not sufficient to pay projected debt service. Special taxes will be levied to cover any deficiencies in the payment of debt service. Projected debt service coverage including both tax increment revenues and special taxes are shown in these tables.

POTENTIAL COVERAGE FROM BRAC ZONE PROGRAM

As mentioned in Section VII, the project could potentially generate significant revenues under the BRAC Zone program, which the County has agreed to pledge towards the security of debt service. These revenues would be available for a ten year period subject to appropriations. Projected BRAC Zone revenues could be materially reduced by factors beyond the County's control; no assurance can be given that such revenues will be available to pay debt service.

Some revenues are expected to be available, as a relatively small portion of the total State appropriation has been allocated and disbursed in recent years, indicating significant capacity for the project to receive eligible funds. MuniCap has estimated the total potential BRAC Zone revenues assuming no reduction under each scenario.[39] For Scenarios A, C, and E, a relatively small portion of the potential BRAC Zone revenues are required to offset shortfalls. For Scenarios B and D, deficits are not fully cured, even if it is assumed that all potential BRAC Zone revenue is available, necessitating the collection of Special Taxes. This coverage is expressed in Tables IX-A.2, IX-B.2, IX-C.2, IX-D.2, and IX-E.2.

Detailed calculations of potential BRAC Zone revenues on an annual basis are included in Appendix J, attached hereto.

Charts 12 through 16 graphically express potential debt service coverage under each scenario.

[39] There are currently seven designated zones in the State of Maryland encompassing approximately 3,344 acres. Within these seven zones, twelve parcels are currently receiving funds. The Office of Finance Programs *BRAC Revitalization and Incentive Zone Program Annual Status Report for Calendar Year 2013* identifies five projects expected to be submitted as qualified properties prior to February 1, 2014, five projects currently under construction and/or approved with an anticipated completion date after February 1, 2014, and sixteen projects (inclusive of several or many parcels) in the pipeline to begin construction within the next twelve months. The Annapolis Junction Town Center project is not included in those future anticipated projects.

TABLE IX-A.1

Projected Debt Service, Tax Increment, and Special Taxes

Scenario A (Base Case)

			Tax Increment Revenues			*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	*Bond Year Ending*	*Net Annual Debt Service*[1]	*Tax Increment Revenue*[1]	*Surplus/ (Deficit)*	*Debt Service Coverage*	*Maximum Special Tax*	*Debt Service Coverage*	*Max Special Tax Plus Tax Increment*	*Debt Service Coverage*	*Required Special Tax*	*Special Tax Plus Tax Increment*	*Debt Service Coverage*
1-Jul-13	15-Feb-14	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$702,744	($433,786)	61.8%	$1,446,671	127.3%	$2,149,415	189.1%	$433,786	$1,136,530	100.0%
1-Jul-18	15-Feb-19	$1,161,736	$1,100,524	($61,212)	94.7%	$1,475,604	127.0%	$2,576,128	221.7%	$61,212	$1,161,736	100.0%
1-Jul-19	15-Feb-20	$1,185,327	$1,134,023	($51,304)	95.7%	$1,505,116	127.0%	$2,639,139	222.7%	$51,304	$1,185,327	100.0%
1-Jul-20	15-Feb-21	$1,207,304	$1,174,901	($32,403)	97.3%	$1,535,218	127.2%	$2,710,119	224.5%	$32,403	$1,207,304	100.0%
1-Jul-21	15-Feb-22	$1,232,667	$1,210,634	($22,033)	98.2%	$1,565,923	127.0%	$2,776,557	225.2%	$22,033	$1,232,667	100.0%
1-Jul-22	15-Feb-23	$1,256,091	$1,247,440	($8,651)	99.3%	$1,597,241	127.2%	$2,844,681	226.5%	$8,651	$1,256,091	100.0%
1-Jul-23	15-Feb-24	$1,282,577	$1,285,350	$2,773	100.2%	$1,629,186	127.0%	$2,914,536	227.2%	$0	$1,285,350	100.2%
1-Jul-24	15-Feb-25	$1,306,800	$1,324,397	$17,597	101.3%	$1,661,770	127.2%	$2,986,167	228.5%	$0	$1,324,397	101.3%
1-Jul-25	15-Feb-26	$1,333,759	$1,364,616	$30,856	102.3%	$1,695,005	127.1%	$3,059,621	229.4%	$0	$1,364,616	102.3%
1-Jul-26	15-Feb-27	$1,358,131	$1,406,041	$47,910	103.5%	$1,728,905	127.3%	$3,134,946	230.8%	$0	$1,406,041	103.5%
1-Jul-27	15-Feb-28	$1,389,915	$1,448,709	$58,794	104.2%	$1,763,483	126.9%	$3,212,192	231.1%	$0	$1,448,709	104.2%
1-Jul-28	15-Feb-29	$1,413,462	$1,492,657	$79,195	105.6%	$1,798,753	127.3%	$3,291,410	232.9%	$0	$1,492,657	105.6%
1-Jul-29	15-Feb-30	$1,444,097	$1,537,923	$93,827	106.5%	$1,834,728	127.1%	$3,372,651	233.5%	$0	$1,537,923	106.5%
1-Jul-30	15-Feb-31	$1,471,170	$1,584,548	$113,378	107.7%	$1,871,423	127.2%	$3,455,970	234.9%	$0	$1,584,548	107.7%
1-Jul-31	15-Feb-32	$1,499,681	$1,632,571	$132,890	108.9%	$1,908,851	127.3%	$3,541,422	236.1%	$0	$1,632,571	108.9%
1-Jul-32	15-Feb-33	$1,529,306	$1,682,035	$152,728	110.0%	$1,947,028	127.3%	$3,629,063	237.3%	$0	$1,682,035	110.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,732,982	$168,262	110.8%	$1,985,969	126.9%	$3,718,951	237.7%	$0	$1,732,982	110.8%
1-Jul-34	15-Feb-35	$1,595,274	$1,785,459	$190,185	111.9%	$2,025,688	127.0%	$3,811,147	238.9%	$0	$1,785,459	111.9%
1-Jul-35	15-Feb-36	$1,625,967	$1,839,509	$213,542	113.1%	$2,066,202	127.1%	$3,905,711	240.2%	$0	$1,839,509	113.1%
1-Jul-36	15-Feb-37	$1,656,474	$1,895,181	$238,707	114.4%	$2,107,526	127.2%	$4,002,707	241.6%	$0	$1,895,181	114.4%
1-Jul-37	15-Feb-38	$1,691,472	$1,952,523	$261,051	115.4%	$2,149,676	127.1%	$4,102,200	242.5%	$0	$1,952,523	115.4%
1-Jul-38	15-Feb-39	$1,725,311	$2,011,586	$286,275	116.6%	$2,192,670	127.1%	$4,204,255	243.7%	$0	$2,011,586	116.6%
1-Jul-39	15-Feb-40	$1,757,665	$2,072,420	$314,755	117.9%	$2,236,523	127.2%	$4,308,943	245.2%	$0	$2,072,420	117.9%
1-Jul-40	15-Feb-41	$1,793,210	$2,135,079	$341,869	119.1%	$2,281,254	127.2%	$4,416,333	246.3%	$0	$2,135,079	119.1%
1-Jul-41	15-Feb-42	$1,831,297	$2,199,618	$368,321	120.1%	$2,326,879	127.1%	$4,526,497	247.2%	$0	$2,199,618	120.1%
1-Jul-42	15-Feb-43	$1,866,276	$2,266,093	$399,818	121.4%	$2,373,416	127.2%	$4,639,510	248.6%	$0	$2,266,093	121.4%
1-Jul-43	15-Feb-44	$1,902,821	$2,334,563	$431,742	122.7%	$2,420,885	127.2%	$4,755,448	249.9%	$0	$2,334,563	122.7%
Total		$40,446,181	$43,554,125	$3,107,945		$56,640,123		$100,194,248		$836,529	$44,390,654	

[1]See Appendix A-VI.

TABLE IX-A.2

Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes

Scenario A (Base Case)

			Tax Increment & BRAC Zone Revenue					*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	*Bond Year Ending*	*Net Annual Debt Service*[1]	*Tax Increment Revenue*[1]	*Available BRAC Zone Revenue*[2]	*Total Available Revenues*	*Surplus/ (Deficit)*	*Debt Service Coverage*	*Maximum Special Tax*	*Debt Service Coverage*	*Max Special Tax Plus Increment & BRAC Zone*	*Combined Debt Service Coverage*	*Required Special Tax*	*Req. Special Tax Plus Increment & BRAC Zone*	*Debt Service Coverage*
1-Jul-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$702,744	$431,148	$1,133,893	($2,638)	99.8%	$1,446,671	127.3%	$2,580,563	227.1%	$2,638	$1,136,530	100.0%
1-Jul-18	15-Feb-19	$1,161,736	$1,100,524	$675,195	$1,775,718	$613,982	152.9%	$1,475,604	127.0%	$3,251,322	279.9%	$0	$1,775,718	152.9%
1-Jul-19	15-Feb-20	$1,185,327	$1,134,023	$695,747	$1,829,771	$644,444	154.4%	$1,505,116	127.0%	$3,334,887	281.3%	$0	$1,829,771	154.4%
1-Jul-20	15-Feb-21	$1,207,304	$1,174,901	$720,826	$1,895,727	$688,423	157.0%	$1,535,218	127.2%	$3,430,945	284.2%	$0	$1,895,727	157.0%
1-Jul-21	15-Feb-22	$1,232,667	$1,210,634	$742,750	$1,953,384	$720,717	158.5%	$1,565,923	127.0%	$3,519,307	285.5%	$0	$1,953,384	158.5%
1-Jul-22	15-Feb-23	$1,256,091	$1,247,440	$765,331	$2,012,771	$756,680	160.2%	$1,597,241	127.2%	$3,610,012	287.4%	$0	$2,012,771	160.2%
1-Jul-23	15-Feb-24	$1,282,577	$1,285,350	$788,590	$2,073,939	$791,362	161.7%	$1,629,186	127.0%	$3,703,125	288.7%	$0	$2,073,939	161.7%
1-Jul-24	15-Feb-25	$1,306,800	$1,324,397	$812,546	$2,136,943	$830,143	163.5%	$1,661,770	127.2%	$3,798,713	290.7%	$0	$2,136,943	163.5%
1-Jul-25	15-Feb-26	$1,333,759	$1,364,616	$837,221	$2,201,837	$868,077	165.1%	$1,695,005	127.1%	$3,896,842	292.2%	$0	$2,201,837	165.1%
1-Jul-26	15-Feb-27	$1,358,131	$1,406,041	$862,636	$2,268,677	$910,546	167.0%	$1,728,905	127.3%	$3,997,582	294.3%	$0	$2,268,677	167.0%
1-Jul-27	15-Feb-28	$1,389,915	$1,448,709	$0	$1,448,709	$58,794	104.2%	$1,763,483	126.9%	$3,212,192	231.1%	$0	$1,448,709	104.2%
1-Jul-28	15-Feb-29	$1,413,462	$1,492,657	$0	$1,492,657	$79,195	105.6%	$1,798,753	127.3%	$3,291,410	232.9%	$0	$1,492,657	105.6%
1-Jul-29	15-Feb-30	$1,444,097	$1,537,923	$0	$1,537,923	$93,827	106.5%	$1,834,728	127.1%	$3,372,651	233.5%	$0	$1,537,923	106.5%
1-Jul-30	15-Feb-31	$1,471,170	$1,584,548	$0	$1,584,548	$113,378	107.7%	$1,871,423	127.2%	$3,455,970	234.9%	$0	$1,584,548	107.7%
1-Jul-31	15-Feb-32	$1,499,681	$1,632,571	$0	$1,632,571	$132,890	108.9%	$1,908,851	127.3%	$3,541,422	236.1%	$0	$1,632,571	108.9%
1-Jul-32	15-Feb-33	$1,529,306	$1,682,035	$0	$1,682,035	$152,728	110.0%	$1,947,028	127.3%	$3,629,063	237.3%	$0	$1,682,035	110.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,732,982	$0	$1,732,982	$168,262	110.8%	$1,985,969	126.9%	$3,718,951	237.7%	$0	$1,732,982	110.8%
1-Jul-34	15-Feb-35	$1,595,274	$1,785,459	$0	$1,785,459	$190,185	111.9%	$2,025,688	127.0%	$3,811,147	238.9%	$0	$1,785,459	111.9%
1-Jul-35	15-Feb-36	$1,625,967	$1,839,509	$0	$1,839,509	$213,542	113.1%	$2,066,202	127.1%	$3,905,711	240.2%	$0	$1,839,509	113.1%
1-Jul-36	15-Feb-37	$1,656,474	$1,895,181	$0	$1,895,181	$238,707	114.4%	$2,107,526	127.2%	$4,002,707	241.6%	$0	$1,895,181	114.4%
1-Jul-37	15-Feb-38	$1,691,472	$1,952,523	$0	$1,952,523	$261,051	115.4%	$2,149,676	127.1%	$4,102,200	242.5%	$0	$1,952,523	115.4%
1-Jul-38	15-Feb-39	$1,725,311	$2,011,586	$0	$2,011,586	$286,275	116.6%	$2,192,670	127.1%	$4,204,255	243.7%	$0	$2,011,586	116.6%
1-Jul-39	15-Feb-40	$1,757,665	$2,072,420	$0	$2,072,420	$314,755	117.9%	$2,236,523	127.2%	$4,308,943	245.2%	$0	$2,072,420	117.9%
1-Jul-40	15-Feb-41	$1,793,210	$2,135,079	$0	$2,135,079	$341,869	119.1%	$2,281,254	127.2%	$4,416,333	246.3%	$0	$2,135,079	119.1%
1-Jul-41	15-Feb-42	$1,831,297	$2,199,618	$0	$2,199,618	$368,321	120.1%	$2,326,879	127.1%	$4,526,497	247.2%	$0	$2,199,618	120.1%
1-Jul-42	15-Feb-43	$1,866,276	$2,266,093	$0	$2,266,093	$399,818	121.4%	$2,373,416	127.2%	$4,639,510	248.6%	$0	$2,266,093	121.4%
1-Jul-43	15-Feb-44	$1,902,821	$2,334,563	$0	$2,334,563	$431,742	122.7%	$2,420,885	127.2%	$4,755,448	249.9%	$0	$2,334,563	122.7%
Total		$40,446,181	$43,554,125	$7,331,990	$50,886,115	$10,439,934		$56,640,123		$107,526,238		$229,777	$51,115,892	

[1]See Appendix A-VI.

[2]See Appendix J.

TABLE IX-B.1
Projected Debt Service, Tax Increment, and Special Taxes
Scenario B (No Appreciation)

			Tax Increment Revenues			*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	*Bond Year Ending*	*Net Annual Debt Service*[1]	*Tax Increment Revenue*[1]	*Surplus/ (Deficit)*	*Debt Service Coverage*	*Maximum Special Tax*	*Debt Service Coverage*	*Max Special Tax Plus Tax Increment*	*Debt Service Coverage*	*Required Special Tax*	*Special Tax Plus Tax Increment*	*Debt Service Coverage*
1-Jan-13	15-Feb-14	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jan-14	15-Feb-15	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jan-15	15-Feb-16	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jan-16	15-Feb-17	$227,139	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jan-17	15-Feb-18	$1,136,530	$641,734	($494,797)	56.5%	$1,446,671	127.3%	$2,088,404	183.8%	$494,797	$1,136,530	100.0%
1-Jan-18	15-Feb-19	$1,161,736	$975,992	($185,744)	84.0%	$1,475,604	127.0%	$2,451,596	211.0%	$185,744	$1,161,736	100.0%
1-Jan-19	15-Feb-20	$1,185,327	$975,990	($209,337)	82.3%	$1,505,116	127.0%	$2,481,106	209.3%	$209,337	$1,185,327	100.0%
1-Jan-20	15-Feb-21	$1,207,304	$981,324	($225,980)	81.3%	$1,535,218	127.2%	$2,516,543	208.4%	$225,980	$1,207,304	100.0%
1-Jan-21	15-Feb-22	$1,232,667	$981,324	($251,343)	79.6%	$1,565,923	127.0%	$2,547,247	206.6%	$251,343	$1,232,667	100.0%
1-Jan-22	15-Feb-23	$1,256,091	$981,324	($274,767)	78.1%	$1,597,241	127.2%	$2,578,565	205.3%	$274,767	$1,256,091	100.0%
1-Jan-23	15-Feb-24	$1,282,577	$981,324	($301,253)	76.5%	$1,629,186	127.0%	$2,610,510	203.5%	$301,253	$1,282,577	100.0%
1-Jan-24	15-Feb-25	$1,306,800	$981,324	($325,476)	75.1%	$1,661,770	127.2%	$2,643,094	202.3%	$325,476	$1,306,800	100.0%
1-Jan-25	15-Feb-26	$1,333,759	$981,324	($352,435)	73.6%	$1,695,005	127.1%	$2,676,329	200.7%	$352,435	$1,333,759	100.0%
1-Jan-26	15-Feb-27	$1,358,131	$981,324	($376,807)	72.3%	$1,728,905	127.3%	$2,710,229	199.6%	$376,807	$1,358,131	100.0%
1-Jan-27	15-Feb-28	$1,389,915	$981,324	($408,591)	70.6%	$1,763,483	126.9%	$2,744,808	197.5%	$408,591	$1,389,915	100.0%
1-Jan-28	15-Feb-29	$1,413,462	$981,324	($432,138)	69.4%	$1,798,753	127.3%	$2,780,077	196.7%	$432,138	$1,413,462	100.0%
1-Jan-29	15-Feb-30	$1,444,097	$981,324	($462,773)	68.0%	$1,834,728	127.1%	$2,816,052	195.0%	$462,773	$1,444,097	100.0%
1-Jan-30	15-Feb-31	$1,471,170	$981,324	($489,845)	66.7%	$1,871,423	127.2%	$2,852,747	193.9%	$489,845	$1,471,170	100.0%
1-Jan-31	15-Feb-32	$1,499,681	$981,324	($518,357)	65.4%	$1,908,851	127.3%	$2,890,175	192.7%	$518,357	$1,499,681	100.0%
1-Jan-32	15-Feb-33	$1,529,306	$981,324	($547,982)	64.2%	$1,947,028	127.3%	$2,928,352	191.5%	$547,982	$1,529,306	100.0%
1-Jan-33	15-Feb-34	$1,564,720	$981,324	($583,396)	62.7%	$1,985,969	126.9%	$2,967,293	189.6%	$583,396	$1,564,720	100.0%
1-Jan-34	15-Feb-35	$1,595,274	$981,324	($613,950)	61.5%	$2,025,688	127.0%	$3,007,012	188.5%	$613,950	$1,595,274	100.0%
1-Jan-35	15-Feb-36	$1,625,967	$981,324	($644,643)	60.4%	$2,066,202	127.1%	$3,047,526	187.4%	$644,643	$1,625,967	100.0%
1-Jan-36	15-Feb-37	$1,656,474	$981,324	($675,150)	59.2%	$2,107,526	127.2%	$3,088,850	186.5%	$675,150	$1,656,474	100.0%
1-Jan-37	15-Feb-38	$1,691,472	$981,324	($710,148)	58.0%	$2,149,676	127.1%	$3,131,001	185.1%	$710,148	$1,691,472	100.0%
1-Jan-38	15-Feb-39	$1,725,311	$981,324	($743,987)	56.9%	$2,192,670	127.1%	$3,173,994	184.0%	$743,987	$1,725,311	100.0%
1-Jan-39	15-Feb-40	$1,757,665	$981,324	($776,341)	55.8%	$2,236,523	127.2%	$3,217,847	183.1%	$776,341	$1,757,665	100.0%
1-Jan-40	15-Feb-41	$1,793,210	$981,324	($811,886)	54.7%	$2,281,254	127.2%	$3,262,578	181.9%	$811,886	$1,793,210	100.0%
1-Jan-41	15-Feb-42	$1,831,297	$981,324	($849,973)	53.6%	$2,326,879	127.1%	$3,308,203	180.6%	$849,973	$1,831,297	100.0%
1-Jan-42	15-Feb-43	$1,866,276	$981,324	($884,951)	52.6%	$2,373,416	127.2%	$3,354,741	179.8%	$884,951	$1,866,276	100.0%
1-Jan-43	15-Feb-44	$1,902,821	$981,324	($921,497)	51.6%	$2,420,885	127.2%	$3,402,209	178.8%	$921,497	$1,902,821	100.0%
Total		$40,446,181	$26,145,494	($14,300,686)		$56,640,123		$82,785,617		$14,300,686	$40,446,181	

[1]See Appendix B-II.

TABLE IX-B.2
Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes
Scenario B (No Appreciation)

			Tax Increment & BRAC Zone Revenue					*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	*Bond Year Ending*	*Net Annual Debt Service*[1]	*Tax Increment Revenue*[1]	*Available BRAC Zone Revenue*[2]	*Total Available Revenues*	*Surplus/ (Deficit)*	*Debt Service Coverage*	*Maximum Special Tax*	*Debt Service Coverage*	*Max Special Tax Plus Increment & BRAC Zone*	*Combined Debt Service Coverage*	*Required Special Tax*	*Req. Special Tax Plus Increment & BRAC Zone*	*Debt Service Coverage*
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jan-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jan-17	15-Feb-18	$1,136,530	$641,734	$393,717	$1,035,451	($101,079)	91.1%	$1,446,671	127.3%	$2,482,122	218.4%	$101,079	$1,136,530	100.0%
1-Jan-18	15-Feb-19	$1,161,736	$975,992	$598,792	$1,574,784	$413,048	135.6%	$1,475,604	127.0%	$3,050,388	262.6%	$0	$1,574,784	135.6%
1-Jan-19	15-Feb-20	$1,185,327	$975,990	$598,790	$1,574,780	$389,453	132.9%	$1,505,116	127.0%	$3,079,896	259.8%	$0	$1,574,780	132.9%
1-Jan-20	15-Feb-21	$1,207,304	$981,324	$602,063	$1,583,387	$376,083	131.2%	$1,535,218	127.2%	$3,118,606	258.3%	$0	$1,583,387	131.2%
1-Jan-21	15-Feb-22	$1,232,667	$981,324	$602,063	$1,583,387	$350,720	128.5%	$1,565,923	127.0%	$3,149,310	255.5%	$0	$1,583,387	128.5%
1-Jan-22	15-Feb-23	$1,256,091	$981,324	$602,063	$1,583,387	$327,296	126.1%	$1,597,241	127.2%	$3,180,629	253.2%	$0	$1,583,387	126.1%
1-Jan-23	15-Feb-24	$1,282,577	$981,324	$602,063	$1,583,387	$300,810	123.5%	$1,629,186	127.0%	$3,212,573	250.5%	$0	$1,583,387	123.5%
1-Jan-24	15-Feb-25	$1,306,800	$981,324	$602,063	$1,583,387	$276,587	121.2%	$1,661,770	127.2%	$3,245,157	248.3%	$0	$1,583,387	121.2%
1-Jan-25	15-Feb-26	$1,333,759	$981,324	$602,063	$1,583,387	$249,628	118.7%	$1,695,005	127.1%	$3,278,393	245.8%	$0	$1,583,387	118.7%
1-Jan-26	15-Feb-27	$1,358,131	$981,324	$602,063	$1,583,387	$225,256	116.6%	$1,728,905	127.3%	$3,312,293	243.9%	$0	$1,583,387	116.6%
1-Jan-27	15-Feb-28	$1,389,915	$981,324	$0	$981,324	($408,591)	70.6%	$1,763,483	126.9%	$2,744,808	197.5%	$408,591	$1,389,915	100.0%
1-Jan-28	15-Feb-29	$1,413,462	$981,324	$0	$981,324	($432,138)	69.4%	$1,798,753	127.3%	$2,780,077	196.7%	$432,138	$1,413,462	100.0%
1-Jan-29	15-Feb-30	$1,444,097	$981,324	$0	$981,324	($462,773)	68.0%	$1,834,728	127.1%	$2,816,052	195.0%	$462,773	$1,444,097	100.0%
1-Jan-30	15-Feb-31	$1,471,170	$981,324	$0	$981,324	($489,845)	66.7%	$1,871,423	127.2%	$2,852,747	193.9%	$489,845	$1,471,170	100.0%
1-Jan-31	15-Feb-32	$1,499,681	$981,324	$0	$981,324	($518,357)	65.4%	$1,908,851	127.3%	$2,890,175	192.7%	$518,357	$1,499,681	100.0%
1-Jan-32	15-Feb-33	$1,529,306	$981,324	$0	$981,324	($547,982)	64.2%	$1,947,028	127.3%	$2,928,352	191.5%	$547,982	$1,529,306	100.0%
1-Jan-33	15-Feb-34	$1,564,720	$981,324	$0	$981,324	($583,396)	62.7%	$1,985,969	126.9%	$2,967,293	189.6%	$583,396	$1,564,720	100.0%
1-Jan-34	15-Feb-35	$1,595,274	$981,324	$0	$981,324	($613,950)	61.5%	$2,025,688	127.0%	$3,007,012	188.5%	$613,950	$1,595,274	100.0%
1-Jan-35	15-Feb-36	$1,625,967	$981,324	$0	$981,324	($644,643)	60.4%	$2,066,202	127.1%	$3,047,526	187.4%	$644,643	$1,625,967	100.0%
1-Jan-36	15-Feb-37	$1,656,474	$981,324	$0	$981,324	($675,150)	59.2%	$2,107,526	127.2%	$3,088,850	186.5%	$675,150	$1,656,474	100.0%
1-Jan-37	15-Feb-38	$1,691,472	$981,324	$0	$981,324	($710,148)	58.0%	$2,149,676	127.1%	$3,131,001	185.1%	$710,148	$1,691,472	100.0%
1-Jan-38	15-Feb-39	$1,725,311	$981,324	$0	$981,324	($743,987)	56.9%	$2,192,670	127.1%	$3,173,994	184.0%	$743,987	$1,725,311	100.0%
1-Jan-39	15-Feb-40	$1,757,665	$981,324	$0	$981,324	($776,341)	55.8%	$2,236,523	127.2%	$3,217,847	183.1%	$776,341	$1,757,665	100.0%
1-Jan-40	15-Feb-41	$1,793,210	$981,324	$0	$981,324	($811,886)	54.7%	$2,281,254	127.2%	$3,262,578	181.9%	$811,886	$1,793,210	100.0%
1-Jan-41	15-Feb-42	$1,831,297	$981,324	$0	$981,324	($849,973)	53.6%	$2,326,879	127.1%	$3,308,203	180.6%	$849,973	$1,831,297	100.0%
1-Jan-42	15-Feb-43	$1,866,276	$981,324	$0	$981,324	($884,951)	52.6%	$2,373,416	127.2%	$3,354,741	179.8%	$884,951	$1,866,276	100.0%
1-Jan-43	15-Feb-44	$1,902,821	$981,324	$0	$981,324	($921,497)	51.6%	$2,420,885	127.2%	$3,402,209	178.8%	$921,497	$1,902,821	100.0%
Total		$40,446,181	$26,145,494	$5,805,742	$31,951,236	($8,494,945)		$56,640,123		$88,591,359		$11,403,826	$43,355,063	

[1]See Appendix B-II.
[2]See Appendix J.

TABLE IX-C.1
Projected Debt Service, Tax Increment, and Special Taxes
Scenario C (Increased Apartments Value)

			Tax Increment Revenues			*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	*Bond Year Ending*	*Net Annual Debt Service*[1]	*Tax Increment Revenue*[1]	*Surplus/ (Deficit)*	*Debt Service Coverage*	*Maximum Special Tax*	*Debt Service Coverage*	*Max Special Tax Plus Tax Increment*	*Debt Service Coverage*	*Required Special Tax*	*Special Tax Plus Tax Increment*	*Debt Service Coverage*
1-Jul-13	15-Feb-14	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$878,276	($258,254)	77.3%	$1,446,671	127.3%	$2,324,947	204.6%	$258,254	$1,136,530	100.0%
1-Jul-18	15-Feb-19	$1,161,736	$1,282,396	$120,661	110.4%	$1,475,604	127.0%	$2,758,000	237.4%	$0	$1,282,396	110.4%
1-Jul-19	15-Feb-20	$1,185,327	$1,321,321	$135,994	111.5%	$1,505,116	127.0%	$2,826,437	238.5%	$0	$1,321,321	111.5%
1-Jul-20	15-Feb-21	$1,207,304	$1,462,667	$255,363	121.2%	$1,535,218	127.2%	$2,997,885	248.3%	$0	$1,462,667	121.2%
1-Jul-21	15-Feb-22	$1,232,667	$1,507,034	$274,367	122.3%	$1,565,923	127.0%	$3,072,956	249.3%	$0	$1,507,034	122.3%
1-Jul-22	15-Feb-23	$1,256,091	$1,552,731	$296,640	123.6%	$1,597,241	127.2%	$3,149,973	250.8%	$0	$1,552,731	123.6%
1-Jul-23	15-Feb-24	$1,282,577	$1,599,800	$317,223	124.7%	$1,629,186	127.0%	$3,228,986	251.8%	$0	$1,599,800	124.7%
1-Jul-24	15-Feb-25	$1,306,800	$1,648,281	$341,481	126.1%	$1,661,770	127.2%	$3,310,051	253.3%	$0	$1,648,281	126.1%
1-Jul-25	15-Feb-26	$1,333,759	$1,698,216	$364,457	127.3%	$1,695,005	127.1%	$3,393,221	254.4%	$0	$1,698,216	127.3%
1-Jul-26	15-Feb-27	$1,358,131	$1,749,649	$391,518	128.8%	$1,728,905	127.3%	$3,478,554	256.1%	$0	$1,749,649	128.8%
1-Jul-27	15-Feb-28	$1,389,915	$1,802,625	$412,710	129.7%	$1,763,483	126.9%	$3,566,109	256.6%	$0	$1,802,625	129.7%
1-Jul-28	15-Feb-29	$1,413,462	$1,857,191	$443,729	131.4%	$1,798,753	127.3%	$3,655,944	258.7%	$0	$1,857,191	131.4%
1-Jul-29	15-Feb-30	$1,444,097	$1,913,393	$469,296	132.5%	$1,834,728	127.1%	$3,748,121	259.5%	$0	$1,913,393	132.5%
1-Jul-30	15-Feb-31	$1,471,170	$1,971,282	$500,112	134.0%	$1,871,423	127.2%	$3,842,704	261.2%	$0	$1,971,282	134.0%
1-Jul-31	15-Feb-32	$1,499,681	$2,030,907	$531,226	135.4%	$1,908,851	127.3%	$3,939,758	262.7%	$0	$2,030,907	135.4%
1-Jul-32	15-Feb-33	$1,529,306	$2,092,321	$563,015	136.8%	$1,947,028	127.3%	$4,039,349	264.1%	$0	$2,092,321	136.8%
1-Jul-33	15-Feb-34	$1,564,720	$2,155,577	$590,857	137.8%	$1,985,969	126.9%	$4,141,546	264.7%	$0	$2,155,577	137.8%
1-Jul-34	15-Feb-35	$1,595,274	$2,220,731	$625,457	139.2%	$2,025,688	127.0%	$4,246,419	266.2%	$0	$2,220,731	139.2%
1-Jul-35	15-Feb-36	$1,625,967	$2,287,840	$661,873	140.7%	$2,066,202	127.1%	$4,354,042	267.8%	$0	$2,287,840	140.7%
1-Jul-36	15-Feb-37	$1,656,474	$2,356,962	$700,487	142.3%	$2,107,526	127.2%	$4,464,487	269.5%	$0	$2,356,962	142.3%
1-Jul-37	15-Feb-38	$1,691,472	$2,428,157	$736,685	143.6%	$2,149,676	127.1%	$4,577,834	270.6%	$0	$2,428,157	143.6%
1-Jul-38	15-Feb-39	$1,725,311	$2,501,489	$776,178	145.0%	$2,192,670	127.1%	$4,694,159	272.1%	$0	$2,501,489	145.0%
1-Jul-39	15-Feb-40	$1,757,665	$2,577,020	$819,355	146.6%	$2,236,523	127.2%	$4,813,543	273.9%	$0	$2,577,020	146.6%
1-Jul-40	15-Feb-41	$1,793,210	$2,654,817	$861,607	148.0%	$2,281,254	127.2%	$4,936,071	275.3%	$0	$2,654,817	148.0%
1-Jul-41	15-Feb-42	$1,831,297	$2,734,948	$903,651	149.3%	$2,326,879	127.1%	$5,061,827	276.4%	$0	$2,734,948	149.3%
1-Jul-42	15-Feb-43	$1,866,276	$2,817,484	$951,208	151.0%	$2,373,416	127.2%	$5,190,900	278.1%	$0	$2,817,484	151.0%
1-Jul-43	15-Feb-44	$1,902,821	$2,902,495	$999,674	152.5%	$2,420,885	127.2%	$5,323,380	279.8%	$0	$2,902,495	152.5%
Total		$40,446,181	$54,005,609	$13,559,428		$56,640,123		$110,645,732		$485,393	$54,491,002	

[1]See Appendix C-VI.

TABLE IX-C.2
Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes
Scenario C (Increased Apartments Value)

			Tax Increment & BRAC Zone Revenue					*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	*Bond Year Ending*	*Net Annual Debt Service*[1]	*Tax Increment Revenue*[1]	*Available BRAC Zone Revenue*[2]	*Total Available Revenues*	*Surplus/ (Deficit)*	*Debt Service Coverage*	*Maximum Special Tax*	*Debt Service Coverage*	*Max Special Tax Plus Increment & BRAC Zone*	*Combined Debt Service Coverage*	*Required Special Tax*	*Req. Special Tax Plus Increment & BRAC Zone*	*Debt Service Coverage*
1-Jul-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$878,276	$538,841	$1,417,117	$280,587	124.7%	$1,446,671	127.3%	$2,863,787	252.0%	$0	$1,417,117	124.7%
1-Jul-18	15-Feb-19	$1,161,736	$1,282,396	$786,777	$2,069,174	$907,438	178.1%	$1,475,604	127.0%	$3,544,778	305.1%	$0	$2,069,174	178.1%
1-Jul-19	15-Feb-20	$1,185,327	$1,321,321	$810,659	$2,131,980	$946,653	179.9%	$1,505,116	127.0%	$3,637,096	306.8%	$0	$2,131,980	179.9%
1-Jul-20	15-Feb-21	$1,207,304	$1,462,667	$897,377	$2,360,044	$1,152,740	195.5%	$1,535,218	127.2%	$3,895,263	322.6%	$0	$2,360,044	195.5%
1-Jul-21	15-Feb-22	$1,232,667	$1,507,034	$924,597	$2,431,631	$1,198,964	197.3%	$1,565,923	127.0%	$3,997,554	324.3%	$0	$2,431,631	197.3%
1-Jul-22	15-Feb-23	$1,256,091	$1,552,731	$952,634	$2,505,365	$1,249,274	199.5%	$1,597,241	127.2%	$4,102,606	326.6%	$0	$2,505,365	199.5%
1-Jul-23	15-Feb-24	$1,282,577	$1,599,800	$981,511	$2,581,311	$1,298,734	201.3%	$1,629,186	127.0%	$4,210,497	328.3%	$0	$2,581,311	201.3%
1-Jul-24	15-Feb-25	$1,306,800	$1,648,281	$1,011,255	$2,659,536	$1,352,736	203.5%	$1,661,770	127.2%	$4,321,306	330.7%	$0	$2,659,536	203.5%
1-Jul-25	15-Feb-26	$1,333,759	$1,698,216	$1,041,892	$2,740,107	$1,406,348	205.4%	$1,695,005	127.1%	$4,435,113	332.5%	$0	$2,740,107	205.4%
1-Jul-26	15-Feb-27	$1,358,131	$1,749,649	$1,073,447	$2,823,096	$1,464,965	207.9%	$1,728,905	127.3%	$4,552,001	335.2%	$0	$2,823,096	207.9%
1-Jul-27	15-Feb-28	$1,389,915	$1,802,625	$0	$1,802,625	$412,710	129.7%	$1,763,483	126.9%	$3,566,109	256.6%	$0	$1,802,625	129.7%
1-Jul-28	15-Feb-29	$1,413,462	$1,857,191	$0	$1,857,191	$443,729	131.4%	$1,798,753	127.3%	$3,655,944	258.7%	$0	$1,857,191	131.4%
1-Jul-29	15-Feb-30	$1,444,097	$1,913,393	$0	$1,913,393	$469,296	132.5%	$1,834,728	127.1%	$3,748,121	259.5%	$0	$1,913,393	132.5%
1-Jul-30	15-Feb-31	$1,471,170	$1,971,282	$0	$1,971,282	$500,112	134.0%	$1,871,423	127.2%	$3,842,704	261.2%	$0	$1,971,282	134.0%
1-Jul-31	15-Feb-32	$1,499,681	$2,030,907	$0	$2,030,907	$531,226	135.4%	$1,908,851	127.3%	$3,939,758	262.7%	$0	$2,030,907	135.4%
1-Jul-32	15-Feb-33	$1,529,306	$2,092,321	$0	$2,092,321	$563,015	136.8%	$1,947,028	127.3%	$4,039,349	264.1%	$0	$2,092,321	136.8%
1-Jul-33	15-Feb-34	$1,564,720	$2,155,577	$0	$2,155,577	$590,857	137.8%	$1,985,969	126.9%	$4,141,546	264.7%	$0	$2,155,577	137.8%
1-Jul-34	15-Feb-35	$1,595,274	$2,220,731	$0	$2,220,731	$625,457	139.2%	$2,025,688	127.0%	$4,246,419	266.2%	$0	$2,220,731	139.2%
1-Jul-35	15-Feb-36	$1,625,967	$2,287,840	$0	$2,287,840	$661,873	140.7%	$2,066,202	127.1%	$4,354,042	267.8%	$0	$2,287,840	140.7%
1-Jul-36	15-Feb-37	$1,656,474	$2,356,962	$0	$2,356,962	$700,487	142.3%	$2,107,526	127.2%	$4,464,487	269.5%	$0	$2,356,962	142.3%
1-Jul-37	15-Feb-38	$1,691,472	$2,428,157	$0	$2,428,157	$736,685	143.6%	$2,149,676	127.1%	$4,577,834	270.6%	$0	$2,428,157	143.6%
1-Jul-38	15-Feb-39	$1,725,311	$2,501,489	$0	$2,501,489	$776,178	145.0%	$2,192,670	127.1%	$4,694,159	272.1%	$0	$2,501,489	145.0%
1-Jul-39	15-Feb-40	$1,757,665	$2,577,020	$0	$2,577,020	$819,355	146.6%	$2,236,523	127.2%	$4,813,543	273.9%	$0	$2,577,020	146.6%
1-Jul-40	15-Feb-41	$1,793,210	$2,654,817	$0	$2,654,817	$861,607	148.0%	$2,281,254	127.2%	$4,936,071	275.3%	$0	$2,654,817	148.0%
1-Jul-41	15-Feb-42	$1,831,297	$2,734,948	$0	$2,734,948	$903,651	149.3%	$2,326,879	127.1%	$5,061,827	276.4%	$0	$2,734,948	149.3%
1-Jul-42	15-Feb-43	$1,866,276	$2,817,484	$0	$2,817,484	$951,208	151.0%	$2,373,416	127.2%	$5,190,900	278.1%	$0	$2,817,484	151.0%
1-Jul-43	15-Feb-44	$1,902,821	$2,902,495	$0	$2,902,495	$999,674	152.5%	$2,420,885	127.2%	$5,323,380	279.8%	$0	$2,902,495	152.5%
Total		$40,446,181	$54,005,609	$9,018,990	$63,024,599	$22,578,419		$56,640,123		$119,664,722		$227,139	$63,251,738	

[1]See Appendix C-VI.
[2]See Appendix J.

TABLE IX-D.1
Projected Debt Service, Tax Increment, and Special Taxes
Scenario D (Phase II/II-A Only)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Tax Increment Revenues: Tax Increment Revenue[1]	Tax Increment Revenues: Surplus/ (Deficit)	Tax Increment Revenues: Debt Service Coverage	Maximum Special Tax: Maximum Special Tax	Maximum Special Tax: Debt Service Coverage	Maximum Special Tax: Max Special Tax Plus Tax Increment	Maximum Special Tax: Debt Service Coverage	Special Tax Requirement: Required Special Tax	Special Tax Requirement: Special Tax Plus Tax Increment	Special Tax Requirement: Debt Service Coverage
1-Jul-13	15-Feb-14	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$700,172	($436,358)	61.6%	$1,446,671	127.3%	$2,146,843	188.9%	$436,358	$1,136,530	100.0%
1-Jul-18	15-Feb-19	$1,161,736	$721,562	($440,174)	62.1%	$1,475,604	127.0%	$2,197,166	189.1%	$440,174	$1,161,736	100.0%
1-Jul-19	15-Feb-20	$1,185,327	$743,593	($441,734)	62.7%	$1,505,116	127.0%	$2,248,709	189.7%	$441,734	$1,185,327	100.0%
1-Jul-20	15-Feb-21	$1,207,304	$772,528	($434,776)	64.0%	$1,535,218	127.2%	$2,307,746	191.1%	$434,776	$1,207,304	100.0%
1-Jul-21	15-Feb-22	$1,232,667	$796,091	($436,576)	64.6%	$1,565,923	127.0%	$2,362,014	191.6%	$436,576	$1,232,667	100.0%
1-Jul-22	15-Feb-23	$1,256,091	$820,361	($435,730)	65.3%	$1,597,241	127.2%	$2,417,602	192.5%	$435,730	$1,256,091	100.0%
1-Jul-23	15-Feb-24	$1,282,577	$845,360	($437,218)	65.9%	$1,629,186	127.0%	$2,474,546	192.9%	$437,218	$1,282,577	100.0%
1-Jul-24	15-Feb-25	$1,306,800	$871,108	($435,692)	66.7%	$1,661,770	127.2%	$2,532,877	193.8%	$435,692	$1,306,800	100.0%
1-Jul-25	15-Feb-26	$1,333,759	$897,628	($436,131)	67.3%	$1,695,005	127.1%	$2,592,634	194.4%	$436,131	$1,333,759	100.0%
1-Jul-26	15-Feb-27	$1,358,131	$924,945	($433,186)	68.1%	$1,728,905	127.3%	$2,653,850	195.4%	$433,186	$1,358,131	100.0%
1-Jul-27	15-Feb-28	$1,389,915	$953,080	($436,835)	68.6%	$1,763,483	126.9%	$2,716,564	195.4%	$436,835	$1,389,915	100.0%
1-Jul-28	15-Feb-29	$1,413,462	$982,060	($431,402)	69.5%	$1,798,753	127.3%	$2,780,813	196.7%	$431,402	$1,413,462	100.0%
1-Jul-29	15-Feb-30	$1,444,097	$1,011,909	($432,187)	70.1%	$1,834,728	127.1%	$2,846,638	197.1%	$432,187	$1,444,097	100.0%
1-Jul-30	15-Feb-31	$1,471,170	$1,042,654	($428,515)	70.9%	$1,871,423	127.2%	$2,914,077	198.1%	$428,515	$1,471,170	100.0%
1-Jul-31	15-Feb-32	$1,499,681	$1,074,321	($425,360)	71.6%	$1,908,851	127.3%	$2,983,172	198.9%	$425,360	$1,499,681	100.0%
1-Jul-32	15-Feb-33	$1,529,306	$1,106,938	($422,368)	72.4%	$1,947,028	127.3%	$3,053,966	199.7%	$422,368	$1,529,306	100.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,140,534	($424,186)	72.9%	$1,985,969	126.9%	$3,126,503	199.8%	$424,186	$1,564,720	100.0%
1-Jul-34	15-Feb-35	$1,595,274	$1,175,137	($420,136)	73.7%	$2,025,688	127.0%	$3,200,825	200.6%	$420,136	$1,595,274	100.0%
1-Jul-35	15-Feb-36	$1,625,967	$1,210,779	($415,188)	74.5%	$2,066,202	127.1%	$3,276,981	201.5%	$415,188	$1,625,967	100.0%
1-Jul-36	15-Feb-37	$1,656,474	$1,247,490	($408,985)	75.3%	$2,107,526	127.2%	$3,355,015	202.5%	$408,985	$1,656,474	100.0%
1-Jul-37	15-Feb-38	$1,691,472	$1,285,302	($406,171)	76.0%	$2,149,676	127.1%	$3,434,978	203.1%	$406,171	$1,691,472	100.0%
1-Jul-38	15-Feb-39	$1,725,311	$1,324,248	($401,063)	76.8%	$2,192,670	127.1%	$3,516,918	203.8%	$401,063	$1,725,311	100.0%
1-Jul-39	15-Feb-40	$1,757,665	$1,364,363	($393,302)	77.6%	$2,236,523	127.2%	$3,600,886	204.9%	$393,302	$1,757,665	100.0%
1-Jul-40	15-Feb-41	$1,793,210	$1,405,681	($387,529)	78.4%	$2,281,254	127.2%	$3,686,935	205.6%	$387,529	$1,793,210	100.0%
1-Jul-41	15-Feb-42	$1,831,297	$1,448,239	($383,058)	79.1%	$2,326,879	127.1%	$3,775,118	206.1%	$383,058	$1,831,297	100.0%
1-Jul-42	15-Feb-43	$1,866,276	$1,492,074	($374,202)	79.9%	$2,373,416	127.2%	$3,865,490	207.1%	$374,202	$1,866,276	100.0%
1-Jul-43	15-Feb-44	$1,902,821	$1,537,223	($365,598)	80.8%	$2,420,885	127.2%	$3,958,108	208.0%	$365,598	$1,902,821	100.0%
Total		$40,446,181	$28,895,382	($11,550,799)		$56,640,123		$85,535,505		$11,550,799	$40,446,181	

[1]See Appendix D-VI.

TABLE IX-D.2
Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes
Scenario D (Phase II/II-A Only)

			Tax Increment & BRAC Zone Revenue					Maximum Special Tax				Special Tax Requirement		
Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Tax Increment Revenue[1]	Available BRAC Zone Revenue[2]	Total Available Revenues	Surplus/ (Deficit)	Debt Service Coverage	Maximum Special Tax	Debt Service Coverage	Max Special Tax Plus Increment & BRAC Zone	Combined Debt Service Coverage	Required Special Tax	Req. Special Tax Plus Increment & BRAC Zone	Debt Service Coverage
1-Jul-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$700,172	$429,571	$1,129,743	($6,787)	99.4%	$1,446,671	127.3%	$2,576,414	226.7%	$6,787	$1,136,530	100.0%
1-Jul-18	15-Feb-19	$1,161,736	$721,562	$442,694	$1,164,256	$2,520	100.2%	$1,475,604	127.0%	$2,639,860	227.2%	$0	$1,164,256	100.2%
1-Jul-19	15-Feb-20	$1,185,327	$743,593	$456,210	$1,199,803	$14,476	101.2%	$1,505,116	127.0%	$2,704,919	228.2%	$0	$1,199,803	101.2%
1-Jul-20	15-Feb-21	$1,207,304	$772,528	$473,962	$1,246,490	$39,186	103.2%	$1,535,218	127.2%	$2,781,709	230.4%	$0	$1,246,490	103.2%
1-Jul-21	15-Feb-22	$1,232,667	$796,091	$488,419	$1,284,510	$51,843	104.2%	$1,565,923	127.0%	$2,850,433	231.2%	$0	$1,284,510	104.2%
1-Jul-22	15-Feb-23	$1,256,091	$820,361	$503,309	$1,323,670	$67,579	105.4%	$1,597,241	127.2%	$2,920,912	232.5%	$0	$1,323,670	105.4%
1-Jul-23	15-Feb-24	$1,282,577	$845,360	$518,646	$1,364,006	$81,428	106.3%	$1,629,186	127.0%	$2,993,192	233.4%	$0	$1,364,006	106.3%
1-Jul-24	15-Feb-25	$1,306,800	$871,108	$534,443	$1,405,551	$98,751	107.6%	$1,661,770	127.2%	$3,067,321	234.7%	$0	$1,405,551	107.6%
1-Jul-25	15-Feb-26	$1,333,759	$897,628	$550,714	$1,448,342	$114,583	108.6%	$1,695,005	127.1%	$3,143,348	235.7%	$0	$1,448,342	108.6%
1-Jul-26	15-Feb-27	$1,358,131	$924,945	$567,473	$1,492,418	$134,287	109.9%	$1,728,905	127.3%	$3,221,323	237.2%	$0	$1,492,418	109.9%
1-Jul-27	15-Feb-28	$1,389,915	$953,080	$0	$953,080	($436,835)	68.6%	$1,763,483	126.9%	$2,716,564	195.4%	$436,835	$1,389,915	100.0%
1-Jul-28	15-Feb-29	$1,413,462	$982,060	$0	$982,060	($431,402)	69.5%	$1,798,753	127.3%	$2,780,813	196.7%	$431,402	$1,413,462	100.0%
1-Jul-29	15-Feb-30	$1,444,097	$1,011,909	$0	$1,011,909	($432,187)	70.1%	$1,834,728	127.1%	$2,846,638	197.1%	$432,187	$1,444,097	100.0%
1-Jul-30	15-Feb-31	$1,471,170	$1,042,654	$0	$1,042,654	($428,515)	70.9%	$1,871,423	127.2%	$2,914,077	198.1%	$428,515	$1,471,170	100.0%
1-Jul-31	15-Feb-32	$1,499,681	$1,074,321	$0	$1,074,321	($425,360)	71.6%	$1,908,851	127.3%	$2,983,172	198.9%	$425,360	$1,499,681	100.0%
1-Jul-32	15-Feb-33	$1,529,306	$1,106,938	$0	$1,106,938	($422,368)	72.4%	$1,947,028	127.3%	$3,053,966	199.7%	$422,368	$1,529,306	100.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,140,534	$0	$1,140,534	($424,186)	72.9%	$1,985,969	126.9%	$3,126,503	199.8%	$424,186	$1,564,720	100.0%
1-Jul-34	15-Feb-35	$1,595,274	$1,175,137	$0	$1,175,137	($420,136)	73.7%	$2,025,688	127.0%	$3,200,825	200.6%	$420,136	$1,595,274	100.0%
1-Jul-35	15-Feb-36	$1,625,967	$1,210,779	$0	$1,210,779	($415,188)	74.5%	$2,066,202	127.1%	$3,276,981	201.5%	$415,188	$1,625,967	100.0%
1-Jul-36	15-Feb-37	$1,656,474	$1,247,490	$0	$1,247,490	($408,985)	75.3%	$2,107,526	127.2%	$3,355,015	202.5%	$408,985	$1,656,474	100.0%
1-Jul-37	15-Feb-38	$1,691,472	$1,285,302	$0	$1,285,302	($406,171)	76.0%	$2,149,676	127.1%	$3,434,978	203.1%	$406,171	$1,691,472	100.0%
1-Jul-38	15-Feb-39	$1,725,311	$1,324,248	$0	$1,324,248	($401,063)	76.8%	$2,192,670	127.1%	$3,516,918	203.8%	$401,063	$1,725,311	100.0%
1-Jul-39	15-Feb-40	$1,757,665	$1,364,363	$0	$1,364,363	($393,302)	77.6%	$2,236,523	127.2%	$3,600,886	204.9%	$393,302	$1,757,665	100.0%
1-Jul-40	15-Feb-41	$1,793,210	$1,405,681	$0	$1,405,681	($387,529)	78.4%	$2,281,254	127.2%	$3,686,935	205.6%	$387,529	$1,793,210	100.0%
1-Jul-41	15-Feb-42	$1,831,297	$1,448,239	$0	$1,448,239	($383,058)	79.1%	$2,326,879	127.1%	$3,775,118	206.1%	$383,058	$1,831,297	100.0%
1-Jul-42	15-Feb-43	$1,866,276	$1,492,074	$0	$1,492,074	($374,202)	79.9%	$2,373,416	127.2%	$3,865,490	207.1%	$374,202	$1,866,276	100.0%
1-Jul-43	15-Feb-44	$1,902,821	$1,537,223	$0	$1,537,223	($365,598)	80.8%	$2,420,885	127.2%	$3,958,108	208.0%	$365,598	$1,902,821	100.0%
Total		$40,446,181	$28,895,382	$4,965,441	$33,860,823	($6,585,358)		$56,640,123		$90,500,946		$7,190,011	$41,050,834	

[1]See Appendix D-VI.
[2]See Appendix J.

TABLE IX-E.1
Projected Debt Service, Tax Increment, and Special Taxes
Scenario E (Phase II/II-A Only, Increased Apartments Value)

			Tax Increment Revenues			*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	*Bond Year Ending*	*Net Annual Debt Service*[1]	*Tax Increment Revenue*[1]	*Surplus/ (Deficit)*	*Debt Service Coverage*	*Maximum Special Tax*	*Debt Service Coverage*	*Max Special Tax Plus Tax Increment*	*Debt Service Coverage*	*Required Special Tax*	*Special Tax Plus Tax Increment*	*Debt Service Coverage*
1-Jul-13	15-Feb-14	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$876,869	($259,661)	77.2%	$1,446,671	127.3%	$2,323,540	204.4%	$259,661	$1,136,530	100.0%
1-Jul-18	15-Feb-19	$1,161,736	$903,526	($258,210)	77.8%	$1,475,604	127.0%	$2,379,130	204.8%	$258,210	$1,161,736	100.0%
1-Jul-19	15-Feb-20	$1,185,327	$930,982	($254,345)	78.5%	$1,505,116	127.0%	$2,436,098	205.5%	$254,345	$1,185,327	100.0%
1-Jul-20	15-Feb-21	$1,207,304	$1,060,294	($147,010)	87.8%	$1,535,218	127.2%	$2,595,513	215.0%	$147,010	$1,207,304	100.0%
1-Jul-21	15-Feb-22	$1,232,667	$1,092,491	($140,177)	88.6%	$1,565,923	127.0%	$2,658,413	215.7%	$140,177	$1,232,667	100.0%
1-Jul-22	15-Feb-23	$1,256,091	$1,125,653	($130,439)	89.6%	$1,597,241	127.2%	$2,722,894	216.8%	$130,439	$1,256,091	100.0%
1-Jul-23	15-Feb-24	$1,282,577	$1,159,810	($122,768)	90.4%	$1,629,186	127.0%	$2,788,996	217.5%	$122,768	$1,282,577	100.0%
1-Jul-24	15-Feb-25	$1,306,800	$1,194,991	($111,809)	91.4%	$1,661,770	127.2%	$2,856,761	218.6%	$111,809	$1,306,800	100.0%
1-Jul-25	15-Feb-26	$1,333,759	$1,231,229	($102,531)	92.3%	$1,695,005	127.1%	$2,926,234	219.4%	$102,531	$1,333,759	100.0%
1-Jul-26	15-Feb-27	$1,358,131	$1,268,553	($89,578)	93.4%	$1,728,905	127.3%	$2,997,458	220.7%	$89,578	$1,358,131	100.0%
1-Jul-27	15-Feb-28	$1,389,915	$1,306,997	($82,918)	94.0%	$1,763,483	126.9%	$3,070,480	220.9%	$82,918	$1,389,915	100.0%
1-Jul-28	15-Feb-29	$1,413,462	$1,346,594	($66,868)	95.3%	$1,798,753	127.3%	$3,145,347	222.5%	$66,868	$1,413,462	100.0%
1-Jul-29	15-Feb-30	$1,444,097	$1,387,379	($56,717)	96.1%	$1,834,728	127.1%	$3,222,107	223.1%	$56,717	$1,444,097	100.0%
1-Jul-30	15-Feb-31	$1,471,170	$1,429,388	($41,781)	97.2%	$1,871,423	127.2%	$3,300,811	224.4%	$41,781	$1,471,170	100.0%
1-Jul-31	15-Feb-32	$1,499,681	$1,472,657	($27,024)	98.2%	$1,908,851	127.3%	$3,381,508	225.5%	$27,024	$1,499,681	100.0%
1-Jul-32	15-Feb-33	$1,529,306	$1,517,224	($12,082)	99.2%	$1,947,028	127.3%	$3,464,252	226.5%	$12,082	$1,529,306	100.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,563,128	($1,592)	99.9%	$1,985,969	126.9%	$3,549,097	226.8%	$1,592	$1,564,720	100.0%
1-Jul-34	15-Feb-35	$1,595,274	$1,610,410	$15,136	100.9%	$2,025,688	127.0%	$3,636,098	227.9%	$0	$1,610,410	100.9%
1-Jul-35	15-Feb-36	$1,625,967	$1,659,109	$33,143	102.0%	$2,066,202	127.1%	$3,725,311	229.1%	$0	$1,659,109	102.0%
1-Jul-36	15-Feb-37	$1,656,474	$1,709,270	$52,796	103.2%	$2,107,526	127.2%	$3,816,796	230.4%	$0	$1,709,270	103.2%
1-Jul-37	15-Feb-38	$1,691,472	$1,760,936	$69,463	104.1%	$2,149,676	127.1%	$3,910,612	231.2%	$0	$1,760,936	104.1%
1-Jul-38	15-Feb-39	$1,725,311	$1,814,151	$88,840	105.1%	$2,192,670	127.1%	$4,006,821	232.2%	$0	$1,814,151	105.1%
1-Jul-39	15-Feb-40	$1,757,665	$1,868,963	$111,298	106.3%	$2,236,523	127.2%	$4,105,486	233.6%	$0	$1,868,963	106.3%
1-Jul-40	15-Feb-41	$1,793,210	$1,925,419	$132,209	107.4%	$2,281,254	127.2%	$4,206,673	234.6%	$0	$1,925,419	107.4%
1-Jul-41	15-Feb-42	$1,831,297	$1,983,569	$152,272	108.3%	$2,326,879	127.1%	$4,310,448	235.4%	$0	$1,983,569	108.3%
1-Jul-42	15-Feb-43	$1,866,276	$2,043,464	$177,188	109.5%	$2,373,416	127.2%	$4,416,880	236.7%	$0	$2,043,464	109.5%
1-Jul-43	15-Feb-44	$1,902,821	$2,105,155	$202,334	110.6%	$2,420,885	127.2%	$4,526,040	237.9%	$0	$2,105,155	110.6%
Total		$40,446,181	$39,348,213	($1,097,968)		$56,640,123		$95,988,335		$2,132,648	$41,480,861	

[1]See Schedule E-VI.

TABLE IX-E.2
Projected Debt Service, Tax Increment, BRAC Zone Revenue, and Special Taxes
Scenario E (Phase II/II-A Only, Increased Apartments Value)

			Tax Increment & BRAC Zone Revenue					*Maximum Special Tax*				*Special Tax Requirement*		
Tax Year Beginning	*Bond Year Ending*	*Net Annual Debt Service*[1]	*Tax Increment Revenue*[1]	*Available BRAC Zone Revenue*[2]	*Total Available Revenues*	*Surplus/ (Deficit)*	*Debt Service Coverage*	*Maximum Special Tax*	*Debt Service Coverage*	*Max Special Tax Plus Increment & BRAC Zone*	*Combined Debt Service Coverage*	*Required Special Tax*	*Req. Special Tax Plus Increment & BRAC Zone*	*Debt Service Coverage*
1-Jul-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$1,336,500	NA	$1,336,500	NA	$0	$0	NA
1-Jul-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$1,363,230	NA	$1,363,230	NA	$0	$0	NA
1-Jul-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$1,390,495	NA	$1,390,495	NA	$0	$0	NA
1-Jul-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	0.0%	$1,418,304	624.4%	$1,418,304	624.4%	$227,139	$227,139	100.0%
1-Jul-17	15-Feb-18	$1,136,530	$876,869	$537,978	$1,414,847	$278,317	124.5%	$1,446,671	127.3%	$2,861,518	251.8%	$0	$1,414,847	124.5%
1-Jul-18	15-Feb-19	$1,161,736	$903,526	$554,332	$1,457,858	$296,122	125.5%	$1,475,604	127.0%	$2,933,462	252.5%	$0	$1,457,858	125.5%
1-Jul-19	15-Feb-20	$1,185,327	$930,982	$571,177	$1,502,159	$316,832	126.7%	$1,505,116	127.0%	$3,007,275	253.7%	$0	$1,502,159	126.7%
1-Jul-20	15-Feb-21	$1,207,304	$1,060,294	$650,513	$1,710,807	$503,503	141.7%	$1,535,218	127.2%	$3,246,026	268.9%	$0	$1,710,807	141.7%
1-Jul-21	15-Feb-22	$1,232,667	$1,092,491	$670,266	$1,762,757	$530,090	143.0%	$1,565,923	127.0%	$3,328,679	270.0%	$0	$1,762,757	143.0%
1-Jul-22	15-Feb-23	$1,256,091	$1,125,653	$690,612	$1,816,264	$560,173	144.6%	$1,597,241	127.2%	$3,413,506	271.8%	$0	$1,816,264	144.6%
1-Jul-23	15-Feb-24	$1,282,577	$1,159,810	$711,568	$1,871,377	$588,800	145.9%	$1,629,186	127.0%	$3,500,564	272.9%	$0	$1,871,377	145.9%
1-Jul-24	15-Feb-25	$1,306,800	$1,194,991	$733,153	$1,928,144	$621,344	147.5%	$1,661,770	127.2%	$3,589,914	274.7%	$0	$1,928,144	147.5%
1-Jul-25	15-Feb-26	$1,333,759	$1,231,229	$755,385	$1,986,613	$652,854	148.9%	$1,695,005	127.1%	$3,681,619	276.0%	$0	$1,986,613	148.9%
1-Jul-26	15-Feb-27	$1,358,131	$1,268,553	$778,284	$2,046,837	$688,706	150.7%	$1,728,905	127.3%	$3,775,742	278.0%	$0	$2,046,837	150.7%
1-Jul-27	15-Feb-28	$1,389,915	$1,306,997	$0	$1,306,997	($82,918)	94.0%	$1,763,483	126.9%	$3,070,480	220.9%	$82,918	$1,389,915	100.0%
1-Jul-28	15-Feb-29	$1,413,462	$1,346,594	$0	$1,346,594	($66,868)	95.3%	$1,798,753	127.3%	$3,145,347	222.5%	$66,868	$1,413,462	100.0%
1-Jul-29	15-Feb-30	$1,444,097	$1,387,379	$0	$1,387,379	($56,717)	96.1%	$1,834,728	127.1%	$3,222,107	223.1%	$56,717	$1,444,097	100.0%
1-Jul-30	15-Feb-31	$1,471,170	$1,429,388	$0	$1,429,388	($41,781)	97.2%	$1,871,423	127.2%	$3,300,811	224.4%	$41,781	$1,471,170	100.0%
1-Jul-31	15-Feb-32	$1,499,681	$1,472,657	$0	$1,472,657	($27,024)	98.2%	$1,908,851	127.3%	$3,381,508	225.5%	$27,024	$1,499,681	100.0%
1-Jul-32	15-Feb-33	$1,529,306	$1,517,224	$0	$1,517,224	($12,082)	99.2%	$1,947,028	127.3%	$3,464,252	226.5%	$12,082	$1,529,306	100.0%
1-Jul-33	15-Feb-34	$1,564,720	$1,563,128	$0	$1,563,128	($1,592)	99.9%	$1,985,969	126.9%	$3,549,097	226.8%	$1,592	$1,564,720	100.0%
1-Jul-34	15-Feb-35	$1,595,274	$1,610,410	$0	$1,610,410	$15,136	100.9%	$2,025,688	127.0%	$3,636,098	227.9%	$0	$1,610,410	100.9%
1-Jul-35	15-Feb-36	$1,625,967	$1,659,109	$0	$1,659,109	$33,143	102.0%	$2,066,202	127.1%	$3,725,311	229.1%	$0	$1,659,109	102.0%
1-Jul-36	15-Feb-37	$1,656,474	$1,709,270	$0	$1,709,270	$52,796	103.2%	$2,107,526	127.2%	$3,816,796	230.4%	$0	$1,709,270	103.2%
1-Jul-37	15-Feb-38	$1,691,472	$1,760,936	$0	$1,760,936	$69,463	104.1%	$2,149,676	127.1%	$3,910,612	231.2%	$0	$1,760,936	104.1%
1-Jul-38	15-Feb-39	$1,725,311	$1,814,151	$0	$1,814,151	$88,840	105.1%	$2,192,670	127.1%	$4,006,821	232.2%	$0	$1,814,151	105.1%
1-Jul-39	15-Feb-40	$1,757,665	$1,868,963	$0	$1,868,963	$111,298	106.3%	$2,236,523	127.2%	$4,105,486	233.6%	$0	$1,868,963	106.3%
1-Jul-40	15-Feb-41	$1,793,210	$1,925,419	$0	$1,925,419	$132,209	107.4%	$2,281,254	127.2%	$4,206,673	234.6%	$0	$1,925,419	107.4%
1-Jul-41	15-Feb-42	$1,831,297	$1,983,569	$0	$1,983,569	$152,272	108.3%	$2,326,879	127.1%	$4,310,448	235.4%	$0	$1,983,569	108.3%
1-Jul-42	15-Feb-43	$1,866,276	$2,043,464	$0	$2,043,464	$177,188	109.5%	$2,373,416	127.2%	$4,416,880	236.7%	$0	$2,043,464	109.5%
1-Jul-43	15-Feb-44	$1,902,821	$2,105,155	$0	$2,105,155	$202,334	110.6%	$2,420,885	127.2%	$4,526,040	237.9%	$0	$2,105,155	110.6%
Total		$40,446,181	$39,348,213	$6,653,268	$46,001,481	$5,555,300		$56,640,123		$102,641,603		$516,121	$46,517,602	

[1]See Schedule E-VI.
[2]See Appendix J.

CHART 12: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO A -- BASE CASE)

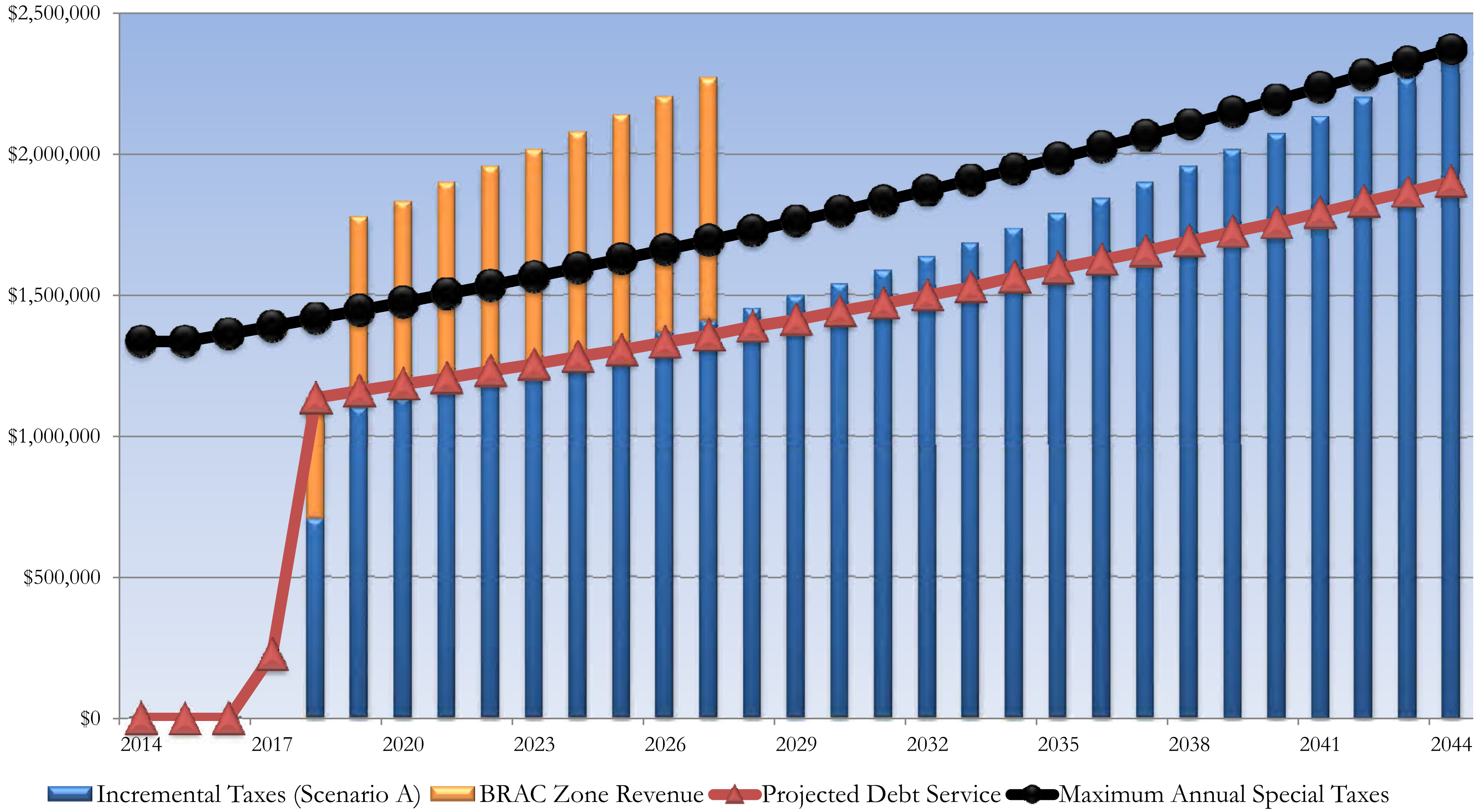


CHART 13: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO B -- NO APPRECIATION)

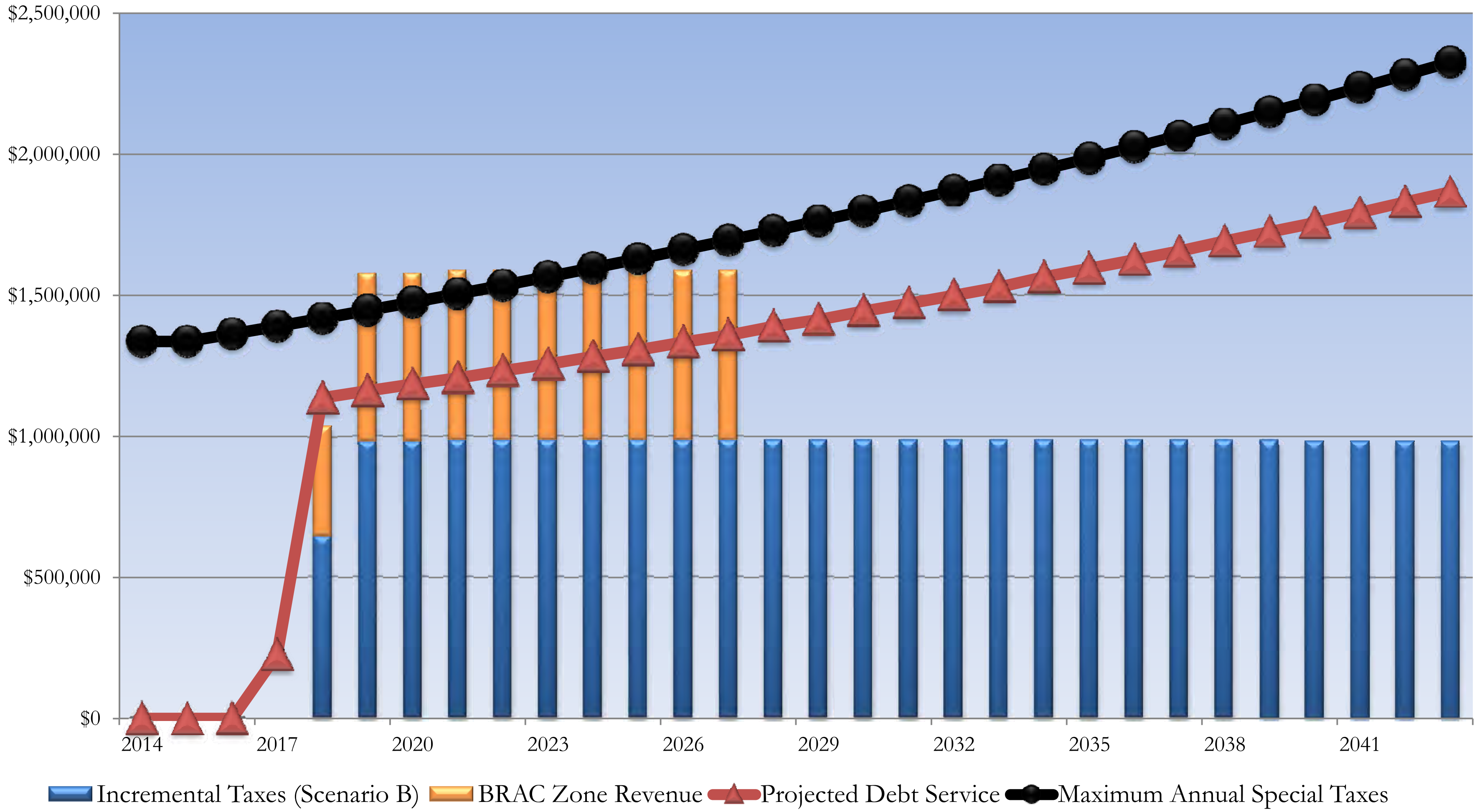


CHART 14: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO C -- INCREASED APARTMENTS VALUE)

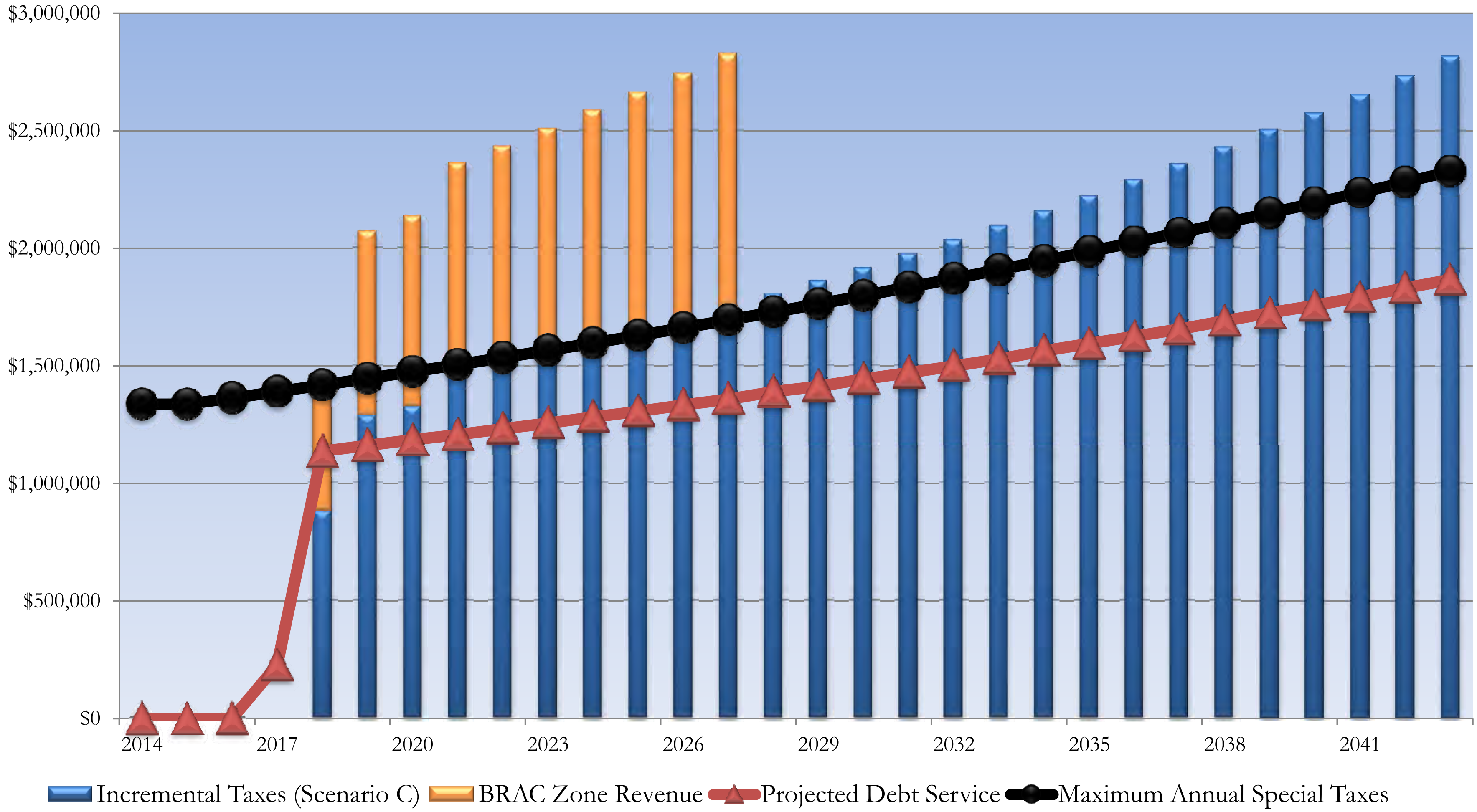


CHART 15: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVENUE (SCENARIO D -- PHASE II/II-A ONLY)

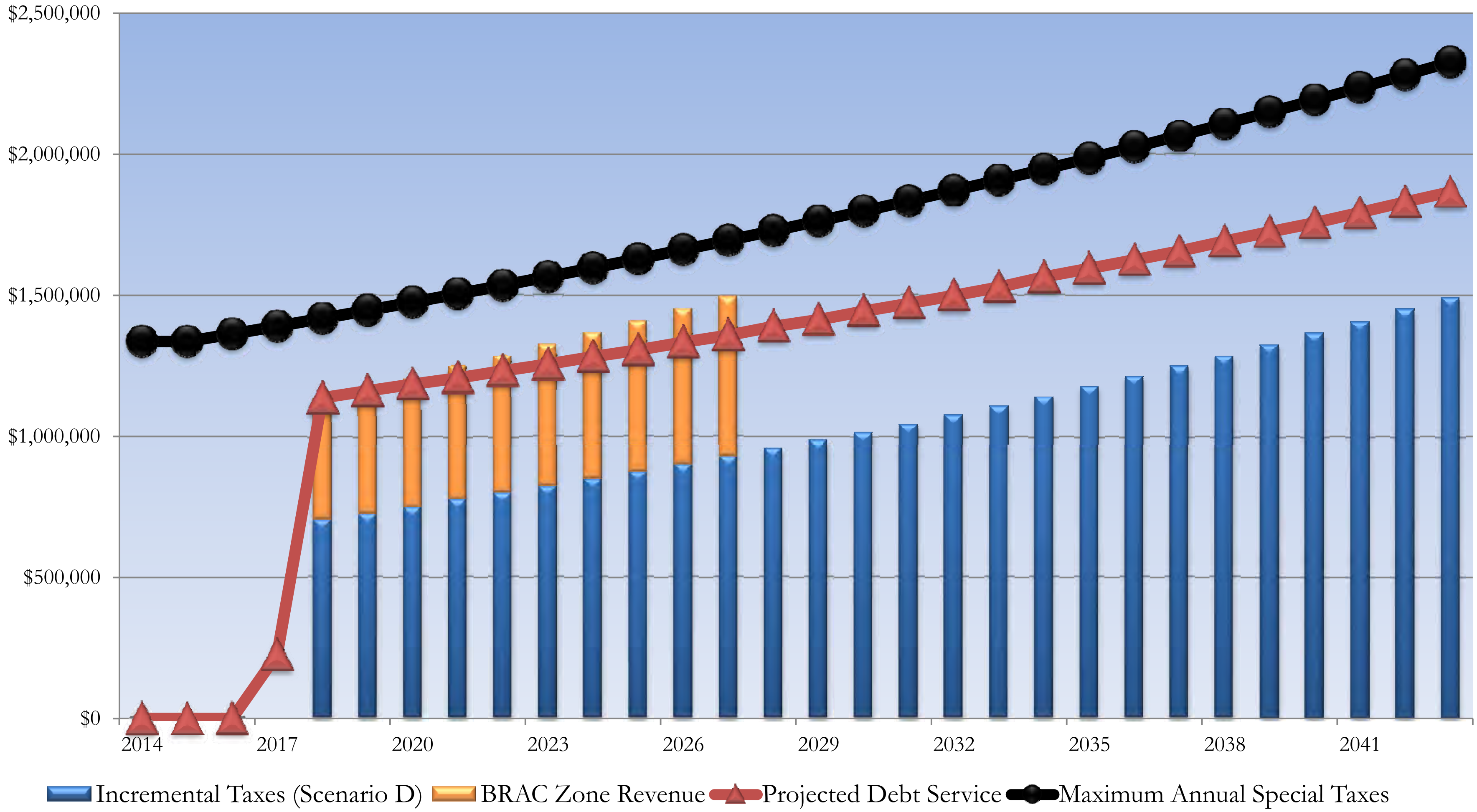
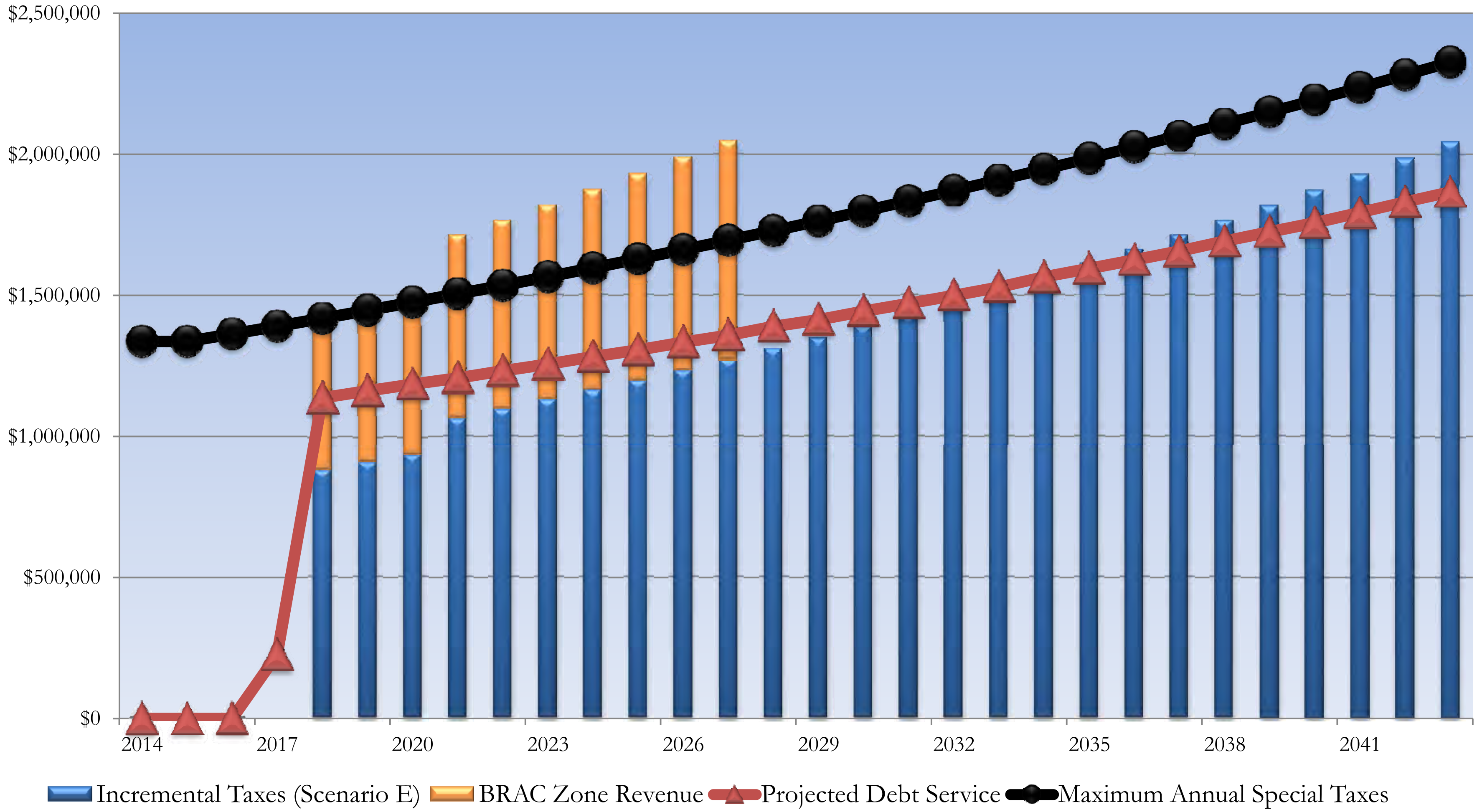


CHART 16: PROJECTED DEBT SERVICE COVERAGE INCLUDING POTENTIAL BRAC ZONE REVNUE (SCENARIO E -- PHASE II/II-A ONLY, INCREASED APARTMENTS VALUE)



X. Assumptions & Limitations

The valuation of property for real property tax purposes is determined by the Maryland State Department of Assessments and Taxation. This report attempts to estimate how the Department of Assessments and Taxation may estimate the value of the subject properties in the future. The values estimated by the Department of Assessments and Taxation will almost certainly differ from the estimates included in this report. Values can change significantly over time, and these changes can be significantly higher or lower than values in previous years. Determining property values for tax purposes is not as straight forward or as simple as the analysis in this report. Many factors not considered in this report may impact actual future values. Furthermore, property values are not likely to be consistent from year to year.

The Department of Assessments and Taxation often relies on market data to estimate the value of property. Property values can be appealed, competition can be greater, national or local market conditions can change; in short, there are many factors that can affect the valuation of property. These factors make the projection of future values an imprecise exercise. The successful development and operation of the subject properties is critical to the values estimated in the report.

This report assumes property taxes will be remitted in a timely fashion. This study does not include an analysis to determine if the owners of property within the District will be able or willing to pay property taxes or if the tax collector will be able to collect unpaid taxes. The actual delinquencies in the payment of real property taxes in the District will likely be different than assumed in this report and a significant increase in the failure to pay property taxes would materially affect the tax increment revenues available for debt service on the bonds.

This report estimates future tax increment revenues based on current real property tax rates. Scenarios included herein do not assume real property tax rates in the future will be different than tax rates for fiscal year 2014. Real property tax rates have varied significantly over the years and have declined in some years. Real property tax rates will likely vary significantly in future years and be different than assumed in this report and a significant decrease in real property tax rates could materially affect the tax increment revenues available for repayment of debt service on the bonds.

This report includes projections of tax increment revenues based on three percent annual appreciation for real property. Changes in values will not be consistent from year to year. Future values are estimated based on values in 2013. Values in any future year may be less than values in 2013.

This report assumes that the subject properties will be developed as projected in this report. A delay in the development of properties or changes to the program of development would reduce tax increment revenues during the years of the delay and could result in there being inadequate tax increment revenues to pay debt service on the bonds. No analysis has been conducted to determine if the subject properties are likely to be developed as projected.

The limited offering memorandum includes additional information on the proposed James Run development, as well as information regarding the District, the collection of property taxes, and other matters relevant to this report, including risk factors related to the bonds. This report should be reviewed in conjunction with the limited offering memorandum and all relevant information therein applies to this report.

The Special Tax Report and the RMA include additional information on the potential special taxes within the District. This report should be reviewed in conjunction with these documents and all relevant information therein applies to this report.

Numerous sources of information were relied on in the preparation of this report. These sources are believed to be reliable; however, no effort has been made to verify information obtained from other sources.

In summary, this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions will inevitably not materialize and unanticipated events and circumstance will occur. As a result, actual results will vary from the estimates in this report and the variations may be material.

Other assumptions made in the preparation of this report and limiting conditions to this report are as follows:

1. There are no zoning, building, safety, environmental or other federal, state, or local laws, regulations, or codes that would prohibit or impair the development, marketing or operation of the subject properties in the manner contemplated in this report, and the subject properties will be developed, marketed and operated in compliance with all applicable laws, regulations, and codes.

2. No material changes will occur in (a) any federal, state or local law, regulation or code affecting the subject properties or (b) any federal, state or local grant, financing or other program to be utilized in connection with the subject properties.

3. The local, national and international economies will not deteriorate and there will be no significant changes in interest rates or in rates of inflation or deflation.

4. The subject properties will be served by adequate transportation, utilities and governmental facilities.

5. The subject properties will not be subjected to any war, energy crises, embargo, strike, earthquake, flood, fire or other casualty or act of God.

6. The subject properties will be developed, marketed, and operated in a highly professional manner.

7. There are no existing, impending or threatened litigation that could hinder the development, marketing, or operation of the subject properties.

8. MuniCap, Inc. does not have expertise in and has no responsibility for legal, environmental, architectural, geologic, engineering, and other matters related to the development and operation of the subject properties.

Annapolis Junction Town Center
Howard County, Maryland

APPENDICES

Prepared By:

MuniCap, Inc.
Public Finance

February 14, 2014

Annapolis Junction Town Center
Howard County, Maryland

APPENDICES

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APPENDIX A

Full Development Scenario
Assumes 3% Increase for Inflation
Apartment Value Based on Average of Select Comparables

Annapolis Junction Town Center
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Appendix A-I: Projected Development by Type

Property Type	Gross SF (Area[1])	Net SF (Area[1])	Units (Area[1])	Net SF Per Unit (Area[1])	Rooms (Area[1])	Per Unit (Market Value[2])	Per SF (Market Value[2])	Per Room (Market Value[2])	Total Market Value	Year Completed
Apartments										
Market rate	451,446	351,299	384	915	NA	$156,002	$170.52	NA	$59,904,800	2016
Affordable	37,620	29,275	32	915	NA	$88,733	$96.99	NA	$2,839,444	2016
Garage[3]	228,358									
Sub-total apartments	489,066	380,574	416			$150,828	$164.87		$62,744,243	
Sub-total apartments (w/ garage)	717,424									
Retail										
In-line retail	14,000	NA	NA	NA	NA	NA	$175.22	NA	$2,453,062	2016
Kiosk	250	NA	NA	NA	NA	NA	$175.22	NA	$43,805	2016
Sub-total retail	14,250						$175.22		$2,496,867	
Bank/Restaurant	3,200	NA	NA	NA	NA	NA	$175.22	NA	$560,700	2017
Office	100,000	NA	NA	NA	NA	NA	$184.92	NA	$18,491,706	2017
Hotel	84,000	NA	NA	NA	150	NA	$173.55	$97,189	$14,578,332	2017
Total project	690,516								$98,871,848	
Total project (including apartment garage)	918,874								$98,871,848	

MuniCap, Inc. *14-Feb-14*

[1]Projected development provided by Annapolis Junction Town Center, LLC. Net square feet for apartments includes 355,574 square feet of apartment space and 25,000 square feet of rentable storage.
[2]See Appendix F. Represents the projected market value at stabilization. Per square foot values for apartments are on a net basis.
[3]Value of garage is included in projected value of apartment units.

Annapolis Junction Town Center
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Appendix A-II: Projected Absorption

				Apartments													
			Bond	Market Rate		Affordable		Total		Retail		Bank/Restaurant		Office		Hotel	
Year	Assessed	Tax Year	Year	(Units)		(Units)		(Units)		(SF)		(SF)		(SF)		(Rooms)	
Ending	As Of Date	Beginning	Ending	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
31-Dec-12	1-Jan-13	1-Jul-13	15-Feb-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-13	1-Jan-14	1-Jul-14	15-Feb-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-14	1-Jan-15	1-Jul-15	15-Feb-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-15	1-Jan-16	1-Jul-16	15-Feb-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-16	1-Jan-17	1-Jul-17	15-Feb-18	384	384	32	32	416	416	14,250	14,250	0	0	0	0	0	0
31-Dec-17	1-Jan-18	1-Jul-18	15-Feb-19	0	384	0	32	0	416	0	14,250	3,200	3,200	100,000	100,000	150	150
31-Dec-18	1-Jan-19	1-Jul-19	15-Feb-20	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-19	1-Jan-20	1-Jul-20	15-Feb-21	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-20	1-Jan-21	1-Jul-21	15-Feb-22	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-21	1-Jan-22	1-Jul-22	15-Feb-23	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-22	1-Jan-23	1-Jul-23	15-Feb-24	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-23	1-Jan-24	1-Jul-24	15-Feb-25	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-24	1-Jan-25	1-Jul-25	15-Feb-26	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-25	1-Jan-26	1-Jul-26	15-Feb-27	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-26	1-Jan-27	1-Jul-27	15-Feb-28	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-27	1-Jan-28	1-Jul-28	15-Feb-29	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-28	1-Jan-29	1-Jul-29	15-Feb-30	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-29	1-Jan-30	1-Jul-30	15-Feb-31	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-30	1-Jan-31	1-Jul-31	15-Feb-32	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-31	1-Jan-32	1-Jul-32	15-Feb-33	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-32	1-Jan-33	1-Jul-33	15-Feb-34	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-33	1-Jan-34	1-Jul-34	15-Feb-35	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-34	1-Jan-35	1-Jul-35	15-Feb-36	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-35	1-Jan-36	1-Jul-36	15-Feb-37	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-36	1-Jan-37	1-Jul-37	15-Feb-38	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-37	1-Jan-38	1-Jul-38	15-Feb-39	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-38	1-Jan-39	1-Jul-39	15-Feb-40	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-39	1-Jan-40	1-Jul-40	15-Feb-41	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-40	1-Jan-41	1-Jul-41	15-Feb-42	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-41	1-Jan-42	1-Jul-42	15-Feb-43	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-42	1-Jan-43	1-Jul-43	15-Feb-44	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
Total				384		32		416		14,250		3,200		100,000		150	

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Appendix A-III: Total Projected Market Value

				Market Rate Apartments					Affordable Apartments				
	Tax	Bond		Units[2]		Value Per Unit		Projected	Units[2]		Value Per Unit		Projected
Assessed As Of Date	Year Beginning	Year Ending	Inflation Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$156,002	$156,002	$0	0	0	$88,733	$88,733	$0
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$156,002	$156,002	$0	0	0	$88,733	$88,733	$0
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$160,682	$160,682	$0	0	0	$91,395	$91,395	$0
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$165,503	$165,503	$0	0	0	$94,136	$94,136	$0
1-Jan-17	1-Jul-17	15-Feb-18	109%	384	0	$170,468	$170,468	$65,459,592	32	0	$96,961	$96,961	$3,102,737
1-Jan-18	1-Jul-18	15-Feb-19	113%	384	0	$175,582	$175,582	$67,423,380	32	0	$99,869	$99,869	$3,195,819
1-Jan-19	1-Jul-19	15-Feb-20	116%	384	0	$180,849	$180,849	$69,446,081	32	0	$102,865	$102,865	$3,291,693
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	384	$186,275	$186,275	$71,529,464	0	32	$105,951	$105,951	$3,390,444
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	384	$191,863	$191,863	$73,675,348	0	32	$109,130	$109,130	$3,492,158
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	384	$197,619	$197,619	$75,885,608	0	32	$112,404	$112,404	$3,596,922
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	384	$203,547	$203,547	$78,162,176	0	32	$115,776	$115,776	$3,704,830
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	384	$209,654	$209,654	$80,507,042	0	32	$119,249	$119,249	$3,815,975
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	384	$215,943	$215,943	$82,922,253	0	32	$122,827	$122,827	$3,930,454
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	384	$222,422	$222,422	$85,409,921	0	32	$126,511	$126,511	$4,048,368
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	384	$229,094	$229,094	$87,972,218	0	32	$130,307	$130,307	$4,169,819
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	384	$235,967	$235,967	$90,611,385	0	32	$134,216	$134,216	$4,294,913
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	384	$243,046	$243,046	$93,329,726	0	32	$138,243	$138,243	$4,423,761
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	384	$250,338	$250,338	$96,129,618	0	32	$142,390	$142,390	$4,556,473
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	384	$257,848	$257,848	$99,013,507	0	32	$146,661	$146,661	$4,693,168
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	384	$265,583	$265,583	$101,983,912	0	32	$151,061	$151,061	$4,833,963
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	384	$273,551	$273,551	$105,043,429	0	32	$155,593	$155,593	$4,978,982
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	384	$281,757	$281,757	$108,194,732	0	32	$160,261	$160,261	$5,128,351
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	384	$290,210	$290,210	$111,440,574	0	32	$165,069	$165,069	$5,282,202
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	384	$298,916	$298,916	$114,783,791	0	32	$170,021	$170,021	$5,440,668
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	384	$307,884	$307,884	$118,227,305	0	32	$175,121	$175,121	$5,603,888
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	384	$317,120	$317,120	$121,774,124	0	32	$180,375	$180,375	$5,772,004
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	384	$326,634	$326,634	$125,427,348	0	32	$185,786	$185,786	$5,945,164
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	384	$336,433	$336,433	$129,190,168	0	32	$191,360	$191,360	$6,123,519
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	384	$346,526	$346,526	$133,065,873	0	32	$197,101	$197,101	$6,307,225
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	384	$356,921	$356,921	$137,057,849	0	32	$203,014	$203,014	$6,496,442
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	384	$367,629	$367,629	$141,169,585	0	32	$209,104	$209,104	$6,691,335

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix A-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule A-I.

Appendix A-III: Total Projected Market Value, continued

	Tax	Bond		Retail					Bank/Restaurant				
Assessed	Year	Year	Inflation	Square Feet[2]		Value Per SF		Projected	Square Feet[2]		Value Per SF		Projected
As Of Date	Beginning	Ending	Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$138	$175	$0	0	0	$175	$175	$0
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$138	$175	$0	0	0	$175	$175	$0
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$142	$180	$0	0	0	$180	$180	$0
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$146	$186	$0	0	0	$186	$186	$0
1-Jan-17	1-Jul-17	15-Feb-18	109%	14,250	0	$150	$191	$2,142,409	0	0	$191	$191	$0
1-Jan-18	1-Jul-18	15-Feb-19	113%	14,250	0	$155	$197	$2,206,682	3,200	0	$197	$197	$631,073
1-Jan-19	1-Jul-19	15-Feb-20	116%	14,250	0	$160	$203	$2,272,882	3,200	0	$203	$203	$650,005
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	14,250	$164	$209	$2,981,390	0	3,200	$209	$209	$669,505
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	14,250	$169	$215	$3,070,832	0	3,200	$215	$215	$689,590
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	14,250	$174	$222	$3,162,957	0	3,200	$222	$222	$710,278
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	14,250	$180	$229	$3,257,845	0	3,200	$229	$229	$731,586
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	14,250	$185	$235	$3,355,581	0	3,200	$235	$235	$753,534
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	14,250	$190	$243	$3,456,248	0	3,200	$243	$243	$776,140
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	14,250	$196	$250	$3,559,935	0	3,200	$250	$250	$799,424
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	14,250	$202	$257	$3,666,734	0	3,200	$257	$257	$823,407
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	14,250	$208	$265	$3,776,736	0	3,200	$265	$265	$848,109
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	14,250	$214	$273	$3,890,038	0	3,200	$273	$273	$873,552
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	14,250	$221	$281	$4,006,739	0	3,200	$281	$281	$899,759
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	14,250	$227	$290	$4,126,941	0	3,200	$290	$290	$926,752
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	14,250	$234	$298	$4,250,749	0	3,200	$298	$298	$954,554
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	14,250	$241	$307	$4,378,272	0	3,200	$307	$307	$983,191
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	14,250	$248	$316	$4,509,620	0	3,200	$316	$316	$1,012,687
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	14,250	$256	$326	$4,644,908	0	3,200	$326	$326	$1,043,067
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	14,250	$264	$336	$4,784,256	0	3,200	$336	$336	$1,074,359
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	14,250	$272	$346	$4,927,783	0	3,200	$346	$346	$1,106,590
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	14,250	$280	$356	$5,075,617	0	3,200	$356	$356	$1,139,788
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	14,250	$288	$367	$5,227,885	0	3,200	$367	$367	$1,173,981
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	14,250	$297	$378	$5,384,722	0	3,200	$378	$378	$1,209,201
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	14,250	$306	$389	$5,546,263	0	3,200	$389	$389	$1,245,477
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	14,250	$315	$401	$5,712,651	0	3,200	$401	$401	$1,282,841
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	14,250	$324	$413	$5,884,031	0	3,200	$413	$413	$1,321,326

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[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix A-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule A-I.

Annapolis Junction Town Center
Howard County, Maryland

Appendix A-III: Total Projected Market Value, continued

	Tax	Bond		Office					Hotel					Total	Residual	Total
Assessed	Year	Year	Inflation	Square Feet[2]		Value Per SF		Projected	Rooms[2]		Value Per Room		Projected	Improved	Base	Projected
As Of Date	Beginning	Ending	Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Value	Value[5]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$185	$185	$0	0	0	$97,189	$97,189	$0	$0	$1,608,000	$1,608,000
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$185	$185	$0	0	0	$97,189	$97,189	$0	$0	$1,608,000	$1,608,000
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$190	$190	$0	0	0	$100,105	$100,105	$0	$0	$1,608,000	$1,608,000
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$196	$196	$0	0	0	$103,108	$103,108	$0	$0	$1,608,000	$1,608,000
1-Jan-17	1-Jul-17	15-Feb-18	109%	0	0	$202	$202	$0	0	0	$106,201	$106,201	$0	$70,704,738	$555,674	$71,260,412
1-Jan-18	1-Jul-18	15-Feb-19	113%	100,000	0	$208	$208	$20,812,578	150	0	$109,387	$109,387	$16,408,041	$110,677,572	$8,721	$110,686,293
1-Jan-19	1-Jul-19	15-Feb-20	116%	100,000	0	$214	$214	$21,436,955	150	0	$112,669	$112,669	$16,900,282	$113,997,899	$8,721	$114,006,620
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	100,000	$221	$221	$22,080,064	0	150	$116,049	$116,049	$17,407,290	$118,058,157	$0	$118,058,157
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	100,000	$227	$227	$22,742,465	0	150	$119,530	$119,530	$17,929,509	$121,599,902	$0	$121,599,902
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	100,000	$234	$234	$23,424,739	0	150	$123,116	$123,116	$18,467,394	$125,247,899	$0	$125,247,899
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	100,000	$241	$241	$24,127,482	0	150	$126,809	$126,809	$19,021,416	$129,005,336	$0	$129,005,336
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	100,000	$249	$249	$24,851,306	0	150	$130,614	$130,614	$19,592,059	$132,875,496	$0	$132,875,496
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	100,000	$256	$256	$25,596,845	0	150	$134,532	$134,532	$20,179,820	$136,861,761	$0	$136,861,761
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	100,000	$264	$264	$26,364,751	0	150	$138,568	$138,568	$20,785,215	$140,967,614	$0	$140,967,614
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	100,000	$272	$272	$27,155,693	0	150	$142,725	$142,725	$21,408,772	$145,196,642	$0	$145,196,642
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	100,000	$280	$280	$27,970,364	0	150	$147,007	$147,007	$22,051,035	$149,552,541	$0	$149,552,541
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	100,000	$288	$288	$28,809,475	0	150	$151,417	$151,417	$22,712,566	$154,039,117	$0	$154,039,117
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	100,000	$297	$297	$29,673,759	0	150	$155,960	$155,960	$23,393,943	$158,660,291	$0	$158,660,291
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	100,000	$306	$306	$30,563,972	0	150	$160,638	$160,638	$24,095,761	$163,420,100	$0	$163,420,100
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	100,000	$315	$315	$31,480,891	0	150	$165,458	$165,458	$24,818,634	$168,322,703	$0	$168,322,703
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	100,000	$324	$324	$32,425,318	0	150	$170,421	$170,421	$25,563,193	$173,372,384	$0	$173,372,384
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	100,000	$334	$334	$33,398,077	0	150	$175,534	$175,534	$26,330,089	$178,573,555	$0	$178,573,555
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	100,000	$344	$344	$34,400,020	0	150	$180,800	$180,800	$27,119,991	$183,930,762	$0	$183,930,762
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	100,000	$354	$354	$35,432,020	0	150	$186,224	$186,224	$27,933,591	$189,448,685	$0	$189,448,685
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	100,000	$365	$365	$36,494,981	0	150	$191,811	$191,811	$28,771,599	$195,132,145	$0	$195,132,145
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	100,000	$376	$376	$37,589,830	0	150	$197,565	$197,565	$29,634,747	$200,986,110	$0	$200,986,110
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	100,000	$387	$387	$38,717,525	0	150	$203,492	$203,492	$30,523,789	$207,015,693	$0	$207,015,693
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	100,000	$399	$399	$39,879,051	0	150	$209,597	$209,597	$31,439,503	$213,226,164	$0	$213,226,164
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	100,000	$411	$411	$41,075,422	0	150	$215,885	$215,885	$32,382,688	$219,622,949	$0	$219,622,949
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	100,000	$423	$423	$42,307,685	0	150	$222,361	$222,361	$33,354,168	$226,211,637	$0	$226,211,637
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	100,000	$436	$436	$43,576,916	0	150	$229,032	$229,032	$34,354,794	$232,997,986	$0	$232,997,986

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix A-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule A-I.

[5]Represents portion of site assumed to remain undeveloped, based on total projected development for all phases. Undeveloped portion of site is assumed to maintain base value. No appreciation is assumed.

Annapolis Junction Town Center
Howard County, Maryland

Appendix A-IV: Base Value[1]

District/ Account No.	Owner	Address	Acreage[2]	Assessment As Of 1/1/2011[1]
06 583784	Maryland Dept. of Transportation	9009 Dorsey Run Road	2.21	$0
06 586953	Maryland Dept. of Transportation	9001 Dorsey Run Road	1.05	$0
06 403344	State Railroad Administration	8981 Dorsey Run Road	3.99	$0
06 586961	State Railroad Administration	8950 Henkels Lane	1.95	$0
06 586988	Maryland Dept. of Transportation	8991 Dorsey Run Road	0.76	$0
06 586996	State Railroad Administration	8985 Dorsey Run Road	2.76	$0
06 403085	Boise Maryland Business Trust	8960 SW Henkels Lane	6.14	$1,608,000
Total			18.86	$1,608,000

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[1]Assumes Annapolis Junction Tax Increment District is created in 2012. As a result, the base value is set on the basis of value as of January 1, 2011. At the time the base value is assumed to be set, parcels owned by the State are assumed to be exempt with an assessed value of zero. Values provided by Maryland State Department of Assessments and Taxation.

[2]Acreage based on information provided by Maryland State Department of Assessments and Taxation.

Annapolis Junction Town Center
Howard County, Maryland

Appendix A-V: Projected Real Property Tax Revenues

Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Projected Market Value[1]	Base Value[2]	Incremental Property Value	FY 14 Howard County Tax Rate Per $100 A.V	Projected Tax Increment Revenues	Percent Available After Tax Payment Discount[3]	Available Incremental Tax Revenues	Available For Debt Service	Incremental Tax Revenues Available For Debt Service
1-Jul-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-15	15-Feb-16	103%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-16	15-Feb-17	106%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-17	15-Feb-18	109%	$71,260,412	($1,608,000)	$69,652,412	$1.014	$706,275	99.5%	$702,744	100%	$702,744
1-Jul-18	15-Feb-19	113%	$110,686,293	($1,608,000)	$109,078,293	$1.014	$1,106,054	99.5%	$1,100,524	100%	$1,100,524
1-Jul-19	15-Feb-20	116%	$114,006,620	($1,608,000)	$112,398,620	$1.014	$1,139,722	99.5%	$1,134,023	100%	$1,134,023
1-Jul-20	15-Feb-21	119%	$118,058,157	($1,608,000)	$116,450,157	$1.014	$1,180,805	99.5%	$1,174,901	100%	$1,174,901
1-Jul-21	15-Feb-22	123%	$121,599,902	($1,608,000)	$119,991,902	$1.014	$1,216,718	99.5%	$1,210,634	100%	$1,210,634
1-Jul-22	15-Feb-23	127%	$125,247,899	($1,608,000)	$123,639,899	$1.014	$1,253,709	99.5%	$1,247,440	100%	$1,247,440
1-Jul-23	15-Feb-24	130%	$129,005,336	($1,608,000)	$127,397,336	$1.014	$1,291,809	99.5%	$1,285,350	100%	$1,285,350
1-Jul-24	15-Feb-25	134%	$132,875,496	($1,608,000)	$131,267,496	$1.014	$1,331,052	99.5%	$1,324,397	100%	$1,324,397
1-Jul-25	15-Feb-26	138%	$136,861,761	($1,608,000)	$135,253,761	$1.014	$1,371,473	99.5%	$1,364,616	100%	$1,364,616
1-Jul-26	15-Feb-27	143%	$140,967,614	($1,608,000)	$139,359,614	$1.014	$1,413,106	99.5%	$1,406,041	100%	$1,406,041
1-Jul-27	15-Feb-28	147%	$145,196,642	($1,608,000)	$143,588,642	$1.014	$1,455,989	99.5%	$1,448,709	100%	$1,448,709
1-Jul-28	15-Feb-29	151%	$149,552,541	($1,608,000)	$147,944,541	$1.014	$1,500,158	99.5%	$1,492,657	100%	$1,492,657
1-Jul-29	15-Feb-30	156%	$154,039,117	($1,608,000)	$152,431,117	$1.014	$1,545,652	99.5%	$1,537,923	100%	$1,537,923
1-Jul-30	15-Feb-31	160%	$158,660,291	($1,608,000)	$157,052,291	$1.014	$1,592,510	99.5%	$1,584,548	100%	$1,584,548
1-Jul-31	15-Feb-32	165%	$163,420,100	($1,608,000)	$161,812,100	$1.014	$1,640,775	99.5%	$1,632,571	100%	$1,632,571
1-Jul-32	15-Feb-33	170%	$168,322,703	($1,608,000)	$166,714,703	$1.014	$1,690,487	99.5%	$1,682,035	100%	$1,682,035
1-Jul-33	15-Feb-34	175%	$173,372,384	($1,608,000)	$171,764,384	$1.014	$1,741,691	99.5%	$1,732,982	100%	$1,732,982
1-Jul-34	15-Feb-35	181%	$178,573,555	($1,608,000)	$176,965,555	$1.014	$1,794,431	99.5%	$1,785,459	100%	$1,785,459
1-Jul-35	15-Feb-36	186%	$183,930,762	($1,608,000)	$182,322,762	$1.014	$1,848,753	99.5%	$1,839,509	100%	$1,839,509
1-Jul-36	15-Feb-37	192%	$189,448,685	($1,608,000)	$187,840,685	$1.014	$1,904,705	99.5%	$1,895,181	100%	$1,895,181
1-Jul-37	15-Feb-38	197%	$195,132,145	($1,608,000)	$193,524,145	$1.014	$1,962,335	99.5%	$1,952,523	100%	$1,952,523
1-Jul-38	15-Feb-39	203%	$200,986,110	($1,608,000)	$199,378,110	$1.014	$2,021,694	99.5%	$2,011,586	100%	$2,011,586
1-Jul-39	15-Feb-40	209%	$207,015,693	($1,608,000)	$205,407,693	$1.014	$2,082,834	99.5%	$2,072,420	100%	$2,072,420
1-Jul-40	15-Feb-41	216%	$213,226,164	($1,608,000)	$211,618,164	$1.014	$2,145,808	99.5%	$2,135,079	100%	$2,135,079
1-Jul-41	15-Feb-42	222%	$219,622,949	($1,608,000)	$218,014,949	$1.014	$2,210,672	99.5%	$2,199,618	100%	$2,199,618
1-Jul-42	15-Feb-43	229%	$226,211,637	($1,608,000)	$224,603,637	$1.014	$2,277,481	99.5%	$2,266,093	100%	$2,266,093
1-Jul-43	15-Feb-44	236%	$232,997,986	($1,608,000)	$231,389,986	$1.014	$2,346,294	99.5%	$2,334,563	100%	$2,334,563
Total							$43,772,990		$43,554,125		$43,554,125

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[1]See Appendix A-III.

[2]See Appendix A-IV.

[3]Assumes all property owners pay property bill in entirety by end of July, and thus receive a 0.5% discount.

Annapolis Junction Town Center
Howard County, Maryland

Appendix A-VI.a: Projected Payment of Debt Service and Debt Service Coverage (Tax Increment Only)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	($227,139)	$227,139	$0	$0	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$702,744	($433,786)	$433,786	$0	$0	62%	100%
1-Jan-18	15-Feb-19	$1,161,736	$1,100,524	($61,212)	$61,212	$0	$0	95%	100%
1-Jan-19	15-Feb-20	$1,185,327	$1,134,023	($51,304)	$51,304	$0	$0	96%	100%
1-Jan-20	15-Feb-21	$1,207,304	$1,174,901	($32,403)	$32,403	$0	$0	97%	100%
1-Jan-21	15-Feb-22	$1,232,667	$1,210,634	($22,033)	$22,033	$0	$0	98%	100%
1-Jan-22	15-Feb-23	$1,256,091	$1,247,440	($8,651)	$8,651	$0	$0	99%	100%
1-Jan-23	15-Feb-24	$1,282,577	$1,285,350	$2,773	$0	$2,773	$2,773	100%	100%
1-Jan-24	15-Feb-25	$1,306,800	$1,324,397	$17,597	$0	$17,597	$20,370	101%	101%
1-Jan-25	15-Feb-26	$1,333,759	$1,364,616	$30,856	$0	$30,856	$51,226	102%	102%
1-Jan-26	15-Feb-27	$1,358,131	$1,406,041	$47,910	$0	$47,910	$99,136	104%	104%
1-Jan-27	15-Feb-28	$1,389,915	$1,448,709	$58,794	$0	$58,794	$157,930	104%	104%
1-Jan-28	15-Feb-29	$1,413,462	$1,492,657	$79,195	$0	$79,195	$237,125	106%	106%
1-Jan-29	15-Feb-30	$1,444,097	$1,537,923	$93,827	$0	$93,827	$330,951	106%	106%
1-Jan-30	15-Feb-31	$1,471,170	$1,584,548	$113,378	$0	$113,378	$444,329	108%	108%
1-Jan-31	15-Feb-32	$1,499,681	$1,632,571	$132,890	$0	$132,890	$577,219	109%	109%
1-Jan-32	15-Feb-33	$1,529,306	$1,682,035	$152,728	$0	$152,728	$729,948	110%	110%
1-Jan-33	15-Feb-34	$1,564,720	$1,732,982	$168,262	$0	$168,262	$898,210	111%	111%
1-Jan-34	15-Feb-35	$1,595,274	$1,785,459	$190,185	$0	$190,185	$1,088,395	112%	112%
1-Jan-35	15-Feb-36	$1,625,967	$1,839,509	$213,542	$0	$213,542	$1,301,937	113%	113%
1-Jan-36	15-Feb-37	$1,656,474	$1,895,181	$238,707	$0	$238,707	$1,540,644	114%	114%
1-Jan-37	15-Feb-38	$1,691,472	$1,952,523	$261,051	$0	$261,051	$1,801,694	115%	115%
1-Jan-38	15-Feb-39	$1,725,311	$2,011,586	$286,275	$0	$286,275	$2,087,969	117%	117%
1-Jan-39	15-Feb-40	$1,757,665	$2,072,420	$314,755	$0	$314,755	$2,402,724	118%	118%
1-Jan-40	15-Feb-41	$1,793,210	$2,135,079	$341,869	$0	$341,869	$2,744,592	119%	119%
1-Jan-41	15-Feb-42	$1,831,297	$2,199,618	$368,321	$0	$368,321	$3,112,913	120%	120%
1-Jan-42	15-Feb-43	$1,866,276	$2,266,093	$399,818	$0	$399,818	$3,512,731	121%	121%
1-Jan-43	15-Feb-44	$1,902,821	$2,334,563	$431,742	$0	$431,742	$3,944,473	123%	123%
Total		$40,446,181	$43,554,125	$3,107,945	$836,529	$3,944,473			

MuniCap, Inc. *14-Feb-14*

[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix A-V.

Annapolis Junction Town Center
Howard County, Maryland

Appendix A-VI.b: Projected Payment of Debt Service and Debt Service Coverage (Including BRAC Zone Revenue)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Applied BRAC Zone Revenues[3]	Total Available Revenues	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Increment & BRAC Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	$227,139	$0	$0	0%	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$702,744	$431,148	$1,133,893	($2,638)	$2,638	$0	$0	62%	100%	100%
1-Jan-18	15-Feb-19	$1,161,736	$1,100,524	$61,212	$1,161,736	$0	$0	$0	$0	95%	100%	100%
1-Jan-19	15-Feb-20	$1,185,327	$1,134,023	$51,304	$1,185,327	$0	$0	$0	$0	96%	100%	100%
1-Jan-20	15-Feb-21	$1,207,304	$1,174,901	$32,403	$1,207,304	$0	$0	$0	$0	97%	100%	100%
1-Jan-21	15-Feb-22	$1,232,667	$1,210,634	$22,033	$1,232,667	$0	$0	$0	$0	98%	100%	100%
1-Jan-22	15-Feb-23	$1,256,091	$1,247,440	$8,651	$1,256,091	$0	$0	$0	$0	99%	100%	100%
1-Jan-23	15-Feb-24	$1,282,577	$1,285,350	$0	$1,285,350	$2,773	$0	$2,773	$2,773	100%	100%	100%
1-Jan-24	15-Feb-25	$1,306,800	$1,324,397	$0	$1,324,397	$17,597	$0	$17,597	$20,370	101%	101%	101%
1-Jan-25	15-Feb-26	$1,333,759	$1,364,616	$0	$1,364,616	$30,856	$0	$30,856	$51,226	102%	102%	102%
1-Jan-26	15-Feb-27	$1,358,131	$1,406,041	$0	$1,406,041	$47,910	$0	$47,910	$99,136	104%	104%	104%
1-Jan-27	15-Feb-28	$1,389,915	$1,448,709	$0	$1,448,709	$58,794	$0	$58,794	$157,930	104%	104%	104%
1-Jan-28	15-Feb-29	$1,413,462	$1,492,657	$0	$1,492,657	$79,195	$0	$79,195	$237,125	106%	106%	106%
1-Jan-29	15-Feb-30	$1,444,097	$1,537,923	$0	$1,537,923	$93,827	$0	$93,827	$330,951	106%	106%	106%
1-Jan-30	15-Feb-31	$1,471,170	$1,584,548	$0	$1,584,548	$113,378	$0	$113,378	$444,329	108%	108%	108%
1-Jan-31	15-Feb-32	$1,499,681	$1,632,571	$0	$1,632,571	$132,890	$0	$132,890	$577,219	109%	109%	109%
1-Jan-32	15-Feb-33	$1,529,306	$1,682,035	$0	$1,682,035	$152,728	$0	$152,728	$729,948	110%	110%	110%
1-Jan-33	15-Feb-34	$1,564,720	$1,732,982	$0	$1,732,982	$168,262	$0	$168,262	$898,210	111%	111%	111%
1-Jan-34	15-Feb-35	$1,595,274	$1,785,459	$0	$1,785,459	$190,185	$0	$190,185	$1,088,395	112%	112%	112%
1-Jan-35	15-Feb-36	$1,625,967	$1,839,509	$0	$1,839,509	$213,542	$0	$213,542	$1,301,937	113%	113%	113%
1-Jan-36	15-Feb-37	$1,656,474	$1,895,181	$0	$1,895,181	$238,707	$0	$238,707	$1,540,644	114%	114%	114%
1-Jan-37	15-Feb-38	$1,691,472	$1,952,523	$0	$1,952,523	$261,051	$0	$261,051	$1,801,694	115%	115%	115%
1-Jan-38	15-Feb-39	$1,725,311	$2,011,586	$0	$2,011,586	$286,275	$0	$286,275	$2,087,969	117%	117%	117%
1-Jan-39	15-Feb-40	$1,757,665	$2,072,420	$0	$2,072,420	$314,755	$0	$314,755	$2,402,724	118%	118%	118%
1-Jan-40	15-Feb-41	$1,793,210	$2,135,079	$0	$2,135,079	$341,869	$0	$341,869	$2,744,592	119%	119%	119%
1-Jan-41	15-Feb-42	$1,831,297	$2,199,618	$0	$2,199,618	$368,321	$0	$368,321	$3,112,913	120%	120%	120%
1-Jan-42	15-Feb-43	$1,866,276	$2,266,093	$0	$2,266,093	$399,818	$0	$399,818	$3,512,731	121%	121%	121%
1-Jan-43	15-Feb-44	$1,902,821	$2,334,563	$0	$2,334,563	$431,742	$0	$431,742	$3,944,473	123%	123%	123%
Total		$40,446,181	$43,554,125	$606,752	$44,160,877	$3,714,697	$229,777	$3,944,473				

MuniCap, Inc. *14-Feb-14*

[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix A-V.

[3]See Appendix J-I.

Annapolis Junction Town Center
Howard County, Maryland

APPENDIX B

Full Development Scenario
Assumes No Increase for Inflation
Apartment Value Based on Average of Select Comparables

Annapolis Junction Town Center
Howard County, Maryland

Appendix B-I: Projected Real Property Tax Revenues

Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Projected Market Value[1]	Base Value[2]	Incremental Property Value	FY 14 Howard County Tax Rate Per $100 A.V	Projected Tax Increment Revenues	Percent Available After Tax Payment Discount[3]	Available Incremental Tax Revenues	Available For Debt Service	Incremental Tax Revenues Available For Debt Service
1-Jan-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jan-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jan-15	15-Feb-16	100%	$1,561,165	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jan-16	15-Feb-17	100%	$1,515,694	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jan-17	15-Feb-18	100%	$65,213,372	($1,608,000)	$63,605,372	$1.014	$644,958	99.5%	$641,734	100%	$641,734
1-Jan-18	15-Feb-19	100%	$98,343,338	($1,608,000)	$96,735,338	$1.014	$980,896	99.5%	$975,992	100%	$975,992
1-Jan-19	15-Feb-20	100%	$98,343,112	($1,608,000)	$96,735,112	$1.014	$980,894	99.5%	$975,990	100%	$975,990
1-Jan-20	15-Feb-21	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-21	15-Feb-22	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-22	15-Feb-23	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-23	15-Feb-24	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-24	15-Feb-25	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-25	15-Feb-26	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-26	15-Feb-27	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-27	15-Feb-28	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-28	15-Feb-29	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-29	15-Feb-30	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-30	15-Feb-31	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-31	15-Feb-32	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-32	15-Feb-33	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-33	15-Feb-34	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-34	15-Feb-35	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-35	15-Feb-36	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-36	15-Feb-37	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-37	15-Feb-38	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-38	15-Feb-39	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-39	15-Feb-40	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-40	15-Feb-41	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-41	15-Feb-42	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-42	15-Feb-43	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
1-Jan-43	15-Feb-44	100%	$98,871,848	($1,608,000)	$97,263,848	$1.014	$986,255	99.5%	$981,324	100%	$981,324
Total							$25,290,623		$26,145,494		$26,145,494

MuniCap, Inc. *14-Feb-14*

[1]See Appendix A-III. Assumes no increase in value for inflation.

[2]See Appendix A-IV.

[3]Assumes all property owners pay property bill in entirety by end of July, and thus receive a 0.5% discount.

Annapolis Junction Town Center
Howard County, Maryland

Appendix B-II.a: Projected Payment of Debt Service and Debt Service Coverage (Tax Increment Only)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	($227,139)	$227,139	$0	$0	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$641,734	($494,797)	$494,797	$0	$0	56%	100%
1-Jan-18	15-Feb-19	$1,161,736	$975,992	($185,744)	$185,744	$0	$0	84%	100%
1-Jan-19	15-Feb-20	$1,185,327	$975,990	($209,337)	$209,337	$0	$0	82%	100%
1-Jan-20	15-Feb-21	$1,207,304	$981,324	($225,980)	$225,980	$0	$0	81%	100%
1-Jan-21	15-Feb-22	$1,232,667	$981,324	($251,343)	$251,343	$0	$0	80%	100%
1-Jan-22	15-Feb-23	$1,256,091	$981,324	($274,767)	$274,767	$0	$0	78%	100%
1-Jan-23	15-Feb-24	$1,282,577	$981,324	($301,253)	$301,253	$0	$0	77%	100%
1-Jan-24	15-Feb-25	$1,306,800	$981,324	($325,476)	$325,476	$0	$0	75%	100%
1-Jan-25	15-Feb-26	$1,333,759	$981,324	($352,435)	$352,435	$0	$0	74%	100%
1-Jan-26	15-Feb-27	$1,358,131	$981,324	($376,807)	$376,807	$0	$0	72%	100%
1-Jan-27	15-Feb-28	$1,389,915	$981,324	($408,591)	$408,591	$0	$0	71%	100%
1-Jan-28	15-Feb-29	$1,413,462	$981,324	($432,138)	$432,138	$0	$0	69%	100%
1-Jan-29	15-Feb-30	$1,444,097	$981,324	($462,773)	$462,773	$0	$0	68%	100%
1-Jan-30	15-Feb-31	$1,471,170	$981,324	($489,845)	$489,845	$0	$0	67%	100%
1-Jan-31	15-Feb-32	$1,499,681	$981,324	($518,357)	$518,357	$0	$0	65%	100%
1-Jan-32	15-Feb-33	$1,529,306	$981,324	($547,982)	$547,982	$0	$0	64%	100%
1-Jan-33	15-Feb-34	$1,564,720	$981,324	($583,396)	$583,396	$0	$0	63%	100%
1-Jan-34	15-Feb-35	$1,595,274	$981,324	($613,950)	$613,950	$0	$0	62%	100%
1-Jan-35	15-Feb-36	$1,625,967	$981,324	($644,643)	$644,643	$0	$0	60%	100%
1-Jan-36	15-Feb-37	$1,656,474	$981,324	($675,150)	$675,150	$0	$0	59%	100%
1-Jan-37	15-Feb-38	$1,691,472	$981,324	($710,148)	$710,148	$0	$0	58%	100%
1-Jan-38	15-Feb-39	$1,725,311	$981,324	($743,987)	$743,987	$0	$0	57%	100%
1-Jan-39	15-Feb-40	$1,757,665	$981,324	($776,341)	$776,341	$0	$0	56%	100%
1-Jan-40	15-Feb-41	$1,793,210	$981,324	($811,886)	$811,886	$0	$0	55%	100%
1-Jan-41	15-Feb-42	$1,831,297	$981,324	($849,973)	$849,973	$0	$0	54%	100%
1-Jan-42	15-Feb-43	$1,866,276	$981,324	($884,951)	$884,951	$0	$0	53%	100%
1-Jan-43	15-Feb-44	$1,902,821	$981,324	($921,497)	$921,497	$0	$0	52%	100%
Total		$40,446,181	$26,145,494	($14,300,686)	$14,300,686	$0			

MuniCap, Inc. *14-Feb-14*

[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix B-I.

Appendix B-II.b: Projected Payment of Debt Service and Debt Service Coverage (Including BRAC Zone Revenue)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Applied BRAC Zone Revenues[3]	Total Available Revenues	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Increment & BRAC Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	$227,139	$0	$0	0%	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$641,734	$393,717	$1,035,451	($101,079)	$101,079	$0	$0	56%	91%	100%
1-Jan-18	15-Feb-19	$1,161,736	$975,992	$185,744	$1,161,736	$0	$0	$0	$0	84%	100%	100%
1-Jan-19	15-Feb-20	$1,185,327	$975,990	$209,337	$1,185,327	$0	$0	$0	$0	82%	100%	100%
1-Jan-20	15-Feb-21	$1,207,304	$981,324	$225,980	$1,207,304	$0	$0	$0	$0	81%	100%	100%
1-Jan-21	15-Feb-22	$1,232,667	$981,324	$251,343	$1,232,667	$0	$0	$0	$0	80%	100%	100%
1-Jan-22	15-Feb-23	$1,256,091	$981,324	$274,767	$1,256,091	$0	$0	$0	$0	78%	100%	100%
1-Jan-23	15-Feb-24	$1,282,577	$981,324	$301,253	$1,282,577	$0	$0	$0	$0	77%	100%	100%
1-Jan-24	15-Feb-25	$1,306,800	$981,324	$325,476	$1,306,800	$0	$0	$0	$0	75%	100%	100%
1-Jan-25	15-Feb-26	$1,333,759	$981,324	$352,435	$1,333,759	$0	$0	$0	$0	74%	100%	100%
1-Jan-26	15-Feb-27	$1,358,131	$981,324	$376,807	$1,358,131	$0	$0	$0	$0	72%	100%	100%
1-Jan-27	15-Feb-28	$1,389,915	$981,324	$0	$981,324	($408,591)	$408,591	$0	$0	71%	71%	100%
1-Jan-28	15-Feb-29	$1,413,462	$981,324	$0	$981,324	($432,138)	$432,138	$0	$0	69%	69%	100%
1-Jan-29	15-Feb-30	$1,444,097	$981,324	$0	$981,324	($462,773)	$462,773	$0	$0	68%	68%	100%
1-Jan-30	15-Feb-31	$1,471,170	$981,324	$0	$981,324	($489,845)	$489,845	$0	$0	67%	67%	100%
1-Jan-31	15-Feb-32	$1,499,681	$981,324	$0	$981,324	($518,357)	$518,357	$0	$0	65%	65%	100%
1-Jan-32	15-Feb-33	$1,529,306	$981,324	$0	$981,324	($547,982)	$547,982	$0	$0	64%	64%	100%
1-Jan-33	15-Feb-34	$1,564,720	$981,324	$0	$981,324	($583,396)	$583,396	$0	$0	63%	63%	100%
1-Jan-34	15-Feb-35	$1,595,274	$981,324	$0	$981,324	($613,950)	$613,950	$0	$0	62%	62%	100%
1-Jan-35	15-Feb-36	$1,625,967	$981,324	$0	$981,324	($644,643)	$644,643	$0	$0	60%	60%	100%
1-Jan-36	15-Feb-37	$1,656,474	$981,324	$0	$981,324	($675,150)	$675,150	$0	$0	59%	59%	100%
1-Jan-37	15-Feb-38	$1,691,472	$981,324	$0	$981,324	($710,148)	$710,148	$0	$0	58%	58%	100%
1-Jan-38	15-Feb-39	$1,725,311	$981,324	$0	$981,324	($743,987)	$743,987	$0	$0	57%	57%	100%
1-Jan-39	15-Feb-40	$1,757,665	$981,324	$0	$981,324	($776,341)	$776,341	$0	$0	56%	56%	100%
1-Jan-40	15-Feb-41	$1,793,210	$981,324	$0	$981,324	($811,886)	$811,886	$0	$0	55%	55%	100%
1-Jan-41	15-Feb-42	$1,831,297	$981,324	$0	$981,324	($849,973)	$849,973	$0	$0	54%	54%	100%
1-Jan-42	15-Feb-43	$1,866,276	$981,324	$0	$981,324	($884,951)	$884,951	$0	$0	53%	53%	100%
1-Jan-43	15-Feb-44	$1,902,821	$981,324	$0	$981,324	($921,497)	$921,497	$0	$0	52%	52%	100%
Total		$40,446,181	$26,145,494	$2,896,860	$29,042,354	($11,403,826)	$11,403,826	$0				

MuniCap, Inc. *14-Feb-14*

[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix B-I.

[3]See Appendix J-II.

Annapolis Junction Town Center
Howard County, Maryland

<u>APPENDIX C</u>

Full Development Scenario
Assumes 3% Increase for Inflation
Assumes Increased Apartment Value

Annapolis Junction Town Center
Howard County, Maryland

Appendix C-I: Projected Development by Type

Property Type	Area[1] Gross SF	Net SF	Units	Net SF Per Unit	Rooms	Market Value[2] Per Unit	Per SF	Per Room	Total Market Value	Year Completed
Apartments										
Market rate	451,446	351,299	384	915	NA	$215,392	$235.44	NA	$82,710,501	2016
Affordable	37,620	29,275	32	915	NA	$122,513	$133.92	NA	$3,920,417	2016
Garage[3]	228,358									
Sub-total apartments	489,066	380,574	416			$208,247	$227.63		$86,630,918	
Sub-total apartments (w/ garage)	717,424									
Retail										
In-line retail	14,000	NA	NA	NA	NA	NA	$175.22	NA	$2,453,062	2016
Kiosk	250	NA	NA	NA	NA	NA	$175.22	NA	$43,805	2016
Sub-total retail	14,250						$175.22		$2,496,867	
Bank/Restaurant	3,200	NA	NA	NA	NA	NA	$175.22	NA	$560,700	2017
Office	100,000	NA	NA	NA	NA	NA	$184.92	NA	$18,491,706	2017
Hotel	84,000	NA	NA	NA	150	NA	$173.55	$97,189	$14,578,332	2017
Total project	690,516								$122,758,523	
Total project (including apartment garage)	918,874								$122,758,523	

MuniCap, Inc. *14-Feb-14*

[1]Projected development provided by Annapolis Junction Town Center, LLC. Net square feet for apartments includes 355,574 square feet of apartment space and 25,000 square feet of rentable storage.
[2]See Appendix F. Represents the projected market value at stabilization. Per square foot values for apartments are on a net basis.

Annapolis Junction Town Center
Howard County, Maryland

Appendix C-II: Projected Absorption

Year Ending	Assessed As Of Date	Tax Year Beginning	Bond Year Ending	Apartments: Market Rate (Units) Annual	Cumulative	Apartments: Affordable (Units) Annual	Cumulative	Apartments: Total (Units) Annual	Cumulative	Retail (SF) Annual	Cumulative	Bank/Restaurant (SF) Annual	Cumulative	Office (SF) Annual	Cumulative	Hotel (Rooms) Annual	Cumulative
31-Dec-12	1-Jan-13	1-Jul-13	15-Feb-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-13	1-Jan-14	1-Jul-14	15-Feb-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-14	1-Jan-15	1-Jul-15	15-Feb-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-15	1-Jan-16	1-Jul-16	15-Feb-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-16	1-Jan-17	1-Jul-17	15-Feb-18	384	384	32	32	416	416	14,250	14,250	0	0	0	0	0	0
31-Dec-17	1-Jan-18	1-Jul-18	15-Feb-19	0	384	0	32	0	416	0	14,250	3,200	3,200	100,000	100,000	150	150
31-Dec-18	1-Jan-19	1-Jul-19	15-Feb-20	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-19	1-Jan-20	1-Jul-20	15-Feb-21	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-20	1-Jan-21	1-Jul-21	15-Feb-22	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-21	1-Jan-22	1-Jul-22	15-Feb-23	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-22	1-Jan-23	1-Jul-23	15-Feb-24	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-23	1-Jan-24	1-Jul-24	15-Feb-25	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-24	1-Jan-25	1-Jul-25	15-Feb-26	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-25	1-Jan-26	1-Jul-26	15-Feb-27	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-26	1-Jan-27	1-Jul-27	15-Feb-28	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-27	1-Jan-28	1-Jul-28	15-Feb-29	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-28	1-Jan-29	1-Jul-29	15-Feb-30	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-29	1-Jan-30	1-Jul-30	15-Feb-31	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-30	1-Jan-31	1-Jul-31	15-Feb-32	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-31	1-Jan-32	1-Jul-32	15-Feb-33	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-32	1-Jan-33	1-Jul-33	15-Feb-34	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-33	1-Jan-34	1-Jul-34	15-Feb-35	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-34	1-Jan-35	1-Jul-35	15-Feb-36	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-35	1-Jan-36	1-Jul-36	15-Feb-37	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-36	1-Jan-37	1-Jul-37	15-Feb-38	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-37	1-Jan-38	1-Jul-38	15-Feb-39	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-38	1-Jan-39	1-Jul-39	15-Feb-40	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-39	1-Jan-40	1-Jul-40	15-Feb-41	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-40	1-Jan-41	1-Jul-41	15-Feb-42	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-41	1-Jan-42	1-Jul-42	15-Feb-43	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
31-Dec-42	1-Jan-43	1-Jul-43	15-Feb-44	0	384	0	32	0	416	0	14,250	0	3,200	0	100,000	0	150
Total				384		32		416		14,250		3,200		100,000		150	

Appendix C-III: Total Projected Market Value

	Tax	Bond		Market Rate Apartments					Affordable Apartments				
Assessed	Year	Year	Inflation	Units[2]		Value Per Unit		Projected	Units[2]		Value Per Unit		Projected
As Of Date	Beginning	Ending	Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$194,658	$215,392	$0	0	0	$122,513	$122,513	$0
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$194,658	$215,392	$0	0	0	$122,513	$122,513	$0
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$200,498	$221,854	$0	0	0	$126,188	$126,188	$0
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$206,513	$228,509	$0	0	0	$129,974	$129,974	$0
1-Jan-17	1-Jul-17	15-Feb-18	109%	384	0	$212,708	$235,365	$81,680,040	32	0	$133,873	$133,873	$4,283,946
1-Jan-18	1-Jul-18	15-Feb-19	113%	384	0	$219,090	$242,426	$84,130,441	32	0	$137,890	$137,890	$4,412,464
1-Jan-19	1-Jul-19	15-Feb-20	116%	384	0	$225,662	$249,698	$86,654,354	32	0	$142,026	$142,026	$4,544,838
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	384	$232,432	$257,189	$98,760,664	0	32	$146,287	$146,287	$4,681,183
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	384	$239,405	$264,905	$101,723,484	0	32	$150,676	$150,676	$4,821,619
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	384	$246,587	$272,852	$104,775,188	0	32	$155,196	$155,196	$4,966,267
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	384	$253,985	$281,038	$107,918,444	0	32	$159,852	$159,852	$5,115,255
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	384	$261,605	$289,469	$111,155,997	0	32	$164,647	$164,647	$5,268,713
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	384	$269,453	$298,153	$114,490,677	0	32	$169,587	$169,587	$5,426,774
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	384	$277,536	$307,097	$117,925,397	0	32	$174,674	$174,674	$5,589,577
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	384	$285,862	$316,310	$121,463,159	0	32	$179,915	$179,915	$5,757,265
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	384	$294,438	$325,800	$125,107,054	0	32	$185,312	$185,312	$5,929,983
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	384	$303,271	$335,574	$128,860,266	0	32	$190,871	$190,871	$6,107,882
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	384	$312,370	$345,641	$132,726,074	0	32	$196,597	$196,597	$6,291,119
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	384	$321,741	$356,010	$136,707,856	0	32	$202,495	$202,495	$6,479,852
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	384	$331,393	$366,690	$140,809,092	0	32	$208,570	$208,570	$6,674,248
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	384	$341,335	$377,691	$145,033,364	0	32	$214,827	$214,827	$6,874,475
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	384	$351,575	$389,022	$149,384,365	0	32	$221,272	$221,272	$7,080,709
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	384	$362,122	$400,692	$153,865,896	0	32	$227,910	$227,910	$7,293,131
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	384	$372,986	$412,713	$158,481,873	0	32	$234,748	$234,748	$7,511,925
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	384	$384,175	$425,095	$163,236,329	0	32	$241,790	$241,790	$7,737,282
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	384	$395,700	$437,847	$168,133,419	0	32	$249,044	$249,044	$7,969,401
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	384	$407,571	$450,983	$173,177,422	0	32	$256,515	$256,515	$8,208,483
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	384	$419,799	$464,512	$178,372,744	0	32	$264,211	$264,211	$8,454,737
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	384	$432,392	$478,448	$183,723,927	0	32	$272,137	$272,137	$8,708,380
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	384	$445,364	$492,801	$189,235,645	0	32	$280,301	$280,301	$8,969,631
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	384	$458,725	$507,585	$194,912,714	0	32	$288,710	$288,710	$9,238,720

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix C-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule C-I.

Appendix C-III: Total Projected Market Value, continued

	Tax	Bond		Retail					Bank/Restaurant				
Assessed	Year	Year	Inflation	Square Feet[2]		Value Per SF		Projected	Square Feet[2]		Value Per SF		Projected
As Of Date	Beginning	Ending	Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$138	$175	$0	0	0	$175	$175	$0
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$138	$175	$0	0	0	$175	$175	$0
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$142	$180	$0	0	0	$180	$180	$0
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$146	$186	$0	0	0	$186	$186	$0
1-Jan-17	1-Jul-17	15-Feb-18	109%	14,250	0	$150	$191	$2,142,409	0	0	$191	$191	$0
1-Jan-18	1-Jul-18	15-Feb-19	113%	14,250	0	$155	$197	$2,206,682	3,200	0	$197	$197	$631,073
1-Jan-19	1-Jul-19	15-Feb-20	116%	14,250	0	$160	$203	$2,272,882	3,200	0	$203	$203	$650,005
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	14,250	$164	$209	$2,981,390	0	3,200	$209	$209	$669,505
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	14,250	$169	$215	$3,070,832	0	3,200	$215	$215	$689,590
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	14,250	$174	$222	$3,162,957	0	3,200	$222	$222	$710,278
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	14,250	$180	$229	$3,257,845	0	3,200	$229	$229	$731,586
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	14,250	$185	$235	$3,355,581	0	3,200	$235	$235	$753,534
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	14,250	$190	$243	$3,456,248	0	3,200	$243	$243	$776,140
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	14,250	$196	$250	$3,559,935	0	3,200	$250	$250	$799,424
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	14,250	$202	$257	$3,666,734	0	3,200	$257	$257	$823,407
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	14,250	$208	$265	$3,776,736	0	3,200	$265	$265	$848,109
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	14,250	$214	$273	$3,890,038	0	3,200	$273	$273	$873,552
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	14,250	$221	$281	$4,006,739	0	3,200	$281	$281	$899,759
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	14,250	$227	$290	$4,126,941	0	3,200	$290	$290	$926,752
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	14,250	$234	$298	$4,250,749	0	3,200	$298	$298	$954,554
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	14,250	$241	$307	$4,378,272	0	3,200	$307	$307	$983,191
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	14,250	$248	$316	$4,509,620	0	3,200	$316	$316	$1,012,687
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	14,250	$256	$326	$4,644,908	0	3,200	$326	$326	$1,043,067
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	14,250	$264	$336	$4,784,256	0	3,200	$336	$336	$1,074,359
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	14,250	$272	$346	$4,927,783	0	3,200	$346	$346	$1,106,590
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	14,250	$280	$356	$5,075,617	0	3,200	$356	$356	$1,139,788
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	14,250	$288	$367	$5,227,885	0	3,200	$367	$367	$1,173,981
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	14,250	$297	$378	$5,384,722	0	3,200	$378	$378	$1,209,201
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	14,250	$306	$389	$5,546,263	0	3,200	$389	$389	$1,245,477
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	14,250	$315	$401	$5,712,651	0	3,200	$401	$401	$1,282,841
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	14,250	$324	$413	$5,884,031	0	3,200	$413	$413	$1,321,326

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix C-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule C-I.

Annapolis Junction Town Center
Howard County, Maryland

Appendix C-III: Total Projected Market Value, continued

Assessed As Of Date	Tax Year Beginning	Bond Year Ending	Inflation Factor[1]	Office: Square Feet[2] Phase-In	Office: Square Feet[2] Stabilized	Office: Value Per SF Phase-In[3]	Office: Value Per SF Stabilized[4]	Office: Projected Market Value	Hotel: Rooms[2] Phase-In	Hotel: Rooms[2] Stabilized	Hotel: Value Per Room Phase-In[3]	Hotel: Value Per Room Stabilized[4]	Hotel: Projected Market Value	Total Improved Value	Residual Base Value[5]	Total Projected Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$185	$185	$0	0	0	$97,189	$97,189	$0	$0	$1,608,000	$1,608,000
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$185	$185	$0	0	0	$97,189	$97,189	$0	$0	$1,608,000	$1,608,000
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$190	$190	$0	0	0	$100,105	$100,105	$0	$0	$1,608,000	$1,608,000
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$196	$196	$0	0	0	$103,108	$103,108	$0	$0	$1,608,000	$1,608,000
1-Jan-17	1-Jul-17	15-Feb-18	109%	0	0	$202	$202	$0	0	0	$106,201	$106,201	$0	$88,106,395	$551,839	$88,658,234
1-Jan-18	1-Jul-18	15-Feb-19	113%	100,000	0	$208	$208	$20,812,578	150	0	$109,387	$109,387	$16,408,041	$128,601,278	$111,314	$128,712,591
1-Jan-19	1-Jul-19	15-Feb-20	116%	100,000	0	$214	$214	$21,436,955	150	0	$112,669	$112,669	$16,900,282	$132,459,316	$111,314	$132,570,630
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	100,000	$221	$221	$22,080,064	0	150	$116,049	$116,049	$17,407,290	$146,580,096	$0	$146,580,096
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	100,000	$227	$227	$22,742,465	0	150	$119,530	$119,530	$17,929,509	$150,977,499	$0	$150,977,499
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	100,000	$234	$234	$23,424,739	0	150	$123,116	$123,116	$18,467,394	$155,506,824	$0	$155,506,824
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	100,000	$241	$241	$24,127,482	0	150	$126,809	$126,809	$19,021,416	$160,172,028	$0	$160,172,028
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	100,000	$249	$249	$24,851,306	0	150	$130,614	$130,614	$19,592,059	$164,977,189	$0	$164,977,189
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	100,000	$256	$256	$25,596,845	0	150	$134,532	$134,532	$20,179,820	$169,926,505	$0	$169,926,505
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	100,000	$264	$264	$26,364,751	0	150	$138,568	$138,568	$20,785,215	$175,024,300	$0	$175,024,300
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	100,000	$272	$272	$27,155,693	0	150	$142,725	$142,725	$21,408,772	$180,275,029	$0	$180,275,029
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	100,000	$280	$280	$27,970,364	0	150	$147,007	$147,007	$22,051,035	$185,683,280	$0	$185,683,280
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	100,000	$288	$288	$28,809,475	0	150	$151,417	$151,417	$22,712,566	$191,253,778	$0	$191,253,778
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	100,000	$297	$297	$29,673,759	0	150	$155,960	$155,960	$23,393,943	$196,991,392	$0	$196,991,392
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	100,000	$306	$306	$30,563,972	0	150	$160,638	$160,638	$24,095,761	$202,901,134	$0	$202,901,134
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	100,000	$315	$315	$31,480,891	0	150	$165,458	$165,458	$24,818,634	$208,988,168	$0	$208,988,168
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	100,000	$324	$324	$32,425,318	0	150	$170,421	$170,421	$25,563,193	$215,257,813	$0	$215,257,813
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	100,000	$334	$334	$33,398,077	0	150	$175,534	$175,534	$26,330,089	$221,715,547	$0	$221,715,547
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	100,000	$344	$344	$34,400,020	0	150	$180,800	$180,800	$27,119,991	$228,367,013	$0	$228,367,013
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	100,000	$354	$354	$35,432,020	0	150	$186,224	$186,224	$27,933,591	$235,218,024	$0	$235,218,024
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	100,000	$365	$365	$36,494,981	0	150	$191,811	$191,811	$28,771,599	$242,274,564	$0	$242,274,564
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	100,000	$376	$376	$37,589,830	0	150	$197,565	$197,565	$29,634,747	$249,542,801	$0	$249,542,801
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	100,000	$387	$387	$38,717,525	0	150	$203,492	$203,492	$30,523,789	$257,029,085	$0	$257,029,085
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	100,000	$399	$399	$39,879,051	0	150	$209,597	$209,597	$31,439,503	$264,739,958	$0	$264,739,958
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	100,000	$411	$411	$41,075,422	0	150	$215,885	$215,885	$32,382,688	$272,682,157	$0	$272,682,157
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	100,000	$423	$423	$42,307,685	0	150	$222,361	$222,361	$33,354,168	$280,862,621	$0	$280,862,621
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	100,000	$436	$436	$43,576,916	0	150	$229,032	$229,032	$34,354,794	$289,288,500	$0	$289,288,500

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix C-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule C-I.

[5]Represents portion of site assumed to remain undeveloped, based on total projected development for all phases. Undeveloped portion of site is assumed to maintain base value. No appreciation is assumed.

Annapolis Junction Town Center
Howard County, Maryland

Appendix C-IV: Base Value[1]

District/ Account No.	Owner	Address	Acreage[2]	Assessment As Of 1/1/2011[1]
06 583784	Maryland Dept. of Transportation	9009 Dorsey Run Road	2.21	$0
06 586953	Maryland Dept. of Transportation	9001 Dorsey Run Road	1.05	$0
06 403344	State Railroad Administration	8981 Dorsey Run Road	3.99	$0
06 586961	State Railroad Administration	8950 Henkels Lane	1.95	$0
06 586988	Maryland Dept. of Transportation	8991 Dorsey Run Road	0.76	$0
06 586996	State Railroad Administration	8985 Dorsey Run Road	2.76	$0
06 403085	Boise Maryland Business Trust	8960 SW Henkels Lane	6.14	$1,608,000
Total			18.86	$1,608,000

MuniCap, Inc. *14-Feb-14*

[1]Assumes Annapolis Junction Tax Increment District is created in 2012. As a result, the base value is set on the basis of value as of January 1, 2011. At the time the base value is assumed to be set, parcels owned by the State are assumed to be exempt with an assessed value of zero. Values provided by Maryland State Department of Assessments and Taxation.

[2]Acreage based on information provided by Maryland State Department of Assessments and Taxation.

Annapolis Junction Town Center
Howard County, Maryland

Appendix C-V: Projected Real Property Tax Revenues

Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Projected Market Value[1]	Base Value[2]	Incremental Property Value	FY 14 Howard County Tax Rate Per $100 A.V	Projected Tax Increment Revenues	Percent Available After Tax Payment Discount[3]	Available Incremental Tax Revenues	Available For Debt Service	Incremental Tax Revenues Available For Debt Service
1-Jul-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-15	15-Feb-16	103%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-16	15-Feb-17	106%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-17	15-Feb-18	109%	$88,658,234	($1,608,000)	$87,050,234	$1.014	$882,689	99.5%	$878,276	100%	$878,276
1-Jul-18	15-Feb-19	113%	$128,712,591	($1,608,000)	$127,104,591	$1.014	$1,288,841	99.5%	$1,282,396	100%	$1,282,396
1-Jul-19	15-Feb-20	116%	$132,570,630	($1,608,000)	$130,962,630	$1.014	$1,327,961	99.5%	$1,321,321	100%	$1,321,321
1-Jul-20	15-Feb-21	119%	$146,580,096	($1,608,000)	$144,972,096	$1.014	$1,470,017	99.5%	$1,462,667	100%	$1,462,667
1-Jul-21	15-Feb-22	123%	$150,977,499	($1,608,000)	$149,369,499	$1.014	$1,514,607	99.5%	$1,507,034	100%	$1,507,034
1-Jul-22	15-Feb-23	127%	$155,506,824	($1,608,000)	$153,898,824	$1.014	$1,560,534	99.5%	$1,552,731	100%	$1,552,731
1-Jul-23	15-Feb-24	130%	$160,172,028	($1,608,000)	$158,564,028	$1.014	$1,607,839	99.5%	$1,599,800	100%	$1,599,800
1-Jul-24	15-Feb-25	134%	$164,977,189	($1,608,000)	$163,369,189	$1.014	$1,656,564	99.5%	$1,648,281	100%	$1,648,281
1-Jul-25	15-Feb-26	138%	$169,926,505	($1,608,000)	$168,318,505	$1.014	$1,706,750	99.5%	$1,698,216	100%	$1,698,216
1-Jul-26	15-Feb-27	143%	$175,024,300	($1,608,000)	$173,416,300	$1.014	$1,758,441	99.5%	$1,749,649	100%	$1,749,649
1-Jul-27	15-Feb-28	147%	$180,275,029	($1,608,000)	$178,667,029	$1.014	$1,811,684	99.5%	$1,802,625	100%	$1,802,625
1-Jul-28	15-Feb-29	151%	$185,683,280	($1,608,000)	$184,075,280	$1.014	$1,866,523	99.5%	$1,857,191	100%	$1,857,191
1-Jul-29	15-Feb-30	156%	$191,253,778	($1,608,000)	$189,645,778	$1.014	$1,923,008	99.5%	$1,913,393	100%	$1,913,393
1-Jul-30	15-Feb-31	160%	$196,991,392	($1,608,000)	$195,383,392	$1.014	$1,981,188	99.5%	$1,971,282	100%	$1,971,282
1-Jul-31	15-Feb-32	165%	$202,901,134	($1,608,000)	$201,293,134	$1.014	$2,041,112	99.5%	$2,030,907	100%	$2,030,907
1-Jul-32	15-Feb-33	170%	$208,988,168	($1,608,000)	$207,380,168	$1.014	$2,102,835	99.5%	$2,092,321	100%	$2,092,321
1-Jul-33	15-Feb-34	175%	$215,257,813	($1,608,000)	$213,649,813	$1.014	$2,166,409	99.5%	$2,155,577	100%	$2,155,577
1-Jul-34	15-Feb-35	181%	$221,715,547	($1,608,000)	$220,107,547	$1.014	$2,231,891	99.5%	$2,220,731	100%	$2,220,731
1-Jul-35	15-Feb-36	186%	$228,367,013	($1,608,000)	$226,759,013	$1.014	$2,299,336	99.5%	$2,287,840	100%	$2,287,840
1-Jul-36	15-Feb-37	192%	$235,218,024	($1,608,000)	$233,610,024	$1.014	$2,368,806	99.5%	$2,356,962	100%	$2,356,962
1-Jul-37	15-Feb-38	197%	$242,274,564	($1,608,000)	$240,666,564	$1.014	$2,440,359	99.5%	$2,428,157	100%	$2,428,157
1-Jul-38	15-Feb-39	203%	$249,542,801	($1,608,000)	$247,934,801	$1.014	$2,514,059	99.5%	$2,501,489	100%	$2,501,489
1-Jul-39	15-Feb-40	209%	$257,029,085	($1,608,000)	$255,421,085	$1.014	$2,589,970	99.5%	$2,577,020	100%	$2,577,020
1-Jul-40	15-Feb-41	216%	$264,739,958	($1,608,000)	$263,131,958	$1.014	$2,668,158	99.5%	$2,654,817	100%	$2,654,817
1-Jul-41	15-Feb-42	222%	$272,682,157	($1,608,000)	$271,074,157	$1.014	$2,748,692	99.5%	$2,734,948	100%	$2,734,948
1-Jul-42	15-Feb-43	229%	$280,862,621	($1,608,000)	$279,254,621	$1.014	$2,831,642	99.5%	$2,817,484	100%	$2,817,484
1-Jul-43	15-Feb-44	236%	$289,288,500	($1,608,000)	$287,680,500	$1.014	$2,917,080	99.5%	$2,902,495	100%	$2,902,495
Total							$54,276,994		$54,005,609		$54,005,609

MuniCap, Inc. *14-Feb-14*

[1]See Appendix C-III.

[2]See Appendix C-IV.

[3]Assumes all property owners pay property bill in entirety by end of July, and thus receive a 0.5% discount.

Annapolis Junction Town Center
Howard County, Maryland

Appendix C-VI.a: Projected Payment of Debt Service and Debt Service Coverage (Tax Increment Only)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	($227,139)	$227,139	$0	$0	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$878,276	($258,254)	$258,254	$0	$0	77%	100%
1-Jan-18	15-Feb-19	$1,161,736	$1,282,396	$120,661	$0	$120,661	$120,661	110%	110%
1-Jan-19	15-Feb-20	$1,185,327	$1,321,321	$135,994	$0	$135,994	$256,655	111%	111%
1-Jan-20	15-Feb-21	$1,207,304	$1,462,667	$255,363	$0	$255,363	$512,018	121%	121%
1-Jan-21	15-Feb-22	$1,232,667	$1,507,034	$274,367	$0	$274,367	$786,384	122%	122%
1-Jan-22	15-Feb-23	$1,256,091	$1,552,731	$296,640	$0	$296,640	$1,083,024	124%	124%
1-Jan-23	15-Feb-24	$1,282,577	$1,599,800	$317,223	$0	$317,223	$1,400,247	125%	125%
1-Jan-24	15-Feb-25	$1,306,800	$1,648,281	$341,481	$0	$341,481	$1,741,728	126%	126%
1-Jan-25	15-Feb-26	$1,333,759	$1,698,216	$364,457	$0	$364,457	$2,106,184	127%	127%
1-Jan-26	15-Feb-27	$1,358,131	$1,749,649	$391,518	$0	$391,518	$2,497,702	129%	129%
1-Jan-27	15-Feb-28	$1,389,915	$1,802,625	$412,710	$0	$412,710	$2,910,412	130%	130%
1-Jan-28	15-Feb-29	$1,413,462	$1,857,191	$443,729	$0	$443,729	$3,354,141	131%	131%
1-Jan-29	15-Feb-30	$1,444,097	$1,913,393	$469,296	$0	$469,296	$3,823,438	132%	132%
1-Jan-30	15-Feb-31	$1,471,170	$1,971,282	$500,112	$0	$500,112	$4,323,550	134%	134%
1-Jan-31	15-Feb-32	$1,499,681	$2,030,907	$531,226	$0	$531,226	$4,854,775	135%	135%
1-Jan-32	15-Feb-33	$1,529,306	$2,092,321	$563,015	$0	$563,015	$5,417,790	137%	137%
1-Jan-33	15-Feb-34	$1,564,720	$2,155,577	$590,857	$0	$590,857	$6,008,647	138%	138%
1-Jan-34	15-Feb-35	$1,595,274	$2,220,731	$625,457	$0	$625,457	$6,634,104	139%	139%
1-Jan-35	15-Feb-36	$1,625,967	$2,287,840	$661,873	$0	$661,873	$7,295,977	141%	141%
1-Jan-36	15-Feb-37	$1,656,474	$2,356,962	$700,487	$0	$700,487	$7,996,464	142%	142%
1-Jan-37	15-Feb-38	$1,691,472	$2,428,157	$736,685	$0	$736,685	$8,733,149	144%	144%
1-Jan-38	15-Feb-39	$1,725,311	$2,501,489	$776,178	$0	$776,178	$9,509,327	145%	145%
1-Jan-39	15-Feb-40	$1,757,665	$2,577,020	$819,355	$0	$819,355	$10,328,682	147%	147%
1-Jan-40	15-Feb-41	$1,793,210	$2,654,817	$861,607	$0	$861,607	$11,190,288	148%	148%
1-Jan-41	15-Feb-42	$1,831,297	$2,734,948	$903,651	$0	$903,651	$12,093,940	149%	149%
1-Jan-42	15-Feb-43	$1,866,276	$2,817,484	$951,208	$0	$951,208	$13,045,148	151%	151%
1-Jan-43	15-Feb-44	$1,902,821	$2,902,495	$999,674	$0	$999,674	$14,044,821	153%	153%
Total		$40,446,181	$54,005,609	$13,559,428	$485,393	$14,044,821			

MuniCap, Inc. *14-Feb-14*

[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix C-V.

Annapolis Junction Town Center
Howard County, Maryland

Appendix C-VI.b: Projected Payment of Debt Service and Debt Service Coverage (Including BRAC Zone Revenue)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Applied BRAC Zone Revenues[3]	Total Available Revenues	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Increment & BRAC Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	$227,139	$0	$0	0%	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$878,276	$258,254	$1,136,530	$0	$0	$0	$0	77%	100%	100%
1-Jan-18	15-Feb-19	$1,161,736	$1,282,396	$0	$1,282,396	$120,661	$0	$120,661	$120,661	110%	110%	110%
1-Jan-19	15-Feb-20	$1,185,327	$1,321,321	$0	$1,321,321	$135,994	$0	$135,994	$256,655	111%	111%	111%
1-Jan-20	15-Feb-21	$1,207,304	$1,462,667	$0	$1,462,667	$255,363	$0	$255,363	$512,018	121%	121%	121%
1-Jan-21	15-Feb-22	$1,232,667	$1,507,034	$0	$1,507,034	$274,367	$0	$274,367	$786,384	122%	122%	122%
1-Jan-22	15-Feb-23	$1,256,091	$1,552,731	$0	$1,552,731	$296,640	$0	$296,640	$1,083,024	124%	124%	124%
1-Jan-23	15-Feb-24	$1,282,577	$1,599,800	$0	$1,599,800	$317,223	$0	$317,223	$1,400,247	125%	125%	125%
1-Jan-24	15-Feb-25	$1,306,800	$1,648,281	$0	$1,648,281	$341,481	$0	$341,481	$1,741,728	126%	126%	126%
1-Jan-25	15-Feb-26	$1,333,759	$1,698,216	$0	$1,698,216	$364,457	$0	$364,457	$2,106,184	127%	127%	127%
1-Jan-26	15-Feb-27	$1,358,131	$1,749,649	$0	$1,749,649	$391,518	$0	$391,518	$2,497,702	129%	129%	129%
1-Jan-27	15-Feb-28	$1,389,915	$1,802,625	$0	$1,802,625	$412,710	$0	$412,710	$2,910,412	130%	130%	130%
1-Jan-28	15-Feb-29	$1,413,462	$1,857,191	$0	$1,857,191	$443,729	$0	$443,729	$3,354,141	131%	131%	131%
1-Jan-29	15-Feb-30	$1,444,097	$1,913,393	$0	$1,913,393	$469,296	$0	$469,296	$3,823,438	132%	132%	132%
1-Jan-30	15-Feb-31	$1,471,170	$1,971,282	$0	$1,971,282	$500,112	$0	$500,112	$4,323,550	134%	134%	134%
1-Jan-31	15-Feb-32	$1,499,681	$2,030,907	$0	$2,030,907	$531,226	$0	$531,226	$4,854,775	135%	135%	135%
1-Jan-32	15-Feb-33	$1,529,306	$2,092,321	$0	$2,092,321	$563,015	$0	$563,015	$5,417,790	137%	137%	137%
1-Jan-33	15-Feb-34	$1,564,720	$2,155,577	$0	$2,155,577	$590,857	$0	$590,857	$6,008,647	138%	138%	138%
1-Jan-34	15-Feb-35	$1,595,274	$2,220,731	$0	$2,220,731	$625,457	$0	$625,457	$6,634,104	139%	139%	139%
1-Jan-35	15-Feb-36	$1,625,967	$2,287,840	$0	$2,287,840	$661,873	$0	$661,873	$7,295,977	141%	141%	141%
1-Jan-36	15-Feb-37	$1,656,474	$2,356,962	$0	$2,356,962	$700,487	$0	$700,487	$7,996,464	142%	142%	142%
1-Jan-37	15-Feb-38	$1,691,472	$2,428,157	$0	$2,428,157	$736,685	$0	$736,685	$8,733,149	144%	144%	144%
1-Jan-38	15-Feb-39	$1,725,311	$2,501,489	$0	$2,501,489	$776,178	$0	$776,178	$9,509,327	145%	145%	145%
1-Jan-39	15-Feb-40	$1,757,665	$2,577,020	$0	$2,577,020	$819,355	$0	$819,355	$10,328,682	147%	147%	147%
1-Jan-40	15-Feb-41	$1,793,210	$2,654,817	$0	$2,654,817	$861,607	$0	$861,607	$11,190,288	148%	148%	148%
1-Jan-41	15-Feb-42	$1,831,297	$2,734,948	$0	$2,734,948	$903,651	$0	$903,651	$12,093,940	149%	149%	149%
1-Jan-42	15-Feb-43	$1,866,276	$2,817,484	$0	$2,817,484	$951,208	$0	$951,208	$13,045,148	151%	151%	151%
1-Jan-43	15-Feb-44	$1,902,821	$2,902,495	$0	$2,902,495	$999,674	$0	$999,674	$14,044,821	153%	153%	153%
Total		$40,446,181	$54,005,609	$258,254	$54,263,863	$13,817,683	$227,139	$14,044,821				

MuniCap, Inc. *14-Feb-14*

[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix C-V.

[3]See Appendix J-III.

Annapolis Junction Town Center
Howard County, Maryland

APPENDIX D

Phase II/II-A Development Scenario
Assumes 3% Increase for Inflation
Apartment Value Based on Average of Select Comparables

Annapolis Junction Town Center
Howard County, Maryland

Appendix D-I: Projected Development by Type

Property Type	Area[1]					Market Value[2]			Total Market	Year
	Gross SF	SF	Units	Net SF Per Unit	Rooms	Per Unit	Per SF	Per Room	Value	Completed
Apartments										
Market rate	451,446	351,299	384	915	NA	$156,002	$170.52	NA	$59,904,800	2016
Affordable	37,620	29,275	32	915	NA	$88,733	$96.99	NA	$2,839,444	2016
Garage[3]	228,358									
Sub-total apartments	489,066	380,574	416			$150,828	$164.87		$62,744,243	
Sub-total apartments (w/ garage)	717,424									
Retail										
In-line retail	14,000	NA	NA	NA	NA	NA	$175.22	NA	$2,453,062	2016
Kiosk	0	NA	NA	NA	NA	NA	$175.22	NA	$0	-
Sub-total retail	14,000						$175.22		$2,453,062	
Bank/Restaurant	0	NA	NA	NA	NA	NA	$175.22	NA	$0	-
Office	0	NA	NA	NA	NA	NA	$184.92	NA	$0	-
Hotel	0	NA	NA	NA	0	NA	$173.55	$97,189	$0	-
Total project	503,066								$65,197,306	
Total project (including apartment garage)	731,424								$65,197,306	

MuniCap, Inc. *14-Feb-14*

[1]Projected development provided by Annapolis Junction Town Center, LLC. Net square feet for apartments includes 355,574 square feet of apartment space and 25,000 square feet of rentable storage.
[2]See Appendix F. Represents the projected market value at stabilization. Per square foot values for apartments are on a net basis.
[3]Value of garage is included in projected value of apartment units.

Annapolis Junction Town Center
Howard County, Maryland

Appendix D-II: Projected Absorption

				Apartments													
			Bond	Market Rate		Affordable		Total		Retail		Bank/Restaurant		Office		Hotel	
Year	Assessed	Tax Year	Year	(Units)		(Units)		(Units)		(SF)		(SF)		(SF)		(Rooms)	
Ending	As Of Date	Beginning	Ending	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
31-Dec-12	1-Jan-13	1-Jul-13	15-Feb-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-13	1-Jan-14	1-Jul-14	15-Feb-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-14	1-Jan-15	1-Jul-15	15-Feb-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-15	1-Jan-16	1-Jul-16	15-Feb-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-16	1-Jan-17	1-Jul-17	15-Feb-18	384	384	32	32	416	416	14,000	14,000	0	0	0	0	0	0
31-Dec-17	1-Jan-18	1-Jul-18	15-Feb-19	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-18	1-Jan-19	1-Jul-19	15-Feb-20	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-19	1-Jan-20	1-Jul-20	15-Feb-21	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-20	1-Jan-21	1-Jul-21	15-Feb-22	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-21	1-Jan-22	1-Jul-22	15-Feb-23	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-22	1-Jan-23	1-Jul-23	15-Feb-24	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-23	1-Jan-24	1-Jul-24	15-Feb-25	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-24	1-Jan-25	1-Jul-25	15-Feb-26	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-25	1-Jan-26	1-Jul-26	15-Feb-27	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-26	1-Jan-27	1-Jul-27	15-Feb-28	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-27	1-Jan-28	1-Jul-28	15-Feb-29	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-28	1-Jan-29	1-Jul-29	15-Feb-30	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-29	1-Jan-30	1-Jul-30	15-Feb-31	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-30	1-Jan-31	1-Jul-31	15-Feb-32	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-31	1-Jan-32	1-Jul-32	15-Feb-33	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-32	1-Jan-33	1-Jul-33	15-Feb-34	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-33	1-Jan-34	1-Jul-34	15-Feb-35	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-34	1-Jan-35	1-Jul-35	15-Feb-36	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-35	1-Jan-36	1-Jul-36	15-Feb-37	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-36	1-Jan-37	1-Jul-37	15-Feb-38	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-37	1-Jan-38	1-Jul-38	15-Feb-39	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-38	1-Jan-39	1-Jul-39	15-Feb-40	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-39	1-Jan-40	1-Jul-40	15-Feb-41	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-40	1-Jan-41	1-Jul-41	15-Feb-42	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-41	1-Jan-42	1-Jul-42	15-Feb-43	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-42	1-Jan-43	1-Jul-43	15-Feb-44	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
Total				384		32		416		14,000		0		0		0	

MuniCap, Inc. *14-Feb-14*

Annapolis Junction Town Center
Howard County, Maryland

Appendix D-III: Total Projected Market Value

Assessed As Of Date	Tax Year Beginning	Bond Year Ending	Inflation Factor[1]	Market Rate Apartments: Units[2] Phase-In	Market Rate Apartments: Units[2] Stabilized	Market Rate Apartments: Value Per Unit Phase-In[3]	Market Rate Apartments: Value Per Unit Stabilized[4]	Market Rate Apartments: Projected Market Value	Affordable Apartments: Units[2] Phase-In	Affordable Apartments: Units[2] Stabilized	Affordable Apartments: Value Per Unit Phase-In[3]	Affordable Apartments: Value Per Unit Stabilized[4]	Affordable Apartments: Projected Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$156,002	$156,002	$0	0	0	$88,733	$88,733	$0
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$156,002	$156,002	$0	0	0	$88,733	$88,733	$0
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$160,682	$160,682	$0	0	0	$91,395	$91,395	$0
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$165,503	$165,503	$0	0	0	$94,136	$94,136	$0
1-Jan-17	1-Jul-17	15-Feb-18	109%	384	0	$170,468	$170,468	$65,459,592	32	0	$96,961	$96,961	$3,102,737
1-Jan-18	1-Jul-18	15-Feb-19	113%	384	0	$175,582	$175,582	$67,423,380	32	0	$99,869	$99,869	$3,195,819
1-Jan-19	1-Jul-19	15-Feb-20	116%	384	0	$180,849	$180,849	$69,446,081	32	0	$102,865	$102,865	$3,291,693
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	384	$186,275	$186,275	$71,529,464	0	32	$105,951	$105,951	$3,390,444
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	384	$191,863	$191,863	$73,675,348	0	32	$109,130	$109,130	$3,492,158
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	384	$197,619	$197,619	$75,885,608	0	32	$112,404	$112,404	$3,596,922
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	384	$203,547	$203,547	$78,162,176	0	32	$115,776	$115,776	$3,704,830
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	384	$209,654	$209,654	$80,507,042	0	32	$119,249	$119,249	$3,815,975
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	384	$215,943	$215,943	$82,922,253	0	32	$122,827	$122,827	$3,930,454
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	384	$222,422	$222,422	$85,409,921	0	32	$126,511	$126,511	$4,048,368
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	384	$229,094	$229,094	$87,972,218	0	32	$130,307	$130,307	$4,169,819
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	384	$235,967	$235,967	$90,611,385	0	32	$134,216	$134,216	$4,294,913
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	384	$243,046	$243,046	$93,329,726	0	32	$138,243	$138,243	$4,423,761
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	384	$250,338	$250,338	$96,129,618	0	32	$142,390	$142,390	$4,556,473
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	384	$257,848	$257,848	$99,013,507	0	32	$146,661	$146,661	$4,693,168
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	384	$265,583	$265,583	$101,983,912	0	32	$151,061	$151,061	$4,833,963
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	384	$273,551	$273,551	$105,043,429	0	32	$155,593	$155,593	$4,978,982
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	384	$281,757	$281,757	$108,194,732	0	32	$160,261	$160,261	$5,128,351
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	384	$290,210	$290,210	$111,440,574	0	32	$165,069	$165,069	$5,282,202
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	384	$298,916	$298,916	$114,783,791	0	32	$170,021	$170,021	$5,440,668
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	384	$307,884	$307,884	$118,227,305	0	32	$175,121	$175,121	$5,603,888
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	384	$317,120	$317,120	$121,774,124	0	32	$180,375	$180,375	$5,772,004
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	384	$326,634	$326,634	$125,427,348	0	32	$185,786	$185,786	$5,945,164
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	384	$336,433	$336,433	$129,190,168	0	32	$191,360	$191,360	$6,123,519
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	384	$346,526	$346,526	$133,065,873	0	32	$197,101	$197,101	$6,307,225
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	384	$356,921	$356,921	$137,057,849	0	32	$203,014	$203,014	$6,496,442
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	384	$367,629	$367,629	$141,169,585	0	32	$209,104	$209,104	$6,691,335

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix D-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule D-I.

Appendix D-III: Total Projected Market Value, continued

	Tax	Bond		Retail					Bank/Restaurant				
Assessed	Year	Year	Inflation	Square Feet[2]		Value Per SF		Projected	Square Feet[2]		Value Per SF		Projected
As Of Date	Beginning	Ending	Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$138	$175	$0	0	0	$175	$175	$0
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$138	$175	$0	0	0	$175	$175	$0
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$142	$180	$0	0	0	$180	$180	$0
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$146	$186	$0	0	0	$186	$186	$0
1-Jan-17	1-Jul-17	15-Feb-18	109%	14,000	0	$150	$191	$2,104,823	0	0	$191	$191	$0
1-Jan-18	1-Jul-18	15-Feb-19	113%	14,000	0	$155	$197	$2,167,968	0	0	$197	$197	$0
1-Jan-19	1-Jul-19	15-Feb-20	116%	14,000	0	$160	$203	$2,233,007	0	0	$203	$203	$0
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	14,000	$164	$209	$2,929,085	0	0	$209	$209	$0
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	14,000	$169	$215	$3,016,957	0	0	$215	$215	$0
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	14,000	$174	$222	$3,107,466	0	0	$222	$222	$0
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	14,000	$180	$229	$3,200,690	0	0	$229	$229	$0
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	14,000	$185	$235	$3,296,711	0	0	$235	$235	$0
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	14,000	$190	$243	$3,395,612	0	0	$243	$243	$0
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	14,000	$196	$250	$3,497,480	0	0	$250	$250	$0
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	14,000	$202	$257	$3,602,405	0	0	$257	$257	$0
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	14,000	$208	$265	$3,710,477	0	0	$265	$265	$0
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	14,000	$214	$273	$3,821,791	0	0	$273	$273	$0
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	14,000	$221	$281	$3,936,445	0	0	$281	$281	$0
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	14,000	$227	$290	$4,054,538	0	0	$290	$290	$0
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	14,000	$234	$298	$4,176,175	0	0	$298	$298	$0
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	14,000	$241	$307	$4,301,460	0	0	$307	$307	$0
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	14,000	$248	$316	$4,430,504	0	0	$316	$316	$0
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	14,000	$256	$326	$4,563,419	0	0	$326	$326	$0
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	14,000	$264	$336	$4,700,321	0	0	$336	$336	$0
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	14,000	$272	$346	$4,841,331	0	0	$346	$346	$0
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	14,000	$280	$356	$4,986,571	0	0	$356	$356	$0
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	14,000	$288	$367	$5,136,168	0	0	$367	$367	$0
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	14,000	$297	$378	$5,290,253	0	0	$378	$378	$0
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	14,000	$306	$389	$5,448,961	0	0	$389	$389	$0
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	14,000	$315	$401	$5,612,429	0	0	$401	$401	$0
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	14,000	$324	$413	$5,780,802	0	0	$413	$413	$0

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix D-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule D-I.

Annapolis Junction Town Center
Howard County, Maryland

Appendix D-III: Total Projected Market Value, continued

				Office					Hotel							
				Square Feet[2]		Value Per SF			Rooms[2]		Value Per Room					
Assessed As Of Date	Tax Year Beginning	Bond Year Ending	Inflation Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Projected Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Projected Market Value	Total Improved Market Value	Residual Base Value[5]	Total Projected Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$185	$185	$0	0	0	$97,189	$97,189	$0	$0	$1,608,000	$1,608,000
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$185	$185	$0	0	0	$97,189	$97,189	$0	$0	$1,608,000	$1,608,000
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$190	$190	$0	0	0	$100,105	$100,105	$0	$0	$1,608,000	$1,608,000
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$196	$196	$0	0	0	$103,108	$103,108	$0	$0	$1,608,000	$1,608,000
1-Jan-17	1-Jul-17	15-Feb-18	109%	0	0	$202	$202	$0	0	0	$106,201	$106,201	$0	$70,667,152	$338,375	$71,005,527
1-Jan-18	1-Jul-18	15-Feb-19	113%	0	0	$208	$208	$0	0	0	$109,387	$109,387	$0	$72,787,167	$338,375	$73,125,541
1-Jan-19	1-Jul-19	15-Feb-20	116%	0	0	$214	$214	$0	0	0	$112,669	$112,669	$0	$74,970,782	$338,375	$75,309,156
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	0	$221	$221	$0	0	0	$116,049	$116,049	$0	$77,848,993	$328,031	$78,177,024
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	0	$227	$227	$0	0	0	$119,530	$119,530	$0	$80,184,463	$328,031	$80,512,494
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	0	$234	$234	$0	0	0	$123,116	$123,116	$0	$82,589,997	$328,031	$82,918,028
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	0	$241	$241	$0	0	0	$126,809	$126,809	$0	$85,067,696	$328,031	$85,395,728
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	0	$249	$249	$0	0	0	$130,614	$130,614	$0	$87,619,727	$328,031	$87,947,759
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	0	$256	$256	$0	0	0	$134,532	$134,532	$0	$90,248,319	$328,031	$90,576,351
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	0	$264	$264	$0	0	0	$138,568	$138,568	$0	$92,955,769	$328,031	$93,283,800
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	0	$272	$272	$0	0	0	$142,725	$142,725	$0	$95,744,442	$328,031	$96,072,473
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	0	$280	$280	$0	0	0	$147,007	$147,007	$0	$98,616,775	$328,031	$98,944,806
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	0	$288	$288	$0	0	0	$151,417	$151,417	$0	$101,575,278	$328,031	$101,903,310
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	0	$297	$297	$0	0	0	$155,960	$155,960	$0	$104,622,537	$328,031	$104,950,568
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	0	$306	$306	$0	0	0	$160,638	$160,638	$0	$107,761,213	$328,031	$108,089,244
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	0	$315	$315	$0	0	0	$165,458	$165,458	$0	$110,994,049	$328,031	$111,322,081
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	0	$324	$324	$0	0	0	$170,421	$170,421	$0	$114,323,871	$328,031	$114,651,902
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	0	$334	$334	$0	0	0	$175,534	$175,534	$0	$117,753,587	$328,031	$118,081,618
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	0	$344	$344	$0	0	0	$180,800	$180,800	$0	$121,286,194	$328,031	$121,614,226
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	0	$354	$354	$0	0	0	$186,224	$186,224	$0	$124,924,780	$328,031	$125,252,812
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	0	$365	$365	$0	0	0	$191,811	$191,811	$0	$128,672,523	$328,031	$129,000,555
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	0	$376	$376	$0	0	0	$197,565	$197,565	$0	$132,532,699	$328,031	$132,860,731
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	0	$387	$387	$0	0	0	$203,492	$203,492	$0	$136,508,680	$328,031	$136,836,712
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	0	$399	$399	$0	0	0	$209,597	$209,597	$0	$140,603,941	$328,031	$140,931,972
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	0	$411	$411	$0	0	0	$215,885	$215,885	$0	$144,822,059	$328,031	$145,150,090
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	0	$423	$423	$0	0	0	$222,361	$222,361	$0	$149,166,721	$328,031	$149,494,752
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	0	$436	$436	$0	0	0	$229,032	$229,032	$0	$153,641,722	$328,031	$153,969,754

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix D-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule D-I.

[5]Represents portion of site assumed to remain undeveloped, based on total projected development for all phases. Undeveloped portion of site is assumed to maintain base value. No appreciation is assumed.

Annapolis Junction Town Center
Howard County, Maryland

Appendix D-IV: Base Value[1]

District/ Account No.	Owner	Address	Acreage[2]	Assessment As Of 1/1/2011[1]
06 583784	Maryland Dept. of Transportation	9009 Dorsey Run Road	2.21	$0
06 586953	Maryland Dept. of Transportation	9001 Dorsey Run Road	1.05	$0
06 403344	State Railroad Administration	8981 Dorsey Run Road	3.99	$0
06 586961	State Railroad Administration	8950 Henkels Lane	1.95	$0
06 586988	Maryland Dept. of Transportation	8991 Dorsey Run Road	0.76	$0
06 586996	State Railroad Administration	8985 Dorsey Run Road	2.76	$0
06 403085	Boise Maryland Business Trust	8960 SW Henkels Lane	6.14	$1,608,000
Total			18.86	$1,608,000

MuniCap, Inc. *14-Feb-14*

[1]Assumes Annapolis Junction Tax Increment District is created in 2012. As a result, the base value is set on the basis of value as of January 1, 2011. At the time the base value is assumed to be set, parcels owned by the State are assumed to be exempt with an assessed value of zero. Values provided by Maryland State Department of Assessments and Taxation.

[2]Acreage based on information provided by Maryland State Department of Assessments and Taxation.

Annapolis Junction Town Center
Howard County, Maryland

Appendix D-V: Projected Real Property Tax Revenues

Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Projected Market Value[1]	Base Value[2]	Incremental Property Value	FY 14 Howard County Tax Rate Per $100 A.V	Projected Tax Increment Revenues	Percent Available After Tax Payment Discount[3]	Available Incremental Tax Revenues	Available For Debt Service	Incremental Tax Revenues Available For Debt Service
1-Jul-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-15	15-Feb-16	103%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-16	15-Feb-17	106%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-17	15-Feb-18	109%	$71,005,527	($1,608,000)	$69,397,527	$1.014	$703,691	99.5%	$700,172	100%	$700,172
1-Jul-18	15-Feb-19	113%	$73,125,541	($1,608,000)	$71,517,541	$1.014	$725,188	99.5%	$721,562	100%	$721,562
1-Jul-19	15-Feb-20	116%	$75,309,156	($1,608,000)	$73,701,156	$1.014	$747,330	99.5%	$743,593	100%	$743,593
1-Jul-20	15-Feb-21	119%	$78,177,024	($1,608,000)	$76,569,024	$1.014	$776,410	99.5%	$772,528	100%	$772,528
1-Jul-21	15-Feb-22	123%	$80,512,494	($1,608,000)	$78,904,494	$1.014	$800,092	99.5%	$796,091	100%	$796,091
1-Jul-22	15-Feb-23	127%	$82,918,028	($1,608,000)	$81,310,028	$1.014	$824,484	99.5%	$820,361	100%	$820,361
1-Jul-23	15-Feb-24	130%	$85,395,728	($1,608,000)	$83,787,728	$1.014	$849,608	99.5%	$845,360	100%	$845,360
1-Jul-24	15-Feb-25	134%	$87,947,759	($1,608,000)	$86,339,759	$1.014	$875,485	99.5%	$871,108	100%	$871,108
1-Jul-25	15-Feb-26	138%	$90,576,351	($1,608,000)	$88,968,351	$1.014	$902,139	99.5%	$897,628	100%	$897,628
1-Jul-26	15-Feb-27	143%	$93,283,800	($1,608,000)	$91,675,800	$1.014	$929,593	99.5%	$924,945	100%	$924,945
1-Jul-27	15-Feb-28	147%	$96,072,473	($1,608,000)	$94,464,473	$1.014	$957,870	99.5%	$953,080	100%	$953,080
1-Jul-28	15-Feb-29	151%	$98,944,806	($1,608,000)	$97,336,806	$1.014	$986,995	99.5%	$982,060	100%	$982,060
1-Jul-29	15-Feb-30	156%	$101,903,310	($1,608,000)	$100,295,310	$1.014	$1,016,994	99.5%	$1,011,909	100%	$1,011,909
1-Jul-30	15-Feb-31	160%	$104,950,568	($1,608,000)	$103,342,568	$1.014	$1,047,894	99.5%	$1,042,654	100%	$1,042,654
1-Jul-31	15-Feb-32	165%	$108,089,244	($1,608,000)	$106,481,244	$1.014	$1,079,720	99.5%	$1,074,321	100%	$1,074,321
1-Jul-32	15-Feb-33	170%	$111,322,081	($1,608,000)	$109,714,081	$1.014	$1,112,501	99.5%	$1,106,938	100%	$1,106,938
1-Jul-33	15-Feb-34	175%	$114,651,902	($1,608,000)	$113,043,902	$1.014	$1,146,265	99.5%	$1,140,534	100%	$1,140,534
1-Jul-34	15-Feb-35	181%	$118,081,618	($1,608,000)	$116,473,618	$1.014	$1,181,042	99.5%	$1,175,137	100%	$1,175,137
1-Jul-35	15-Feb-36	186%	$121,614,226	($1,608,000)	$120,006,226	$1.014	$1,216,863	99.5%	$1,210,779	100%	$1,210,779
1-Jul-36	15-Feb-37	192%	$125,252,812	($1,608,000)	$123,644,812	$1.014	$1,253,758	99.5%	$1,247,490	100%	$1,247,490
1-Jul-37	15-Feb-38	197%	$129,000,555	($1,608,000)	$127,392,555	$1.014	$1,291,761	99.5%	$1,285,302	100%	$1,285,302
1-Jul-38	15-Feb-39	203%	$132,860,731	($1,608,000)	$131,252,731	$1.014	$1,330,903	99.5%	$1,324,248	100%	$1,324,248
1-Jul-39	15-Feb-40	209%	$136,836,712	($1,608,000)	$135,228,712	$1.014	$1,371,219	99.5%	$1,364,363	100%	$1,364,363
1-Jul-40	15-Feb-41	216%	$140,931,972	($1,608,000)	$139,323,972	$1.014	$1,412,745	99.5%	$1,405,681	100%	$1,405,681
1-Jul-41	15-Feb-42	222%	$145,150,090	($1,608,000)	$143,542,090	$1.014	$1,455,517	99.5%	$1,448,239	100%	$1,448,239
1-Jul-42	15-Feb-43	229%	$149,494,752	($1,608,000)	$147,886,752	$1.014	$1,499,572	99.5%	$1,492,074	100%	$1,492,074
1-Jul-43	15-Feb-44	236%	$153,969,754	($1,608,000)	$152,361,754	$1.014	$1,544,948	99.5%	$1,537,223	100%	$1,537,223
Total							$29,040,585		$28,895,382		$28,895,382

MuniCap, Inc. *14-Feb-14*

[1]See Appendix D-III.

[2]See Appendix D-IV.

[3]Assumes all property owners pay property bill in entirety by end of July, and thus receive a 0.5% discount.

Annapolis Junction Town Center
Howard County, Maryland

Appendix D-VI.a: Projected Payment of Debt Service and Debt Service Coverage (Tax Increment Only)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	($227,139)	$227,139	$0	$0	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$700,172	($436,358)	$436,358	$0	$0	62%	100%
1-Jan-18	15-Feb-19	$1,161,736	$721,562	($440,174)	$440,174	$0	$0	62%	100%
1-Jan-19	15-Feb-20	$1,185,327	$743,593	($441,734)	$441,734	$0	$0	63%	100%
1-Jan-20	15-Feb-21	$1,207,304	$772,528	($434,776)	$434,776	$0	$0	64%	100%
1-Jan-21	15-Feb-22	$1,232,667	$796,091	($436,576)	$436,576	$0	$0	65%	100%
1-Jan-22	15-Feb-23	$1,256,091	$820,361	($435,730)	$435,730	$0	$0	65%	100%
1-Jan-23	15-Feb-24	$1,282,577	$845,360	($437,218)	$437,218	$0	$0	66%	100%
1-Jan-24	15-Feb-25	$1,306,800	$871,108	($435,692)	$435,692	$0	$0	67%	100%
1-Jan-25	15-Feb-26	$1,333,759	$897,628	($436,131)	$436,131	$0	$0	67%	100%
1-Jan-26	15-Feb-27	$1,358,131	$924,945	($433,186)	$433,186	$0	$0	68%	100%
1-Jan-27	15-Feb-28	$1,389,915	$953,080	($436,835)	$436,835	$0	$0	69%	100%
1-Jan-28	15-Feb-29	$1,413,462	$982,060	($431,402)	$431,402	$0	$0	69%	100%
1-Jan-29	15-Feb-30	$1,444,097	$1,011,909	($432,187)	$432,187	$0	$0	70%	100%
1-Jan-30	15-Feb-31	$1,471,170	$1,042,654	($428,515)	$428,515	$0	$0	71%	100%
1-Jan-31	15-Feb-32	$1,499,681	$1,074,321	($425,360)	$425,360	$0	$0	72%	100%
1-Jan-32	15-Feb-33	$1,529,306	$1,106,938	($422,368)	$422,368	$0	$0	72%	100%
1-Jan-33	15-Feb-34	$1,564,720	$1,140,534	($424,186)	$424,186	$0	$0	73%	100%
1-Jan-34	15-Feb-35	$1,595,274	$1,175,137	($420,136)	$420,136	$0	$0	74%	100%
1-Jan-35	15-Feb-36	$1,625,967	$1,210,779	($415,188)	$415,188	$0	$0	74%	100%
1-Jan-36	15-Feb-37	$1,656,474	$1,247,490	($408,985)	$408,985	$0	$0	75%	100%
1-Jan-37	15-Feb-38	$1,691,472	$1,285,302	($406,171)	$406,171	$0	$0	76%	100%
1-Jan-38	15-Feb-39	$1,725,311	$1,324,248	($401,063)	$401,063	$0	$0	77%	100%
1-Jan-39	15-Feb-40	$1,757,665	$1,364,363	($393,302)	$393,302	$0	$0	78%	100%
1-Jan-40	15-Feb-41	$1,793,210	$1,405,681	($387,529)	$387,529	$0	$0	78%	100%
1-Jan-41	15-Feb-42	$1,831,297	$1,448,239	($383,058)	$383,058	$0	$0	79%	100%
1-Jan-42	15-Feb-43	$1,866,276	$1,492,074	($374,202)	$374,202	$0	$0	80%	100%
1-Jan-43	15-Feb-44	$1,902,821	$1,537,223	($365,598)	$365,598	$0	$0	81%	100%
Total		$40,446,181	$28,895,382	($11,550,799)	$11,550,799	$0			

MuniCap, Inc. *14-Feb-14*

[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix D-V.

Annapolis Junction Town Center
Howard County, Maryland

Appendix D-VI.b: Projected Payment of Debt Service and Debt Service Coverage (Including BRAC Zone Revenue)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Applied BRAC Zone Revenues[3]	Total Available Revenues	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Increment & BRAC Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	$227,139	$0	$0	0%	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$700,172	$429,571	$1,129,743	($6,787)	$6,787	$0	$0	62%	99%	100%
1-Jan-18	15-Feb-19	$1,161,736	$721,562	$440,174	$1,161,736	$0	$0	$0	$0	62%	100%	100%
1-Jan-19	15-Feb-20	$1,185,327	$743,593	$441,734	$1,185,327	$0	$0	$0	$0	63%	100%	100%
1-Jan-20	15-Feb-21	$1,207,304	$772,528	$434,776	$1,207,304	$0	$0	$0	$0	64%	100%	100%
1-Jan-21	15-Feb-22	$1,232,667	$796,091	$436,576	$1,232,667	$0	$0	$0	$0	65%	100%	100%
1-Jan-22	15-Feb-23	$1,256,091	$820,361	$435,730	$1,256,091	$0	$0	$0	$0	65%	100%	100%
1-Jan-23	15-Feb-24	$1,282,577	$845,360	$437,218	$1,282,577	$0	$0	$0	$0	66%	100%	100%
1-Jan-24	15-Feb-25	$1,306,800	$871,108	$435,692	$1,306,800	$0	$0	$0	$0	67%	100%	100%
1-Jan-25	15-Feb-26	$1,333,759	$897,628	$436,131	$1,333,759	$0	$0	$0	$0	67%	100%	100%
1-Jan-26	15-Feb-27	$1,358,131	$924,945	$433,186	$1,358,131	$0	$0	$0	$0	68%	100%	100%
1-Jan-27	15-Feb-28	$1,389,915	$953,080	$0	$953,080	($436,835)	$436,835	$0	$0	69%	69%	100%
1-Jan-28	15-Feb-29	$1,413,462	$982,060	$0	$982,060	($431,402)	$431,402	$0	$0	69%	69%	100%
1-Jan-29	15-Feb-30	$1,444,097	$1,011,909	$0	$1,011,909	($432,187)	$432,187	$0	$0	70%	70%	100%
1-Jan-30	15-Feb-31	$1,471,170	$1,042,654	$0	$1,042,654	($428,515)	$428,515	$0	$0	71%	71%	100%
1-Jan-31	15-Feb-32	$1,499,681	$1,074,321	$0	$1,074,321	($425,360)	$425,360	$0	$0	72%	72%	100%
1-Jan-32	15-Feb-33	$1,529,306	$1,106,938	$0	$1,106,938	($422,368)	$422,368	$0	$0	72%	72%	100%
1-Jan-33	15-Feb-34	$1,564,720	$1,140,534	$0	$1,140,534	($424,186)	$424,186	$0	$0	73%	73%	100%
1-Jan-34	15-Feb-35	$1,595,274	$1,175,137	$0	$1,175,137	($420,136)	$420,136	$0	$0	74%	74%	100%
1-Jan-35	15-Feb-36	$1,625,967	$1,210,779	$0	$1,210,779	($415,188)	$415,188	$0	$0	74%	74%	100%
1-Jan-36	15-Feb-37	$1,656,474	$1,247,490	$0	$1,247,490	($408,985)	$408,985	$0	$0	75%	75%	100%
1-Jan-37	15-Feb-38	$1,691,472	$1,285,302	$0	$1,285,302	($406,171)	$406,171	$0	$0	76%	76%	100%
1-Jan-38	15-Feb-39	$1,725,311	$1,324,248	$0	$1,324,248	($401,063)	$401,063	$0	$0	77%	77%	100%
1-Jan-39	15-Feb-40	$1,757,665	$1,364,363	$0	$1,364,363	($393,302)	$393,302	$0	$0	78%	78%	100%
1-Jan-40	15-Feb-41	$1,793,210	$1,405,681	$0	$1,405,681	($387,529)	$387,529	$0	$0	78%	78%	100%
1-Jan-41	15-Feb-42	$1,831,297	$1,448,239	$0	$1,448,239	($383,058)	$383,058	$0	$0	79%	79%	100%
1-Jan-42	15-Feb-43	$1,866,276	$1,492,074	$0	$1,492,074	($374,202)	$374,202	$0	$0	80%	80%	100%
1-Jan-43	15-Feb-44	$1,902,821	$1,537,223	$0	$1,537,223	($365,598)	$365,598	$0	$0	81%	81%	100%
Total		$40,446,181	$28,895,382	$4,360,788	$33,256,170	($7,190,011)	$7,190,011	$0				

MuniCap, Inc. *14-Feb-14*

[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix D-V.

[3]See Appendix J-IV.

Annapolis Junction Town Center
Howard County, Maryland

APPENDIX E

Phase II/II-A Development Scenario
Assumes 3% Increase for Inflation
Assumes Increased Apartment Value

Annapolis Junction Town Center
Howard County, Maryland

Appendix E-I: Projected Development by Type

Property Type	Area[1] Gross SF	SF	Units	Net SF Per Uni	Rooms	Market Value[2] Per Unit	Per SF	Per Room	Total Market Value	Year Completed
Apartments										
Market rate	451,446	351,299	384	915	NA	$215,392	$235.44	NA	$82,710,501	2016
Affordable	37,620	29,275	32	915	NA	$122,513	$133.92	NA	$3,920,417	2016
Garage[3]	228,358									
Sub-total apartments	489,066	380,574	416			$208,247	$227.63		$86,630,918	
Sub-total apartments (w/ garage)	717,424									
Retail										
In-line retail	14,000	NA	NA	NA	NA	NA	$175.22	NA	$2,453,062	2016
Kiosk	0	NA	NA	NA	NA	NA	$175.22	NA	$0	-
Sub-total retail	14,000						$175.22		$2,453,062	
Bank/Restaurant	0	NA	NA	NA	NA	NA	$175.22	NA	$0	-
Office	0	NA	NA	NA	NA	NA	$184.92	NA	$0	-
Hotel	0	NA	NA	NA	0	NA	$173.55	$97,189	$0	-
Total project	503,066								$89,083,981	
Total project (including apartment garage)	731,424								$89,083,981	

MuniCap, Inc. *14-Feb-14*

[1]Projected development provided by Annapolis Junction Town Center, LLC. Net square feet for apartments includes 355,574 square feet of apartment space and 25,000 square feet of rentable storage.
[2]See Appendix F. Represents the projected market value at stabilization. Per square foot values for apartments are on a net basis.
[3]Value of garage is included in projected value of apartment units.

Annapolis Junction Town Center
Howard County, Maryland

Appendix E-II: Projected Absorption

				Apartments													
			Bond	Market Rate (Units)		Affordable (Units)		Total (Units)		Retail (SF)		Bank/Restaurant (SF)		Office (SF)		Hotel (Rooms)	
Year Ending	Assessed As Of Date	Tax Year Beginning	Year Ending	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative	Annual	Cumulative
31-Dec-12	1-Jan-13	1-Jul-13	15-Feb-14	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-13	1-Jan-14	1-Jul-14	15-Feb-15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-14	1-Jan-15	1-Jul-15	15-Feb-16	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-15	1-Jan-16	1-Jul-16	15-Feb-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31-Dec-16	1-Jan-17	1-Jul-17	15-Feb-18	384	384	32	32	416	416	14,000	14,000	0	0	0	0	0	0
31-Dec-17	1-Jan-18	1-Jul-18	15-Feb-19	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-18	1-Jan-19	1-Jul-19	15-Feb-20	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-19	1-Jan-20	1-Jul-20	15-Feb-21	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-20	1-Jan-21	1-Jul-21	15-Feb-22	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-21	1-Jan-22	1-Jul-22	15-Feb-23	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-22	1-Jan-23	1-Jul-23	15-Feb-24	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-23	1-Jan-24	1-Jul-24	15-Feb-25	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-24	1-Jan-25	1-Jul-25	15-Feb-26	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-25	1-Jan-26	1-Jul-26	15-Feb-27	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-26	1-Jan-27	1-Jul-27	15-Feb-28	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-27	1-Jan-28	1-Jul-28	15-Feb-29	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-28	1-Jan-29	1-Jul-29	15-Feb-30	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-29	1-Jan-30	1-Jul-30	15-Feb-31	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-30	1-Jan-31	1-Jul-31	15-Feb-32	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-31	1-Jan-32	1-Jul-32	15-Feb-33	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-32	1-Jan-33	1-Jul-33	15-Feb-34	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-33	1-Jan-34	1-Jul-34	15-Feb-35	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-34	1-Jan-35	1-Jul-35	15-Feb-36	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-35	1-Jan-36	1-Jul-36	15-Feb-37	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-36	1-Jan-37	1-Jul-37	15-Feb-38	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-37	1-Jan-38	1-Jul-38	15-Feb-39	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-38	1-Jan-39	1-Jul-39	15-Feb-40	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-39	1-Jan-40	1-Jul-40	15-Feb-41	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-40	1-Jan-41	1-Jul-41	15-Feb-42	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-41	1-Jan-42	1-Jul-42	15-Feb-43	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
31-Dec-42	1-Jan-43	1-Jul-43	15-Feb-44	0	384	0	32	0	416	0	14,000	0	0	0	0	0	0
Total				384		32		416		14,000		0		0		0	

Annapolis Junction Town Center
Howard County, Maryland

Appendix E-III: Total Projected Market Value

	Tax	Bond		Market Rate Apartments					Affordable Apartments				
Assessed	Year	Year	Inflation	Units[2]		Value Per Unit		Projected	Units[2]		Value Per Unit		Projected
As Of Date	Beginning	Ending	Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$194,658	$215,392	$0	0	0	$122,513	$122,513	$0
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$194,658	$215,392	$0	0	0	$122,513	$122,513	$0
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$200,498	$221,854	$0	0	0	$126,188	$126,188	$0
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$206,513	$228,509	$0	0	0	$129,974	$129,974	$0
1-Jan-17	1-Jul-17	15-Feb-18	109%	384	0	$212,708	$235,365	$81,680,040	32	0	$133,873	$133,873	$4,283,946
1-Jan-18	1-Jul-18	15-Feb-19	113%	384	0	$219,090	$242,426	$84,130,441	32	0	$137,890	$137,890	$4,412,464
1-Jan-19	1-Jul-19	15-Feb-20	116%	384	0	$225,662	$249,698	$86,654,354	32	0	$142,026	$142,026	$4,544,838
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	384	$232,432	$257,189	$98,760,664	0	32	$146,287	$146,287	$4,681,183
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	384	$239,405	$264,905	$101,723,484	0	32	$150,676	$150,676	$4,821,619
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	384	$246,587	$272,852	$104,775,188	0	32	$155,196	$155,196	$4,966,267
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	384	$253,985	$281,038	$107,918,444	0	32	$159,852	$159,852	$5,115,255
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	384	$261,605	$289,469	$111,155,997	0	32	$164,647	$164,647	$5,268,713
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	384	$269,453	$298,153	$114,490,677	0	32	$169,587	$169,587	$5,426,774
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	384	$277,536	$307,097	$117,925,397	0	32	$174,674	$174,674	$5,589,577
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	384	$285,862	$316,310	$121,463,159	0	32	$179,915	$179,915	$5,757,265
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	384	$294,438	$325,800	$125,107,054	0	32	$185,312	$185,312	$5,929,983
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	384	$303,271	$335,574	$128,860,266	0	32	$190,871	$190,871	$6,107,882
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	384	$312,370	$345,641	$132,726,074	0	32	$196,597	$196,597	$6,291,119
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	384	$321,741	$356,010	$136,707,856	0	32	$202,495	$202,495	$6,479,852
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	384	$331,393	$366,690	$140,809,092	0	32	$208,570	$208,570	$6,674,248
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	384	$341,335	$377,691	$145,033,364	0	32	$214,827	$214,827	$6,874,475
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	384	$351,575	$389,022	$149,384,365	0	32	$221,272	$221,272	$7,080,709
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	384	$362,122	$400,692	$153,865,896	0	32	$227,910	$227,910	$7,293,131
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	384	$372,986	$412,713	$158,481,873	0	32	$234,748	$234,748	$7,511,925
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	384	$384,175	$425,095	$163,236,329	0	32	$241,790	$241,790	$7,737,282
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	384	$395,700	$437,847	$168,133,419	0	32	$249,044	$249,044	$7,969,401
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	384	$407,571	$450,983	$173,177,422	0	32	$256,515	$256,515	$8,208,483
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	384	$419,799	$464,512	$178,372,744	0	32	$264,211	$264,211	$8,454,737
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	384	$432,392	$478,448	$183,723,927	0	32	$272,137	$272,137	$8,708,380
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	384	$445,364	$492,801	$189,235,645	0	32	$280,301	$280,301	$8,969,631
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	384	$458,725	$507,585	$194,912,714	0	32	$288,710	$288,710	$9,238,720

MuniCap, Inc. *14-Feb-14*

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix E-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule E-I.

Appendix E-III: Total Projected Market Value, continued

	Tax	Bond		Retail					Bank/Restaurant				
Assessed	Year	Year	Inflation	Square Feet[2]		Value Per SF		Projected	Square Feet[2]		Value Per SF		Projected
As Of Date	Beginning	Ending	Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$138	$175	$0	0	0	$175	$175	$0
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$138	$175	$0	0	0	$175	$175	$0
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$142	$180	$0	0	0	$180	$180	$0
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$146	$186	$0	0	0	$186	$186	$0
1-Jan-17	1-Jul-17	15-Feb-18	109%	14,000	0	$150	$191	$2,104,823	0	0	$191	$191	$0
1-Jan-18	1-Jul-18	15-Feb-19	113%	14,000	0	$155	$197	$2,167,968	0	0	$197	$197	$0
1-Jan-19	1-Jul-19	15-Feb-20	116%	14,000	0	$160	$203	$2,233,007	0	0	$203	$203	$0
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	14,000	$164	$209	$2,929,085	0	0	$209	$209	$0
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	14,000	$169	$215	$3,016,957	0	0	$215	$215	$0
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	14,000	$174	$222	$3,107,466	0	0	$222	$222	$0
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	14,000	$180	$229	$3,200,690	0	0	$229	$229	$0
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	14,000	$185	$235	$3,296,711	0	0	$235	$235	$0
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	14,000	$190	$243	$3,395,612	0	0	$243	$243	$0
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	14,000	$196	$250	$3,497,480	0	0	$250	$250	$0
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	14,000	$202	$257	$3,602,405	0	0	$257	$257	$0
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	14,000	$208	$265	$3,710,477	0	0	$265	$265	$0
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	14,000	$214	$273	$3,821,791	0	0	$273	$273	$0
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	14,000	$221	$281	$3,936,445	0	0	$281	$281	$0
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	14,000	$227	$290	$4,054,538	0	0	$290	$290	$0
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	14,000	$234	$298	$4,176,175	0	0	$298	$298	$0
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	14,000	$241	$307	$4,301,460	0	0	$307	$307	$0
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	14,000	$248	$316	$4,430,504	0	0	$316	$316	$0
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	14,000	$256	$326	$4,563,419	0	0	$326	$326	$0
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	14,000	$264	$336	$4,700,321	0	0	$336	$336	$0
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	14,000	$272	$346	$4,841,331	0	0	$346	$346	$0
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	14,000	$280	$356	$4,986,571	0	0	$356	$356	$0
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	14,000	$288	$367	$5,136,168	0	0	$367	$367	$0
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	14,000	$297	$378	$5,290,253	0	0	$378	$378	$0
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	14,000	$306	$389	$5,448,961	0	0	$389	$389	$0
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	14,000	$315	$401	$5,612,429	0	0	$401	$401	$0
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	14,000	$324	$413	$5,780,802	0	0	$413	$413	$0

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix E-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule E-I.

Annapolis Junction Town Center
Howard County, Maryland

Appendix E-III: Total Projected Market Value, continued

	Tax	Bond		Office					Hotel					Total	Residual	Total
Assessed	Year	Year	Inflation	Square Feet[2]		Value Per SF		Projected	Rooms[2]		Value Per Room		Projected	Improved	Base	Projected
As Of Date	Beginning	Ending	Factor[1]	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Phase-In	Stabilized	Phase-In[3]	Stabilized[4]	Market Value	Value	Value[5]	Market Value
1-Jan-13	1-Jul-13	15-Feb-14	100%	0	0	$185	$185	$0	0	0	$97,189	$97,189	$0	$0	$1,608,000	$1,608,000
1-Jan-14	1-Jul-14	15-Feb-15	100%	0	0	$185	$185	$0	0	0	$97,189	$97,189	$0	$0	$1,608,000	$1,608,000
1-Jan-15	1-Jul-15	15-Feb-16	103%	0	0	$190	$190	$0	0	0	$100,105	$100,105	$0	$0	$1,608,000	$1,608,000
1-Jan-16	1-Jul-16	15-Feb-17	106%	0	0	$196	$196	$0	0	0	$103,108	$103,108	$0	$0	$1,608,000	$1,608,000
1-Jan-17	1-Jul-17	15-Feb-18	109%	0	0	$202	$202	$0	0	0	$106,201	$106,201	$0	$88,068,809	$449,996	$88,518,804
1-Jan-18	1-Jul-18	15-Feb-19	113%	0	0	$208	$208	$0	0	0	$109,387	$109,387	$0	$90,710,873	$449,996	$91,160,869
1-Jan-19	1-Jul-19	15-Feb-20	116%	0	0	$214	$214	$0	0	0	$112,669	$112,669	$0	$93,432,199	$449,996	$93,882,195
1-Jan-20	1-Jul-20	15-Feb-21	119%	0	0	$221	$221	$0	0	0	$116,049	$116,049	$0	$106,370,932	$328,031	$106,698,963
1-Jan-21	1-Jul-21	15-Feb-22	123%	0	0	$227	$227	$0	0	0	$119,530	$119,530	$0	$109,562,060	$328,031	$109,890,091
1-Jan-22	1-Jul-22	15-Feb-23	127%	0	0	$234	$234	$0	0	0	$123,116	$123,116	$0	$112,848,921	$328,031	$113,176,953
1-Jan-23	1-Jul-23	15-Feb-24	130%	0	0	$241	$241	$0	0	0	$126,809	$126,809	$0	$116,234,389	$328,031	$116,562,421
1-Jan-24	1-Jul-24	15-Feb-25	134%	0	0	$249	$249	$0	0	0	$130,614	$130,614	$0	$119,721,421	$328,031	$120,049,452
1-Jan-25	1-Jul-25	15-Feb-26	138%	0	0	$256	$256	$0	0	0	$134,532	$134,532	$0	$123,313,063	$328,031	$123,641,095
1-Jan-26	1-Jul-26	15-Feb-27	143%	0	0	$264	$264	$0	0	0	$138,568	$138,568	$0	$127,012,455	$328,031	$127,340,487
1-Jan-27	1-Jul-27	15-Feb-28	147%	0	0	$272	$272	$0	0	0	$142,725	$142,725	$0	$130,822,829	$328,031	$131,150,860
1-Jan-28	1-Jul-28	15-Feb-29	151%	0	0	$280	$280	$0	0	0	$147,007	$147,007	$0	$134,747,514	$328,031	$135,075,545
1-Jan-29	1-Jul-29	15-Feb-30	156%	0	0	$288	$288	$0	0	0	$151,417	$151,417	$0	$138,789,939	$328,031	$139,117,971
1-Jan-30	1-Jul-30	15-Feb-31	160%	0	0	$297	$297	$0	0	0	$155,960	$155,960	$0	$142,953,637	$328,031	$143,281,669
1-Jan-31	1-Jul-31	15-Feb-32	165%	0	0	$306	$306	$0	0	0	$160,638	$160,638	$0	$147,242,247	$328,031	$147,570,278
1-Jan-32	1-Jul-32	15-Feb-33	170%	0	0	$315	$315	$0	0	0	$165,458	$165,458	$0	$151,659,514	$328,031	$151,987,545
1-Jan-33	1-Jul-33	15-Feb-34	175%	0	0	$324	$324	$0	0	0	$170,421	$170,421	$0	$156,209,299	$328,031	$156,537,331
1-Jan-34	1-Jul-34	15-Feb-35	181%	0	0	$334	$334	$0	0	0	$175,534	$175,534	$0	$160,895,578	$328,031	$161,223,610
1-Jan-35	1-Jul-35	15-Feb-36	186%	0	0	$344	$344	$0	0	0	$180,800	$180,800	$0	$165,722,446	$328,031	$166,050,477
1-Jan-36	1-Jul-36	15-Feb-37	192%	0	0	$354	$354	$0	0	0	$186,224	$186,224	$0	$170,694,119	$328,031	$171,022,151
1-Jan-37	1-Jul-37	15-Feb-38	197%	0	0	$365	$365	$0	0	0	$191,811	$191,811	$0	$175,814,943	$328,031	$176,142,974
1-Jan-38	1-Jul-38	15-Feb-39	203%	0	0	$376	$376	$0	0	0	$197,565	$197,565	$0	$181,089,391	$328,031	$181,417,422
1-Jan-39	1-Jul-39	15-Feb-40	209%	0	0	$387	$387	$0	0	0	$203,492	$203,492	$0	$186,522,073	$328,031	$186,850,104
1-Jan-40	1-Jul-40	15-Feb-41	216%	0	0	$399	$399	$0	0	0	$209,597	$209,597	$0	$192,117,735	$328,031	$192,445,766
1-Jan-41	1-Jul-41	15-Feb-42	222%	0	0	$411	$411	$0	0	0	$215,885	$215,885	$0	$197,881,267	$328,031	$198,209,298
1-Jan-42	1-Jul-42	15-Feb-43	229%	0	0	$423	$423	$0	0	0	$222,361	$222,361	$0	$203,817,705	$328,031	$204,145,736
1-Jan-43	1-Jul-43	15-Feb-44	236%	0	0	$436	$436	$0	0	0	$229,032	$229,032	$0	$209,932,236	$328,031	$210,260,268

[1]Assumes an annual inflation rate of 3%. Inflation rate accounts for annual increasing assessed value, along with the decreasing real property tax rates.

[2]Assumes property is initially assessed based on costs with the remaining property value phased-in through stabilization. According to the Howard County Office of Maryland State Department of Assessments, stabilization typically occurs one to three years following construction completion or upon the next property revaluation when sufficient income data is available. The next revaluations are expected to occur as of 2014, 2017, and 2020. Projections assume phase-in occurs through 2020, at which point adequate income data will be available and the property will be reassessed. In cases where the cost approach did not yield a lower estimate of value than the comparable approach, the value as estimated under the comparable approach was used from initial development onward with no phase-in. See Appendix E-II for projected absorption. See Appendix F for a comparison of values estimated under different approaches for each property type.

[3]See Appendix F.

[4]See Schedule E-I.

[5]Represents portion of site assumed to remain undeveloped, based on total projected development for all phases. Undeveloped portion of site is assumed to maintain base value. No appreciation is assumed.

Annapolis Junction Town Center
Howard County, Maryland

Appendix E-IV: Base Value[1]

District/ Account No.	Owner	Address	Acreage[2]	Assessment As Of 1/1/2011[1]
06 583784	Maryland Dept. of Transportation	9009 Dorsey Run Road	2.21	$0
06 586953	Maryland Dept. of Transportation	9001 Dorsey Run Road	1.05	$0
06 403344	State Railroad Administration	8981 Dorsey Run Road	3.99	$0
06 586961	State Railroad Administration	8950 Henkels Lane	1.95	$0
06 586988	Maryland Dept. of Transportation	8991 Dorsey Run Road	0.76	$0
06 586996	State Railroad Administration	8985 Dorsey Run Road	2.76	$0
06 403085	Boise Maryland Business Trust	8960 SW Henkels Lane	6.14	$1,608,000
Total			18.86	$1,608,000

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[1]Assumes Annapolis Junction Tax Increment District is created in 2012. As a result, the base value is set on the basis of value as of January 1, 2011. At the time the base value is assumed to be set, parcels owned by the State are assumed to be exempt with an assessed value of zero. Values provided by Maryland State Department of Assessments and Taxation.

[2]Acreage based on information provided by Maryland State Department of Assessments and Taxation.

Annapolis Junction Town Center
Howard County, Maryland

Appendix E-V: Projected Real Property Tax Revenues

Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Projected Market Value[1]	Base Value[2]	Incremental Property Value	FY 14 Howard County Tax Rate Per $100 A.V	Projected Tax Increment Revenues	Percent Available After Tax Payment Discount[3]	Available Incremental Tax Revenues	Available For Debt Service	Incremental Tax Revenues Available For Debt Service
1-Jul-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-15	15-Feb-16	103%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-16	15-Feb-17	106%	$1,608,000	($1,608,000)	$0	$1.014	$0	99.5%	$0	100%	$0
1-Jul-17	15-Feb-18	109%	$88,518,804	($1,608,000)	$86,910,804	$1.014	$881,276	99.5%	$876,869	100%	$876,869
1-Jul-18	15-Feb-19	113%	$91,160,869	($1,608,000)	$89,552,869	$1.014	$908,066	99.5%	$903,526	100%	$903,526
1-Jul-19	15-Feb-20	116%	$93,882,195	($1,608,000)	$92,274,195	$1.014	$935,660	99.5%	$930,982	100%	$930,982
1-Jul-20	15-Feb-21	119%	$106,698,963	($1,608,000)	$105,090,963	$1.014	$1,065,622	99.5%	$1,060,294	100%	$1,060,294
1-Jul-21	15-Feb-22	123%	$109,890,091	($1,608,000)	$108,282,091	$1.014	$1,097,980	99.5%	$1,092,491	100%	$1,092,491
1-Jul-22	15-Feb-23	127%	$113,176,953	($1,608,000)	$111,568,953	$1.014	$1,131,309	99.5%	$1,125,653	100%	$1,125,653
1-Jul-23	15-Feb-24	130%	$116,562,421	($1,608,000)	$114,954,421	$1.014	$1,165,638	99.5%	$1,159,810	100%	$1,159,810
1-Jul-24	15-Feb-25	134%	$120,049,452	($1,608,000)	$118,441,452	$1.014	$1,200,996	99.5%	$1,194,991	100%	$1,194,991
1-Jul-25	15-Feb-26	138%	$123,641,095	($1,608,000)	$122,033,095	$1.014	$1,237,416	99.5%	$1,231,229	100%	$1,231,229
1-Jul-26	15-Feb-27	143%	$127,340,487	($1,608,000)	$125,732,487	$1.014	$1,274,927	99.5%	$1,268,553	100%	$1,268,553
1-Jul-27	15-Feb-28	147%	$131,150,860	($1,608,000)	$129,542,860	$1.014	$1,313,565	99.5%	$1,306,997	100%	$1,306,997
1-Jul-28	15-Feb-29	151%	$135,075,545	($1,608,000)	$133,467,545	$1.014	$1,353,361	99.5%	$1,346,594	100%	$1,346,594
1-Jul-29	15-Feb-30	156%	$139,117,971	($1,608,000)	$137,509,971	$1.014	$1,394,351	99.5%	$1,387,379	100%	$1,387,379
1-Jul-30	15-Feb-31	160%	$143,281,669	($1,608,000)	$141,673,669	$1.014	$1,436,571	99.5%	$1,429,388	100%	$1,429,388
1-Jul-31	15-Feb-32	165%	$147,570,278	($1,608,000)	$145,962,278	$1.014	$1,480,057	99.5%	$1,472,657	100%	$1,472,657
1-Jul-32	15-Feb-33	170%	$151,987,545	($1,608,000)	$150,379,545	$1.014	$1,524,849	99.5%	$1,517,224	100%	$1,517,224
1-Jul-33	15-Feb-34	175%	$156,537,331	($1,608,000)	$154,929,331	$1.014	$1,570,983	99.5%	$1,563,128	100%	$1,563,128
1-Jul-34	15-Feb-35	181%	$161,223,610	($1,608,000)	$159,615,610	$1.014	$1,618,502	99.5%	$1,610,410	100%	$1,610,410
1-Jul-35	15-Feb-36	186%	$166,050,477	($1,608,000)	$164,442,477	$1.014	$1,667,447	99.5%	$1,659,109	100%	$1,659,109
1-Jul-36	15-Feb-37	192%	$171,022,151	($1,608,000)	$169,414,151	$1.014	$1,717,859	99.5%	$1,709,270	100%	$1,709,270
1-Jul-37	15-Feb-38	197%	$176,142,974	($1,608,000)	$174,534,974	$1.014	$1,769,785	99.5%	$1,760,936	100%	$1,760,936
1-Jul-38	15-Feb-39	203%	$181,417,422	($1,608,000)	$179,809,422	$1.014	$1,823,268	99.5%	$1,814,151	100%	$1,814,151
1-Jul-39	15-Feb-40	209%	$186,850,104	($1,608,000)	$185,242,104	$1.014	$1,878,355	99.5%	$1,868,963	100%	$1,868,963
1-Jul-40	15-Feb-41	216%	$192,445,766	($1,608,000)	$190,837,766	$1.014	$1,935,095	99.5%	$1,925,419	100%	$1,925,419
1-Jul-41	15-Feb-42	222%	$198,209,298	($1,608,000)	$196,601,298	$1.014	$1,993,537	99.5%	$1,983,569	100%	$1,983,569
1-Jul-42	15-Feb-43	229%	$204,145,736	($1,608,000)	$202,537,736	$1.014	$2,053,733	99.5%	$2,043,464	100%	$2,043,464
1-Jul-43	15-Feb-44	236%	$210,260,268	($1,608,000)	$208,652,268	$1.014	$2,115,734	99.5%	$2,105,155	100%	$2,105,155
Total							$39,545,943		$39,348,213		$39,348,213

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[1]See Appendix E-III.

[2]See Appendix E-IV.

[3]Assumes all property owners pay property bill in entirety by end of July, and thus receive a 0.5% discount.

Annapolis Junction Town Center
Howard County, Maryland

Appendix E-VI.a: Projected Payment of Debt Service and Debt Service Coverage (Tax Increment Only)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	($227,139)	$227,139	$0	$0	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$876,869	($259,661)	$259,661	$0	$0	77%	100%
1-Jan-18	15-Feb-19	$1,161,736	$903,526	($258,210)	$258,210	$0	$0	78%	100%
1-Jan-19	15-Feb-20	$1,185,327	$930,982	($254,345)	$254,345	$0	$0	79%	100%
1-Jan-20	15-Feb-21	$1,207,304	$1,060,294	($147,010)	$147,010	$0	$0	88%	100%
1-Jan-21	15-Feb-22	$1,232,667	$1,092,491	($140,177)	$140,177	$0	$0	89%	100%
1-Jan-22	15-Feb-23	$1,256,091	$1,125,653	($130,439)	$130,439	$0	$0	90%	100%
1-Jan-23	15-Feb-24	$1,282,577	$1,159,810	($122,768)	$122,768	$0	$0	90%	100%
1-Jan-24	15-Feb-25	$1,306,800	$1,194,991	($111,809)	$111,809	$0	$0	91%	100%
1-Jan-25	15-Feb-26	$1,333,759	$1,231,229	($102,531)	$102,531	$0	$0	92%	100%
1-Jan-26	15-Feb-27	$1,358,131	$1,268,553	($89,578)	$89,578	$0	$0	93%	100%
1-Jan-27	15-Feb-28	$1,389,915	$1,306,997	($82,918)	$82,918	$0	$0	94%	100%
1-Jan-28	15-Feb-29	$1,413,462	$1,346,594	($66,868)	$66,868	$0	$0	95%	100%
1-Jan-29	15-Feb-30	$1,444,097	$1,387,379	($56,717)	$56,717	$0	$0	96%	100%
1-Jan-30	15-Feb-31	$1,471,170	$1,429,388	($41,781)	$41,781	$0	$0	97%	100%
1-Jan-31	15-Feb-32	$1,499,681	$1,472,657	($27,024)	$27,024	$0	$0	98%	100%
1-Jan-32	15-Feb-33	$1,529,306	$1,517,224	($12,082)	$12,082	$0	$0	99%	100%
1-Jan-33	15-Feb-34	$1,564,720	$1,563,128	($1,592)	$1,592	$0	$0	100%	100%
1-Jan-34	15-Feb-35	$1,595,274	$1,610,410	$15,136	$0	$15,136	$15,136	101%	101%
1-Jan-35	15-Feb-36	$1,625,967	$1,659,109	$33,143	$0	$33,143	$48,279	102%	102%
1-Jan-36	15-Feb-37	$1,656,474	$1,709,270	$52,796	$0	$52,796	$101,075	103%	103%
1-Jan-37	15-Feb-38	$1,691,472	$1,760,936	$69,463	$0	$69,463	$170,538	104%	104%
1-Jan-38	15-Feb-39	$1,725,311	$1,814,151	$88,840	$0	$88,840	$259,378	105%	105%
1-Jan-39	15-Feb-40	$1,757,665	$1,868,963	$111,298	$0	$111,298	$370,676	106%	106%
1-Jan-40	15-Feb-41	$1,793,210	$1,925,419	$132,209	$0	$132,209	$502,885	107%	107%
1-Jan-41	15-Feb-42	$1,831,297	$1,983,569	$152,272	$0	$152,272	$655,157	108%	108%
1-Jan-42	15-Feb-43	$1,866,276	$2,043,464	$177,188	$0	$177,188	$832,346	109%	109%
1-Jan-43	15-Feb-44	$1,902,821	$2,105,155	$202,334	$0	$202,334	$1,034,680	111%	111%
Total		$40,446,181	$39,348,213	($1,097,968)	$2,132,648	$1,034,680			

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[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix E-V.

Annapolis Junction Town Center
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Appendix E-VI.b: Projected Payment of Debt Service and Debt Service Coverage (Including BRAC Zone Revenue)

Tax Year Beginning	Bond Year Ending	Net Annual Debt Service[1]	Real Property Tax Increment Revenues[2]	Applied BRAC Zone Revenues[3]	Total Available Revenues	Surplus/ (Deficit)	Backup Special Tax	Net Surplus/ (Deficit)	Cumulative Surplus	Debt Service Coverage: Incremental Revenues	Debt Service Coverage: Increment & BRAC Revenues	Debt Service Coverage: Total Revenues
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	$0	$0	$0	NA	NA	NA
1-Jan-16	15-Feb-17	$227,139	$0	$0	$0	($227,139)	$227,139	$0	$0	0%	0%	100%
1-Jan-17	15-Feb-18	$1,136,530	$876,869	$259,661	$1,136,530	$0	$0	$0	$0	77%	100%	100%
1-Jan-18	15-Feb-19	$1,161,736	$903,526	$258,210	$1,161,736	$0	$0	$0	$0	78%	100%	100%
1-Jan-19	15-Feb-20	$1,185,327	$930,982	$254,345	$1,185,327	$0	$0	$0	$0	79%	100%	100%
1-Jan-20	15-Feb-21	$1,207,304	$1,060,294	$147,010	$1,207,304	$0	$0	$0	$0	88%	100%	100%
1-Jan-21	15-Feb-22	$1,232,667	$1,092,491	$140,177	$1,232,667	$0	$0	$0	$0	89%	100%	100%
1-Jan-22	15-Feb-23	$1,256,091	$1,125,653	$130,439	$1,256,091	$0	$0	$0	$0	90%	100%	100%
1-Jan-23	15-Feb-24	$1,282,577	$1,159,810	$122,768	$1,282,577	$0	$0	$0	$0	90%	100%	100%
1-Jan-24	15-Feb-25	$1,306,800	$1,194,991	$111,809	$1,306,800	$0	$0	$0	$0	91%	100%	100%
1-Jan-25	15-Feb-26	$1,333,759	$1,231,229	$102,531	$1,333,759	$0	$0	$0	$0	92%	100%	100%
1-Jan-26	15-Feb-27	$1,358,131	$1,268,553	$89,578	$1,358,131	$0	$0	$0	$0	93%	100%	100%
1-Jan-27	15-Feb-28	$1,389,915	$1,306,997	$0	$1,306,997	($82,918)	$82,918	$0	$0	94%	94%	100%
1-Jan-28	15-Feb-29	$1,413,462	$1,346,594	$0	$1,346,594	($66,868)	$66,868	$0	$0	95%	95%	100%
1-Jan-29	15-Feb-30	$1,444,097	$1,387,379	$0	$1,387,379	($56,717)	$56,717	$0	$0	96%	96%	100%
1-Jan-30	15-Feb-31	$1,471,170	$1,429,388	$0	$1,429,388	($41,781)	$41,781	$0	$0	97%	97%	100%
1-Jan-31	15-Feb-32	$1,499,681	$1,472,657	$0	$1,472,657	($27,024)	$27,024	$0	$0	98%	98%	100%
1-Jan-32	15-Feb-33	$1,529,306	$1,517,224	$0	$1,517,224	($12,082)	$12,082	$0	$0	99%	99%	100%
1-Jan-33	15-Feb-34	$1,564,720	$1,563,128	$0	$1,563,128	($1,592)	$1,592	$0	$0	100%	100%	100%
1-Jan-34	15-Feb-35	$1,595,274	$1,610,410	$0	$1,610,410	$15,136	$0	$15,136	$15,136	101%	101%	101%
1-Jan-35	15-Feb-36	$1,625,967	$1,659,109	$0	$1,659,109	$33,143	$0	$33,143	$48,279	102%	102%	102%
1-Jan-36	15-Feb-37	$1,656,474	$1,709,270	$0	$1,709,270	$52,796	$0	$52,796	$101,075	103%	103%	103%
1-Jan-37	15-Feb-38	$1,691,472	$1,760,936	$0	$1,760,936	$69,463	$0	$69,463	$170,538	104%	104%	104%
1-Jan-38	15-Feb-39	$1,725,311	$1,814,151	$0	$1,814,151	$88,840	$0	$88,840	$259,378	105%	105%	105%
1-Jan-39	15-Feb-40	$1,757,665	$1,868,963	$0	$1,868,963	$111,298	$0	$111,298	$370,676	106%	106%	106%
1-Jan-40	15-Feb-41	$1,793,210	$1,925,419	$0	$1,925,419	$132,209	$0	$132,209	$502,885	107%	107%	107%
1-Jan-41	15-Feb-42	$1,831,297	$1,983,569	$0	$1,983,569	$152,272	$0	$152,272	$655,157	108%	108%	108%
1-Jan-42	15-Feb-43	$1,866,276	$2,043,464	$0	$2,043,464	$177,188	$0	$177,188	$832,346	109%	109%	109%
1-Jan-43	15-Feb-44	$1,902,821	$2,105,155	$0	$2,105,155	$202,334	$0	$202,334	$1,034,680	111%	111%	111%
Total		$40,446,181	$39,348,213	$1,616,527	$40,964,740	$518,559	$516,121	$1,034,680				

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[1]Provided by Stifel, Nicolaus & Company, Inc. Assumes $17,000,000 in total bond proceeds and an interest rate of 6.50%. Debt service is net of projected capitalized interest as estimated by Stifel, Nicolaus & Company, Inc., but do not include estimates of investment income from the debt service reserve fund.

[2]See Appendix E-V.

[2]See Appendix J-V.

Annapolis Junction Town Center
Howard County, Maryland

APPENDIX F

Comparison of Valuation Methods

Annapolis Junction Town Center
Howard County, Maryland

Appendix F-I: Comparison of Valuation Methods[1]

Property Type	Comparables[2] (Scenarios A, B, and D)	Comparables[2] (Scenarios C and E)	Income Capitalization[3]	Cost Approach[4]
Apartments				
Market rate				
Per Unit	$156,002	$215,392	$167,625	$194,658
Per SF	***$170.52***	***$235.44***	$183.23	$212.78
Affordable				
Per Unit	NA	NA	$95,344	$194,658
Per SF	***$96.99***	***$133.92***	$104.22	$213
Retail				
Per SF	***$175.22***	***$175.22***	$205.29	$137.59
Bank/Restaurant				
Per SF	***$175.22***	***$175.22***	$340.37	$338.89
Office				
Per SF	***$184.92***	***$184.92***	$181.81	$196.02
Hotel				
Per SF	$153.49	$153.49	NA	$200.19
Per Room	***$97,189***	***$97,189***	$107,517	$112,108

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[1]Valuation approach chosen for each type of development is underlined and shown in bold and italics.
[2]See Appendix G.
[3]See Appendix H.
[4]See Appendix I.

Annapolis Junction Town Center
Howard County, Maryland

APPENDIX G

Assessed Value Comparables

Appendix G-I: Projected Market Value (Comparables)

Development Type	Address	City	Year Built	Parcel Number	Assessed Value[1] Land	Assessed Value[1] Building	Assessed Value[1] Total	Area Gross SF[2]	Area Net SF[3]	Area Units[3]	Assessed Value Per SF/Unit Per SF[4]	Assessed Value Per SF/Unit Per Unit
Apartments												
Residences at Arundel Preserves[5]	Milestone Parkway	Hanover	2011	04 90231749	$7,616,000	$47,370,500	$54,986,500	483,835	233,546	242	*$235*	$227,217
The Quarter (Jazz & Renaissance)[6]	Dulaney Valley Road	Towson	2009	09 2500002147; 09 2500002148	$18,782,600	$61,544,200	$80,326,800	543,051	402,260	430	*$200*	$186,807
Elms at Stony Run	Watts Road	Hanover	2008	04 76390229154; 04 76390229149	$15,440,000	$50,558,100	$65,998,100		340,621	280	*$194*	$235,708
Arbors at Arundel Preserve	2111 Piney Branch Circle	Jessup	2007	04 90222157	$19,840,000	$53,512,200	$73,352,200	588,828	459,371	496	*$160*	$147,888
Gramercy at Town Center[7]	10601 Gramercy	Columbia	1998	15119888	$5,000,100	$27,206,800	$32,206,900	214,595	210,772	210	*$153*	$153,366
Haven at Odenton Gateway	615 Carlton Otto Lane	Odenton	2012	04 52090233379	8820000	26162100	$34,982,100	311,870	244,440	252	*$143*	$138,818
Alta at Regency Crest[7]	3311 Oak West Drive	Ellicott City	2011	02241706	$993,700	$20,797,600	$21,791,300	209,936	154,292	150	*$141*	$145,275
Lodge at Seven Oaks	Bluewater Boulevard	Odenton	2007	04 68090214448	$13,860,000	$40,404,200	$54,264,200	415,360	405,432	396	*$134*	$137,031
Arbors at Baltimore Crossroads[6, 8]	11550 Crossroads Circle	Baltimore	2011	16 2500007084	$1,496,000	$46,033,400	$47,529,400	461,397	341,776	365	$139	$130,218
Columbia Town Center Apartments[7, 9]	10360 Swiftstream	Columbia	2001	15019980	$6,497,400	$66,946,600	$73,444,000	658,661	557,872	531	$132	$138,313
Enclave at Emerson[10]	8420 Upper Sky Way	Laurel	2011	6585868	$2,800,000	$22,149,600	$24,949,600	234,620	196,207	164	$127	$152,132
Stonehaven Apartments[11]	7030 Gentle Shade Court	Columbia	1999	06512984	$4,173,000	$19,676,500	$23,849,500	234,581	194,400	200	$123	$119,248
Concord Park[12]	Faraway Hills Drive	Laurel	2005	04 67590093550	$11,725,000	$37,590,000	$49,315,000	629,472	402,234	335	$123	$147,209
Belmont Station[10]	6900 Tasker Falls	Elkridge	2008	1309536	$6,547,000	$19,327,000	$25,874,000	296,982	234,519	208	$110	$124,394
Sub-total apartments					$123,590,800	$539,278,800	$662,869,600	5,283,188	4,377,742	4,259	$151	$155,973
Average of select comparables (Scenarios A, B, & D)											***$171***	$170,158
Average of select comparables (Scenarios C & E)											***$235***	$227,217
Retail												
114 National Busines Parkway - Retail	114 National Busines Parkway	Annapolis Jct	2002	449990062539	$420,000	$758,300	$1,178,300	10,530	-	-	$112	-
112 National Business Parkway - Daycare	112 National Business Parkway	Annapolis Jct	2000	449990062386	$610,800	$802,100	$1,412,900	10,508	-	-	$134	-
7651 Arundel Mills Boulevard	7651 Arundel Mills Boulevard	Hanover	2004	400590213970	$1,592,000	$1,405,300	$2,997,300	16,560	-	-	$181	-
7069 Arundel Mills Boulevard	7069 Arundel Mills Boulevard	Hanover	2003	400590213779	$1,020,000	$924,000	$1,944,000	9,735	-	-	$200	-
7690 Dorchester Boulevard	7690 Dorchester Boulevard	Jessup	2008	406490224669	$943,000	$1,707,200	$2,650,200	11,250	-	-	$236	-
7698 Dorchester Boulevard	7698 Dorchester Boulevard	Jessup	2008	406490224670	$904,500	$1,745,700	$2,650,200	11,250	-	-	$236	-
In-line retail	9050 Baltimore National Pike	Ellicott	2007	2230038	$500,900	$1,255,000	$1,755,900	11,238	-	-	$156	-
Lakeside Plaza	8865 Stanford Boulevard	Columbia	2006	16215228	$1,583,800	$2,353,200	$3,937,000	22,493	-	-	$175	-
Maple Lawn retail	8180 Maple Lawn Boulevard	Fulton	2005	5439035	$1,404,800	$1,646,600	$3,051,400	20,688	-	-	$147	-
Sub-total retail					$8,979,800	$12,597,400	$21,577,200	124,252			***$175***	

MuniCap, Inc. *14-Feb-14*

[1]Assessed values based on information provided by Maryland State Department of Assessments and Taxation. Values used on Appendix F shown in bold, italics, and underlined.

[2]Gross square feet is based on information provided by Maryland State Department of Assessments and Taxation.

[3]Square feet and units are based on square footage associated with apartment use (net of garages and ancillary uses) and unit counts as reported in the Market Study and/or Appraisal, except as noted.

[4]Assessed value per square foot for apartments is based on net square feet for apartments, except as noted. For all other property types, value per square foot is based on gross square feet.

[5]Assessed value is net of $854,200 in assessed value associated with retail component, based on information provided by Maryland State Department of Assessments and Taxation. Gross square footage area is net of retail component based on information provided by Departments of Assessments and Taxation. Net square feet based on information provided in Market Study.

[6]Gross square footage is estimated at 135% of net square footage based on known ratio of other comparable properties.

[7]Net square footage based on unit counts and and square footage as provided by Maryland State Department of Assessments and Taxation and advertised unit square footage.

[8]Excluded from select comparables due to location and potentially unstabilized total value.

[9]Excluded from select comparables due to age and layout of property (14 garden-style buildings).

[10]Excluded from select comparables because total square footage includes townhome-type units not believed to be comparable to the subject property.

[11]Excluded from select comparables due to age and disparity between sales price and assessed value.

[12]Excluded from select comparables due to location and disparity between sales price and assessed value.

Appendix G-I: Projected Market Value (Comparables), continued

Development Type	Address	City	Year Built	Parcel Number	Assessed Value[1] Land	Building	Total	Area SF	Rooms	Assessed Value Per SF/Room Per SF	Per Room
Bank/Restaurant											
Capital One Bank	7566 Ridge Road	Hanover	2002	400590213973	$794,700	$406,700	$1,201,400	3,400	-	$353	-
Olive Garden	7061 Arundel Mills Circle	Hanover	2011	400590232168	$1,488,000	$1,220,000	$2,708,000	7,440	-	$364	-
Red Lobster	7063 Arundel Mills Circle	Hanover	2011	400590232167	$1,664,000	$1,287,500	$2,951,500	7,202	-	$410	-
Bank of America	7045 Arundel Mill Boulevard	Hanover	2003	400590213544	$880,000	$922,600	$1,802,600	3,549	-	$508	-
Wells Fargo	7570 Ridge Road	Hanover	2005	400590213974	$1,141,000	$877,300	$2,018,300	3,833	-	$527	-
Applebee's	8335 S Benson Drive	Columbia	1993	16200182	$1,024,000	$744,900	$1,768,900	5,608	-	$315	-
St. Grill	8900 Stanford Boulevard	Columbia	1996	16191167	$933,000	$833,400	$1,766,400	5,462	-	$323	-
Red Lobster	9011 NE Snowden Square Drive	Columbia	1995	06539343	$2,236,000	$836,300	$3,072,300	8,670	-	$354	-
Wendy's	6355 SE Dobbin Road	Columbia	1983	16071838	$825,100	$334,400	$1,159,500	2,713	-	$427	-
Houlihans/On the Border/Mimis	8210 Gateway Overlook Drive	Columbia	2007	16215996	$6,054,800	$4,746,200	$10,801,000	24,194	-	$446	-
Bertucci's	9081 SE Snowden River Parkway	Columbia	1993	06539297	$2,432,400	$1,103,300	$3,535,700	7,597	-	$465	-
Capital One Bank	6690 Marie Curie Drive	Elkridge	2007	16216127	$988,500	$1,062,200	$2,050,700	3,600	-	$570	-
Sub-total bank/restaurant					$20,461,500	$14,374,800	$34,836,300	83,268		$422	
Average of select comparables[2]										***<u>$175</u>***	
Office											
Lakeside Plaza Office	8930 N. Stanford Boulevard	Columbia	1991	16191175	$4,112,500	$14,187,000	$18,299,500	159,577	-	$115	-
Office	8601 Robert Fulton Drive	Columbia	2007	6563376	$2,237,600	$5,243,100	$7,480,700	54,020	-	$138	-
Arundel Preserve	7740 Milestone Parkway	Hanover	2009	400090222437	$3,767,900	$16,357,400	$20,125,300	136,400	-	$148	-
National Business Park	Sentinel Way	Annapolis Jct	2010	449990232891	$3,084,100	$16,315,200	$19,399,300	126,960	-	$153	-
Annapolis Junction Business Park	8193 Dorsey Run Road	Annapolis Jct	2011	400090221371	$4,911,100	$14,446,800	$19,357,900	121,834	-	$159	-
National Business Park	308 Sentinel Drive	Annapolis Jct	2010	449990220567	$1,857,600	$27,637,000	$29,494,600	164,448	-	$179	-
Annapolis Junction Business Park	8210 Dorsey Run Road	Annapolis Jct	2008	400090221369	$2,744,000	$20,257,400	$23,001,400	126,078	-	$182	-
National Business Park	604 Sentinal Drive	Annapolis Jct	2005	449990220564	$4,569,600	$26,287,700	$30,857,300	162,729	-	$190	-
National Business Park	2711 Technology Drive	Annapolis Jct	2002	449990078994	$3,201,600	$27,704,600	$30,906,200	151,605	-	$204	-
National Business Park	318 Sentinel Way	Annapolis Jct	2007	449990218043	$3,384,000	$25,744,800	$29,128,800	130,200	-	$224	-
National Business Park	322 Sentinel Way	Annapolis Jct	2009	449990220569	$5,611,200	$25,460,100	$31,071,300	135,000	-	$230	-
National Business Park	140 National Business Parkway	Annapolis Jct	2003	449990100595	$5,661,000	$24,113,900	$29,774,900	124,092	-	$240	-
National Business Park	320 Sentinel Way	Annapolis Jct	2007	449990218044	$3,168,000	$28,396,900	$31,564,900	130,200	-	$242	-
Sub-total office					$48,310,200	$272,151,900	$320,462,100	1,723,143		***<u>$185</u>***	
Hotel											
Courtyard	2700 Hercules Road	Annapolis Jct	2004	449990062396	$2,800,000	$8,140,400	$10,940,400	87,666	140	$125	$78,146
Springhill Suites	7055 Minstrel Way	Columbia	2009	16218316	$882,000	$9,273,100	$10,155,100	66,228	117	$153	$86,796
TownePlace	7021 Arundel Mills Circle	Hanover	2008	400590213196	$2,180,000	$7,822,000	$10,002,000	62,430	109	$160	$91,761
Courtyard by Marriott	8910 Stanford Boulevard	Columbia	1990	16198005	$1,928,800	$12,050,300	$13,979,100	73,705	152	$190	$91,968
Hampton Inn	8880 Columbia 100 Parkway	Columbia	2001	02386321	$845,000	$6,878,500	$7,723,500	54,300	83	$142	$93,054
Residence Inn	7035 Arundel Mills Circle	Hanover	2003	400590213198	$2,620,000	$9,890,400	$12,510,400	97,227	131	$129	$95,499
Hampton Inn	7027 Arundel Mills Circle	Hanover	2002	400590213197	$2,620,000	$9,950,700	$12,570,700	71,344	130	$176	$96,698
Towne Place Suites by Marriott	120 National Business Parkway	Annapolis Jct	2000	0449990078981	$1,900,000	$7,332,800	$9,232,800	54,240	95	$170	$97,187
Hilton Garden Inn	8241 SE Snowden River Parkway	Columbia	2003	16214140	$1,050,600	$8,736,000	$9,786,600	57,968	98	$169	$99,863
Element	7522 Teague Road	Hanover	2009	400090034461	$6,006,300	$14,708,400	$20,714,700	171,612	147	$121	$140,916
Sub-total hotels					$22,832,700	$94,782,600	$117,615,300	796,720	1,202	$153	***<u>$97,189</u>***

MuniCap, Inc. *14-Feb-14*

[1]Assessed values based on information provided by Maryland State Department of Assessments and Taxation. Values used on Appendix F shown in bold, italics, and underlined.

[2]Average per square foot value of retail, as shown on preceding schedule, is assumed for outparcel component at Annapolis Junction Town Center.

Annapolis Junction Town Center
Howard County, Maryland

APPENDIX H

Income Capitalization Assumptions

Annapolis Junction Town Center
Howard County, Maryland

Appendix H-I-A: Projected Market Value (Income Capitalization) - Apartments, Retail, Office

	Apartments				
	Market Rate	Affordable	Retail	Bank/Restaurant	Office
Monthly rent per square foot	$1.91	$1.38			
Annual rent per square foot[1]	$22.95	$16.52	$21.11	$35.00	$27.99
Net square feet per unit[2]	915	915			
Monthly rent per unit[1]	$1,750	$1,260			
Annual rent per unit	$21,000	$15,114			
Occupancy[3]	95%	95%	95%	95%	95%
Effective rent per square foot	$21.81	$15.69	$20.05	$33.25	$26.59
Effective rent per unit	$19,950.00	$14,358.30			
Expense ratio[4]	35%	49%	8%	8%	34%
Expenses	($6,982.50)	($6,982.50)	($1.50)	($2.49)	($8.98)
Net operating income per square foot	$14.17	$8.06	$18.55	$30.76	$17.61
Net operating income per unit	$12,968	$7,376			
Capitalization rate[5]	6.610%	6.610%	7.910%	7.910%	8.560%
Tax rate[6]	1.126%	1.126%	1.126%	1.126%	1.126%
Fully loaded capitalization rate	7.736%	7.736%	9.036%	9.036%	9.686%
Value per net square foot	$183.23	$104.22	$205.29	$340.37	$181.81
Value per unit	$167,625	$95,344			
Value per gross square foot	$142.58	$81.10			

MuniCap, Inc. *14-Feb-14*

[1]Market rent and commercial rents are the lower of either projected rents as provided by Annapolis Junction Town Center, LLC, as in the case of market apartments and bank/restaurant rents, or area rents as reported in *Market Analysis -- Annapolis Junction Town Center* (Valbridge Property Advisors, April 1, 2013), as in the case of retail and office. Monthly rent for affordable unit is based on the average maximum monthly rent for a one and two bedroom apartment under the provisions of the Howard County Housing Moderate Income Housing Unit Program for 2012. Based on discussions with the Howard County Office of Maryland State Department of Assessments and Taxation, projected retail rents are higher than existing market rents of approximately $18 per square foot.

[2]See Appendix A-I.

[3]Based on conversations with the Howard County Office of State Department of Assessments and Taxation.

[4]Market rate apartment expense ratio provided by the Annapolis Junction Town Center, LLC. Assumes affordable unit expenses are equal to market rate per unit expenses. Retail expenses based on conversations with the Howard County Office of State Department of Assessments and Taxation. Office expenses represent the median operating expense per square foot for suburban offices located in the Baltimore market as provided by the *2013 BOMA Experience Exchange Report*.

[5]Represents the average overall capitalization rate for the national apartment market, retail strip shopping center market, and suburban Maryland office market, as provided in the *PwC Real Estate Investor Survey for Third Quarter 2013*. Based on discussions with the Howard County Office of State Department of Assessments and Taxation, an additional 1% is added to the market cap. rate.

[6]Includes the fiscal year 2014 Howard County ($1.014) and Maryland State ($0.112) tax rate.

Annapolis Junction Town Center
Howard County, Maryland

Appendix H-I-B: Projected Market Value (Income Capitalization) - Hotel

	Limited Service Hotel
Income Capitalization	
Average daily rate per room[1]	$76.62
Gross annual income	$27,966.30
Assumed occupancy[1]	55.5%
Effective gross income per room	$15,521.30
Assumed expense ratio[2]	26%
Less: assumed expenses	($3,988.97)
Net operating income per room	$11,532.32
Capitalization rate[1]	9.60%
Tax rate[3]	1.126%
Fully loaded capitalization rate	10.73%
Total estimated value per room	$107,517.47

MuniCap, Inc. *14-Feb-14*

[1]Assumptions provided by the *PwC Real Estate Investor Survey for Third Quarter 2013* for limited service hotels.

[2]Assumptions provided by the *U.S. Hotel Operating Statistics Study, Report for the Year 2011* for limited service hotels.

[3]Includes the fiscal year 2014 Howard County ($1.014) and Maryland State ($0.112) tax rate.

Annapolis Junction Town Center
Howard County, Maryland

APPENDIX I

Cost Approach Assumptions

Annapolis Junction Town Center
Howard County, Maryland

Appendix I-I-A: Projected Market Value (Cost Estimates by Property Type)[1]

Occupancy	Class	Height	Stories	Rank
Apartments (market/affordable)	Fireproof Structural Steel Frame	9'	4	Good
Structure cost -- apartment building				
Base cost per square foot	$101.47			
Exterior walls per square foot	$23.95			
Heating & cooling per square foot	$11.43			
Estimated improved value per square foot based on cost	$136.85			
Gross square feet[2]	489,066			
Sub-total apartment structure cost	$66,928,682			
Apartments (integrated garage)	Fireproof Structural Steel Frame	8'	5/6	Average
Structure cost -- parking structure				
Base cost per square foot	$35.17			
Exterior walls per square foot	$9.25			
Heating & cooling per square foot	$0.00			
Estimated improved value per square foot based on cost	$44.42			
Gross square feet[2]	228,358			
Sub-total parking structure cost	$10,143,663			
Total structure cost	$77,072,345			
Net square feet[3]	380,574			
Value per net square foot	$202.52			
Land value				
Estimated land value per net square foot[3]	$10.26			
Total estimated market value per square foot	$212.78			
Average net square feet per unit[2]	915			
Total estimated market value per unit	$194,658.35			

Retail	Fireproof Structural Steel Frame	12'	1	Good
Structure cost				
Base cost per square foot	$90.37			
Exterior walls per square foot	$25.95			
Heating & cooling per square foot	$10.36			
Estimated improved value per square foot based on cost	$126.68			
Land value				
Estimated land value per square foot[3]	$10.91			
Total estimated market value per square foot	$137.59			

MuniCap, Inc. *14-Feb-14*

[1]All cost estimates by MuniCap, Inc., using Marshall & Swift "Commercial Estimator 7" software.
[2]See Appendix A-I.
[3]See Appendix I-I-B.

Appendix I-I-A: Projected Market Value (Cost Estimates by Property Type), continued[1]

Occupancy	Class	Height	Stories	Rank
Bank/Restaurant	Fireproof Structural Steel Frame	18'	1	Good
Structure cost				
Base cost per square foot	$249.15			
Exterior walls per square foot	$44.67			
Heating & cooling per square foot	$34.16			
Estimated improved value per square foot based on cost	$327.98			
Land value				
Estimated land value per square foot[2]	$10.91			
Total estimated market value per square foot	$338.89			
Office	Fireproof Structural Steel Frame	10'	4	Good
Structure cost				
Base cost per square foot	$126.75			
Exterior walls per square foot	$32.62			
Heating & cooling per square foot	$25.14			
Estimated improved value per square foot based on cost	$184.51			
Land value				
Estimated land value per square foot[2]	$11.51			
Total estimated market value per square foot	$196.02			
Hotel	Fireproof Structural Steel Frame	10'	6	Good
Structure cost				
Base cost per square foot	$139.24			
Exterior walls per square foot	$30.00			
Heating & cooling per square foot	$20.15			
Estimated improved value per square foot based on cost	$189.39			
Land value				
Estimated land value per square foot[2]	$10.80			
Total estimated market value per square foot	$200.19			

MuniCap, Inc. *14-Feb-14*

[1]All cost estimates by MuniCap, Inc., using Marshall & Swift "Commercial Estimator 7" software.

[2]See Appendix I-I-B.

Annapolis Junction Town Center
Howard County, Maryland

Appendix I-I-B: Projected Market Value (Land Costs Estimates)[1]

Table 1: Land Value as a Percent of Total Value

Type	Costs
Land cost[1]	$6,154,300
Projected market value[2]	$98,871,848
Land cost as a percent of total value	6.2%

Table 2: Allocation of Land Value by Property Type

Development Type	Projected Market Value[2]	Land Value as a Percent of Total	Estimated Land Value by Type[1]
Apartments	$62,744,243	6.2%	$3,905,529
Retail	$2,496,867	6.2%	$155,418
Bank/Restaurant	$560,700	6.2%	$34,901
Office	$18,491,706	6.2%	$1,151,020
Hotel	$14,578,332	6.2%	$907,431
Total	$98,871,848		$6,154,300

Table 3: Allocation of Land Value Per Square Foot

Development Type	Estimated Land Value by Type	Square Foot by Type[2]	Estimated Land Value PSF by Type
Apartments	$3,905,529	380,574	$10.26
Retail	$155,418	14,250	$10.91
Bank/Restaurant	$34,901	3,200	$10.91
Office	$1,151,020	100,000	$11.51
Hotel	$907,431	84,000	$10.80
Total	$6,154,300	582,024	

MuniCap, Inc. *14-Feb-14*

[1]Represents the estimated land value as of 1/1/2011. Source: Maryland State Department of Assessments and Taxation.

[2]Projected market value represents the estimated value for the entire development as estimated by MuniCap, Inc. Represents the estimated market value at full build-out and project stabilization, excluding inflation. See Appendix A-I.

Annapolis Junction Town Center
Howard County, Maryland

APPENDIX J

Potential BRAC Zone Revenues

Annapolis Junction Town Center
Howard County, Maryland

Appendix J-I: Projected BRAC Zone Revenues (Scenario A -- Assumes Full BRAC Zone Credit is Available)

						Maryland State BRAC Zone Revenues[2]				Howard County BRAC Zone Revenues[2]				
Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Market Value[1]	Base Value[1]	Incremental Value	State Real Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	State BRAC Zone Revenues	County Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	Howard County BRAC Zone Revenues	Total BRAC Zone Revenues
1-Jan-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-15	15-Feb-16	103%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-16	15-Feb-17	106%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-17	15-Feb-18	109%	$71,260,412	($1,608,000)	$69,652,412	$0.112	$78,011	100%	$78,011	$1.014	$706,275	50%	$353,138	$431,148
1-Jan-18	15-Feb-19	113%	$110,686,293	($1,608,000)	$109,078,293	$0.112	$122,168	100%	$122,168	$1.014	$1,106,054	50%	$553,027	$675,195
1-Jan-19	15-Feb-20	116%	$114,006,620	($1,608,000)	$112,398,620	$0.112	$125,886	100%	$125,886	$1.014	$1,139,722	50%	$569,861	$695,747
1-Jan-20	15-Feb-21	119%	$118,058,157	($1,608,000)	$116,450,157	$0.112	$130,424	100%	$130,424	$1.014	$1,180,805	50%	$590,402	$720,826
1-Jan-21	15-Feb-22	123%	$121,599,902	($1,608,000)	$119,991,902	$0.112	$134,391	100%	$134,391	$1.014	$1,216,718	50%	$608,359	$742,750
1-Jan-22	15-Feb-23	127%	$125,247,899	($1,608,000)	$123,639,899	$0.112	$138,477	100%	$138,477	$1.014	$1,253,709	50%	$626,854	$765,331
1-Jan-23	15-Feb-24	130%	$129,005,336	($1,608,000)	$127,397,336	$0.112	$142,685	100%	$142,685	$1.014	$1,291,809	50%	$645,904	$788,590
1-Jan-24	15-Feb-25	134%	$132,875,496	($1,608,000)	$131,267,496	$0.112	$147,020	100%	$147,020	$1.014	$1,331,052	50%	$665,526	$812,546
1-Jan-25	15-Feb-26	138%	$136,861,761	($1,608,000)	$135,253,761	$0.112	$151,484	100%	$151,484	$1.014	$1,371,473	50%	$685,737	$837,221
1-Jan-26	15-Feb-27	143%	$140,967,614	($1,608,000)	$139,359,614	$0.112	$156,083	100%	$156,083	$1.014	$1,413,106	50%	$706,553	$862,636
1-Jan-27	15-Feb-28	147%	$145,196,642	($1,608,000)	$143,588,642	$0.112	$160,819	0%	$0	$1.014	$1,455,989	0%	$0	$0
1-Jan-28	15-Feb-29	151%	$149,552,541	($1,608,000)	$147,944,541	$0.112	$165,698	0%	$0	$1.014	$1,500,158	0%	$0	$0
1-Jan-29	15-Feb-30	156%	$154,039,117	($1,608,000)	$152,431,117	$0.112	$170,723	0%	$0	$1.014	$1,545,652	0%	$0	$0
1-Jan-30	15-Feb-31	160%	$158,660,291	($1,608,000)	$157,052,291	$0.112	$175,899	0%	$0	$1.014	$1,592,510	0%	$0	$0
1-Jan-31	15-Feb-32	165%	$163,420,100	($1,608,000)	$161,812,100	$0.112	$181,230	0%	$0	$1.014	$1,640,775	0%	$0	$0
1-Jan-32	15-Feb-33	170%	$168,322,703	($1,608,000)	$166,714,703	$0.112	$186,720	0%	$0	$1.014	$1,690,487	0%	$0	$0
1-Jan-33	15-Feb-34	175%	$173,372,384	($1,608,000)	$171,764,384	$0.112	$192,376	0%	$0	$1.014	$1,741,691	0%	$0	$0
1-Jan-34	15-Feb-35	181%	$178,573,555	($1,608,000)	$176,965,555	$0.112	$198,201	0%	$0	$1.014	$1,794,431	0%	$0	$0
1-Jan-35	15-Feb-36	186%	$183,930,762	($1,608,000)	$182,322,762	$0.112	$204,201	0%	$0	$1.014	$1,848,753	0%	$0	$0
1-Jan-36	15-Feb-37	192%	$189,448,685	($1,608,000)	$187,840,685	$0.112	$210,382	0%	$0	$1.014	$1,904,705	0%	$0	$0
1-Jan-37	15-Feb-38	197%	$195,132,145	($1,608,000)	$193,524,145	$0.112	$216,747	0%	$0	$1.014	$1,962,335	0%	$0	$0
1-Jan-38	15-Feb-39	203%	$200,986,110	($1,608,000)	$199,378,110	$0.112	$223,303	0%	$0	$1.014	$2,021,694	0%	$0	$0
1-Jan-39	15-Feb-40	209%	$207,015,693	($1,608,000)	$205,407,693	$0.112	$230,057	0%	$0	$1.014	$2,082,834	0%	$0	$0
1-Jan-40	15-Feb-41	216%	$213,226,164	($1,608,000)	$211,618,164	$0.112	$237,012	0%	$0	$1.014	$2,145,808	0%	$0	$0
1-Jan-41	15-Feb-42	222%	$219,622,949	($1,608,000)	$218,014,949	$0.112	$244,177	0%	$0	$1.014	$2,210,672	0%	$0	$0
1-Jan-42	15-Feb-43	229%	$226,211,637	($1,608,000)	$224,603,637	$0.112	$251,556	0%	$0	$1.014	$2,277,481	0%	$0	$0
1-Jan-43	15-Feb-44	236%	$232,997,986	($1,608,000)	$231,389,986	$0.112	$259,157	0%	$0	$1.014	$2,346,294	0%	$0	$0
Total							$4,834,887		$1,326,628		$43,772,990		$6,005,362	$7,331,990

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[1]See Appendix A-V.

[2]Pursuant to the BRAC Revitalization and Incentive Zone Program, local jurisdictions receive payment of 100% of state real property tax increment on qualified properties and payment equal to 50% of the local jurisdictions real property tax increment on qualified properties for the 10-year life of the zone from the date the first property in the BRAC zone becomes a qualified property.

Annapolis Junction Town Center
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Appendix J-I (cont.): Debt Service Coverage With BRAC Zone Revenues (Scenario A)

Tax Year Beginning	Bond Year Ending	Projected Real Property Tax Increment[1]	Potential BRAC Zone Revenues[2]	Total Available Revenues	Debt Service[3]	Projected Surplus/ Deficit	Debt Service Coverage	BRAC Zone Revenue Assumed Applied to Current Year Debt Service	Percentage BRAC Zone Assumed Applied in Current Year	Shorfall After Application of BRAC Zone Revenue	Cumulative Shortfall	Surplus BRAC Zone Revenue	Cumulative BRAC Zone Surplus	Application of Surplus Revenue[4]	Adjusted Cumulative Surplus	Adjusted Cumulative Deficit	Total Applied BRAC Zone Revenue[5]
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0	$0	$0
1-Jan-16	15-Feb-17	$0	$0	$0	$227,139	($227,139)	NA	$0	0.0%	($227,139)	($227,139)	$0	$0	$0	$0	($227,139)	$0
1-Jan-17	15-Feb-18	$702,744	$431,148	$1,133,893	$1,136,530	($2,638)	99.8%	$431,148	100.0%	($2,638)	($229,777)	$0	$0	$0	$0	($229,777)	$431,148
1-Jan-18	15-Feb-19	$1,100,524	$675,195	$1,775,718	$1,161,736	$613,982	152.9%	$61,212	9.1%	$0	($229,777)	$613,982	$613,982	$0	$613,982	($229,777)	$61,212
1-Jan-19	15-Feb-20	$1,134,023	$695,747	$1,829,771	$1,185,327	$644,444	154.4%	$51,304	7.4%	$0	($229,777)	$644,444	$1,258,426	$0	$1,258,426	($229,777)	$51,304
1-Jan-20	15-Feb-21	$1,174,901	$720,826	$1,895,727	$1,207,304	$688,423	157.0%	$32,403	4.5%	$0	($229,777)	$688,423	$1,946,849	$0	$1,946,849	($229,777)	$32,403
1-Jan-21	15-Feb-22	$1,210,634	$742,750	$1,953,384	$1,232,667	$720,717	158.5%	$22,033	3.0%	$0	($229,777)	$720,717	$2,667,566	$0	$2,667,566	($229,777)	$22,033
1-Jan-22	15-Feb-23	$1,247,440	$765,331	$2,012,771	$1,256,091	$756,680	160.2%	$8,651	1.1%	$0	($229,777)	$756,680	$3,424,246	$0	$3,424,246	($229,777)	$8,651
1-Jan-23	15-Feb-24	$1,285,350	$788,590	$2,073,939	$1,282,577	$791,362	161.7%	$0	0.0%	$0	($229,777)	$788,590	$4,212,835	$0	$4,212,835	($229,777)	$0
1-Jan-24	15-Feb-25	$1,324,397	$812,546	$2,136,943	$1,306,800	$830,143	163.5%	$0	0.0%	$0	($229,777)	$812,546	$5,025,381	$0	$5,025,381	($229,777)	$0
1-Jan-25	15-Feb-26	$1,364,616	$837,221	$2,201,837	$1,333,759	$868,077	165.1%	$0	0.0%	$0	($229,777)	$837,221	$5,862,602	$0	$5,862,602	($229,777)	$0
1-Jan-26	15-Feb-27	$1,406,041	$862,636	$2,268,677	$1,358,131	$910,546	167.0%	$0	0.0%	$0	($229,777)	$862,636	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-27	15-Feb-28	$1,448,709	$0	$1,448,709	$1,389,915	$58,794	104.2%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-28	15-Feb-29	$1,492,657	$0	$1,492,657	$1,413,462	$79,195	105.6%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-29	15-Feb-30	$1,537,923	$0	$1,537,923	$1,444,097	$93,827	106.5%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-30	15-Feb-31	$1,584,548	$0	$1,584,548	$1,471,170	$113,378	107.7%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-31	15-Feb-32	$1,632,571	$0	$1,632,571	$1,499,681	$132,890	108.9%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-32	15-Feb-33	$1,682,035	$0	$1,682,035	$1,529,306	$152,728	110.0%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-33	15-Feb-34	$1,732,982	$0	$1,732,982	$1,564,720	$168,262	110.8%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-34	15-Feb-35	$1,785,459	$0	$1,785,459	$1,595,274	$190,185	111.9%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-35	15-Feb-36	$1,839,509	$0	$1,839,509	$1,625,967	$213,542	113.1%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-36	15-Feb-37	$1,895,181	$0	$1,895,181	$1,656,474	$238,707	114.4%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-37	15-Feb-38	$1,952,523	$0	$1,952,523	$1,691,472	$261,051	115.4%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-38	15-Feb-39	$2,011,586	$0	$2,011,586	$1,725,311	$286,275	116.6%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-39	15-Feb-40	$2,072,420	$0	$2,072,420	$1,757,665	$314,755	117.9%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-40	15-Feb-41	$2,135,079	$0	$2,135,079	$1,793,210	$341,869	119.1%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-41	15-Feb-42	$2,199,618	$0	$2,199,618	$1,831,297	$368,321	120.1%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-42	15-Feb-43	$2,266,093	$0	$2,266,093	$1,866,276	$399,818	121.4%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
1-Jan-43	15-Feb-44	$2,334,563	$0	$2,334,563	$1,902,821	$431,742	122.7%	$0	0.0%	$0	($229,777)	$0	$6,725,238	$0	$6,725,238	($229,777)	$0
Total		$43,554,125	$7,331,990	$50,886,115	$40,446,181	$10,439,934		$606,752		($229,777)		$6,725,238		$0			$606,752

Total Debt Service Shortfalls from Tax Increment	($836,529)
BRAC Revenues Assumed Applied to Debt service	$606,752
Percentage of Total Projected BRAC Revenues Applied to Debt Service	8.3%
Percentage of Shortfall Cured	72.5%

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[1]See Appendix A-VI.

[2]See Appendix J-I.

[3]See Appendix A-VI.

[4]Assumes surplus revenues are available to pay debt service in later years for the ten year life of the BRAC Zone. Assumes surplus revenues are not used to reimburse special taxes paid in prior years.

[5]Equal to BRAC Zone Revenue assumed applied to current year debt service plus application of Surplus BRAC Zone Revenue.

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Appendix J-II: Projected BRAC Zone Revenues (Scenario B -- Assumes Full BRAC Zone Credit is Available)

						Maryland State BRAC Zone Revenues[2]				Howard County BRAC Zone Revenues[2]				
Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Market Value[1]	Base Value[1]	Incremental Value	State Real Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	State BRAC Zone Revenues	County Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	Howard County BRAC Zone Revenues	Total BRAC Zone Revenues
1-Jan-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-15	15-Feb-16	100%	$1,561,165	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-16	15-Feb-17	100%	$1,515,694	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-17	15-Feb-18	100%	$65,213,372	($1,608,000)	$63,605,372	$0.112	$71,238	100%	$71,238	$1.014	$644,958	50%	$322,479	$393,717
1-Jan-18	15-Feb-19	100%	$98,343,338	($1,608,000)	$96,735,338	$0.112	$108,344	100%	$108,344	$1.014	$980,896	50%	$490,448	$598,792
1-Jan-19	15-Feb-20	100%	$98,343,112	($1,608,000)	$96,735,112	$0.112	$108,343	100%	$108,343	$1.014	$980,894	50%	$490,447	$598,790
1-Jan-20	15-Feb-21	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	100%	$108,936	$1.014	$986,255	50%	$493,128	$602,063
1-Jan-21	15-Feb-22	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	100%	$108,936	$1.014	$986,255	50%	$493,128	$602,063
1-Jan-22	15-Feb-23	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	100%	$108,936	$1.014	$986,255	50%	$493,128	$602,063
1-Jan-23	15-Feb-24	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	100%	$108,936	$1.014	$986,255	50%	$493,128	$602,063
1-Jan-24	15-Feb-25	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	100%	$108,936	$1.014	$986,255	50%	$493,128	$602,063
1-Jan-25	15-Feb-26	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	100%	$108,936	$1.014	$986,255	50%	$493,128	$602,063
1-Jan-26	15-Feb-27	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	100%	$108,936	$1.014	$986,255	50%	$493,128	$602,063
1-Jan-27	15-Feb-28	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-28	15-Feb-29	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-29	15-Feb-30	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-30	15-Feb-31	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-31	15-Feb-32	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-32	15-Feb-33	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-33	15-Feb-34	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-34	15-Feb-35	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-35	15-Feb-36	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-36	15-Feb-37	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-37	15-Feb-38	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-38	15-Feb-39	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-39	15-Feb-40	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-40	15-Feb-41	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-41	15-Feb-42	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-42	15-Feb-43	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
1-Jan-43	15-Feb-44	100%	$98,871,848	($1,608,000)	$97,263,848	$0.112	$108,936	0%	$0	$1.014	$986,255	0%	$0	$0
Total							$2,902,377		$1,050,473		$26,276,879		$4,755,268	$5,805,742

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[1]See Appendix B-I.

[2]Pursuant to the BRAC Revitalization and Incentive Zone Program, local jurisdictions receive payment of 100% of state real property tax increment on qualified properties and payment equal to 50% of the local jurisdictions real property tax increment on qualified properties for the 10-year life of the zone from the date the first property in the BRAC zone becomes a qualified property.

Annapolis Junction Town Center
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Appendix J-II (cont.): Debt Service Coverage With BRAC Zone Revenues (Scenario B)

Tax Year Beginning	Bond Year Ending	Projected Real Property Tax Increment[1]	Potential BRAC Zone Revenues[2]	Total Available Revenues	Debt Service[3]	Projected Surplus/ Deficit	Debt Service Coverage	BRAC Zone Revenue Assumed Applied to Current Year Debt Service	Percentage BRAC Zone Assumed Applied in Current Year	Shorfall After Application of BRAC Zone Revenue	Cumulative Shortfall	Surplus BRAC Zone Revenue	Cumulative BRAC Zone Surplus	Application of Surplus Revenue[4]	Adjusted Cumulative Surplus
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-16	15-Feb-17	$0	$0	$0	$227,139	($227,139)	NA	$0	0.0%	($227,139)	($227,139)	$0	$0	$0	$0
1-Jan-17	15-Feb-18	$641,734	$393,717	$1,035,451	$1,136,530	($101,079)	91.1%	$393,717	100.0%	($101,079)	($328,218)	$0	$0	$0	$0
1-Jan-18	15-Feb-19	$975,992	$598,792	$1,574,784	$1,161,736	$413,048	135.6%	$185,744	31.0%	$0	($328,218)	$413,048	$413,048	$0	$413,048
1-Jan-19	15-Feb-20	$975,990	$598,790	$1,574,780	$1,185,327	$389,453	132.9%	$209,337	35.0%	$0	($328,218)	$389,453	$802,501	$0	$802,501
1-Jan-20	15-Feb-21	$981,324	$602,063	$1,583,387	$1,207,304	$376,083	131.2%	$225,980	37.5%	$0	($328,218)	$376,083	$1,178,584	$0	$1,178,584
1-Jan-21	15-Feb-22	$981,324	$602,063	$1,583,387	$1,232,667	$350,720	128.5%	$251,343	41.7%	$0	($328,218)	$350,720	$1,529,304	$0	$1,529,304
1-Jan-22	15-Feb-23	$981,324	$602,063	$1,583,387	$1,256,091	$327,296	126.1%	$274,767	45.6%	$0	($328,218)	$327,296	$1,856,600	$0	$1,856,600
1-Jan-23	15-Feb-24	$981,324	$602,063	$1,583,387	$1,282,577	$300,810	123.5%	$301,253	50.0%	$0	($328,218)	$300,810	$2,157,410	$0	$2,157,410
1-Jan-24	15-Feb-25	$981,324	$602,063	$1,583,387	$1,306,800	$276,587	121.2%	$325,476	54.1%	$0	($328,218)	$276,587	$2,433,998	$0	$2,433,998
1-Jan-25	15-Feb-26	$981,324	$602,063	$1,583,387	$1,333,759	$249,628	118.7%	$352,435	58.5%	$0	($328,218)	$249,628	$2,683,626	$0	$2,683,626
1-Jan-26	15-Feb-27	$981,324	$602,063	$1,583,387	$1,358,131	$225,256	116.6%	$376,807	62.6%	$0	($328,218)	$225,256	$2,908,882	$0	$2,908,882
1-Jan-27	15-Feb-28	$981,324	$0	$981,324	$1,389,915	($408,591)	70.6%	$0	0.0%	($408,591)	($736,809)	$0	$2,908,882	$0	$2,908,882
1-Jan-28	15-Feb-29	$981,324	$0	$981,324	$1,413,462	($432,138)	69.4%	$0	0.0%	($432,138)	($1,168,947)	$0	$2,908,882	$0	$2,908,882
1-Jan-29	15-Feb-30	$981,324	$0	$981,324	$1,444,097	($462,773)	68.0%	$0	0.0%	($462,773)	($1,631,720)	$0	$2,908,882	$0	$2,908,882
1-Jan-30	15-Feb-31	$981,324	$0	$981,324	$1,471,170	($489,845)	66.7%	$0	0.0%	($489,845)	($2,121,565)	$0	$2,908,882	$0	$2,908,882
1-Jan-31	15-Feb-32	$981,324	$0	$981,324	$1,499,681	($518,357)	65.4%	$0	0.0%	($518,357)	($2,639,922)	$0	$2,908,882	$0	$2,908,882
1-Jan-32	15-Feb-33	$981,324	$0	$981,324	$1,529,306	($547,982)	64.2%	$0	0.0%	($547,982)	($3,187,904)	$0	$2,908,882	$0	$2,908,882
1-Jan-33	15-Feb-34	$981,324	$0	$981,324	$1,564,720	($583,396)	62.7%	$0	0.0%	($583,396)	($3,771,300)	$0	$2,908,882	$0	$2,908,882
1-Jan-34	15-Feb-35	$981,324	$0	$981,324	$1,595,274	($613,950)	61.5%	$0	0.0%	($613,950)	($4,385,250)	$0	$2,908,882	$0	$2,908,882
1-Jan-35	15-Feb-36	$981,324	$0	$981,324	$1,625,967	($644,643)	60.4%	$0	0.0%	($644,643)	($5,029,892)	$0	$2,908,882	$0	$2,908,882
1-Jan-36	15-Feb-37	$981,324	$0	$981,324	$1,656,474	($675,150)	59.2%	$0	0.0%	($675,150)	($5,705,043)	$0	$2,908,882	$0	$2,908,882
1-Jan-37	15-Feb-38	$981,324	$0	$981,324	$1,691,472	($710,148)	58.0%	$0	0.0%	($710,148)	($6,415,191)	$0	$2,908,882	$0	$2,908,882
1-Jan-38	15-Feb-39	$981,324	$0	$981,324	$1,725,311	($743,987)	56.9%	$0	0.0%	($743,987)	($7,159,178)	$0	$2,908,882	$0	$2,908,882
1-Jan-39	15-Feb-40	$981,324	$0	$981,324	$1,757,665	($776,341)	55.8%	$0	0.0%	($776,341)	($7,935,519)	$0	$2,908,882	$0	$2,908,882
1-Jan-40	15-Feb-41	$981,324	$0	$981,324	$1,793,210	($811,886)	54.7%	$0	0.0%	($811,886)	($8,747,405)	$0	$2,908,882	$0	$2,908,882
1-Jan-41	15-Feb-42	$981,324	$0	$981,324	$1,831,297	($849,973)	53.6%	$0	0.0%	($849,973)	($9,597,378)	$0	$2,908,882	$0	$2,908,882
1-Jan-42	15-Feb-43	$981,324	$0	$981,324	$1,866,276	($884,951)	52.6%	$0	0.0%	($884,951)	($10,482,329)	$0	$2,908,882	$0	$2,908,882
1-Jan-43	15-Feb-44	$981,324	$0	$981,324	$1,902,821	($921,497)	51.6%	$0	0.0%	($921,497)	($11,403,826)	$0	$2,908,882	$0	$2,908,882
Total		$26,145,494	$5,805,742	$31,951,236	$40,446,181	($8,494,945)		$2,896,860		($11,403,826)		$2,908,882		$0	

Total Debt Service Shortfalls from Tax Increment	($14,300,686)
BRAC Revenues Assumed Applied to Debt service	$2,896,860
Percentage of Total Projected BRAC Revenues Applied to Debt Service	49.9%
Percentage of Shortfall Cured	20.3%

MuniCap, Inc.

[1]See Appendix B-II.

[2]See Appendix J-II.

[3]See Appendix A-VI.

[4]Assumes surplus revenues are available to pay debt service in later years for the ten year life of the BRAC Zone. Assumes surplus revenues are not used to reimburse special taxes paid in prior years.

Annapolis Junction Town Center
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Appendix J-III: Projected BRAC Zone Revenues (Scenario C -- Assumes Full BRAC Zone Credit is Available)

						Maryland State BRAC Zone Revenues[2]				Howard County BRAC Zone Revenues[2]				
Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Market Value[1]	Base Value[1]	Incremental Value	State Real Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	State BRAC Zone Revenues	County Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	Howard County BRAC Zone Revenues	Total BRAC Zone Revenues
1-Jan-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-15	15-Feb-16	103%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-16	15-Feb-17	106%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-17	15-Feb-18	109%	$88,658,234	($1,608,000)	$87,050,234	$0.112	$97,496	100%	$97,496	$1.014	$882,689	50%	$441,345	$538,841
1-Jan-18	15-Feb-19	113%	$128,712,591	($1,608,000)	$127,104,591	$0.112	$142,357	100%	$142,357	$1.014	$1,288,841	50%	$644,420	$786,777
1-Jan-19	15-Feb-20	116%	$132,570,630	($1,608,000)	$130,962,630	$0.112	$146,678	100%	$146,678	$1.014	$1,327,961	50%	$663,981	$810,659
1-Jan-20	15-Feb-21	119%	$146,580,096	($1,608,000)	$144,972,096	$0.112	$162,369	100%	$162,369	$1.014	$1,470,017	50%	$735,009	$897,377
1-Jan-21	15-Feb-22	123%	$150,977,499	($1,608,000)	$149,369,499	$0.112	$167,294	100%	$167,294	$1.014	$1,514,607	50%	$757,303	$924,597
1-Jan-22	15-Feb-23	127%	$155,506,824	($1,608,000)	$153,898,824	$0.112	$172,367	100%	$172,367	$1.014	$1,560,534	50%	$780,267	$952,634
1-Jan-23	15-Feb-24	130%	$160,172,028	($1,608,000)	$158,564,028	$0.112	$177,592	100%	$177,592	$1.014	$1,607,839	50%	$803,920	$981,511
1-Jan-24	15-Feb-25	134%	$164,977,189	($1,608,000)	$163,369,189	$0.112	$182,973	100%	$182,973	$1.014	$1,656,564	50%	$828,282	$1,011,255
1-Jan-25	15-Feb-26	138%	$169,926,505	($1,608,000)	$168,318,505	$0.112	$188,517	100%	$188,517	$1.014	$1,706,750	50%	$853,375	$1,041,892
1-Jan-26	15-Feb-27	143%	$175,024,300	($1,608,000)	$173,416,300	$0.112	$194,226	100%	$194,226	$1.014	$1,758,441	50%	$879,221	$1,073,447
1-Jan-27	15-Feb-28	147%	$180,275,029	($1,608,000)	$178,667,029	$0.112	$200,107	0%	$0	$1.014	$1,811,684	0%	$0	$0
1-Jan-28	15-Feb-29	151%	$185,683,280	($1,608,000)	$184,075,280	$0.112	$206,164	0%	$0	$1.014	$1,866,523	0%	$0	$0
1-Jan-29	15-Feb-30	156%	$191,253,778	($1,608,000)	$189,645,778	$0.112	$212,403	0%	$0	$1.014	$1,923,008	0%	$0	$0
1-Jan-30	15-Feb-31	160%	$196,991,392	($1,608,000)	$195,383,392	$0.112	$218,829	0%	$0	$1.014	$1,981,188	0%	$0	$0
1-Jan-31	15-Feb-32	165%	$202,901,134	($1,608,000)	$201,293,134	$0.112	$225,448	0%	$0	$1.014	$2,041,112	0%	$0	$0
1-Jan-32	15-Feb-33	170%	$208,988,168	($1,608,000)	$207,380,168	$0.112	$232,266	0%	$0	$1.014	$2,102,835	0%	$0	$0
1-Jan-33	15-Feb-34	175%	$215,257,813	($1,608,000)	$213,649,813	$0.112	$239,288	0%	$0	$1.014	$2,166,409	0%	$0	$0
1-Jan-34	15-Feb-35	181%	$221,715,547	($1,608,000)	$220,107,547	$0.112	$246,520	0%	$0	$1.014	$2,231,891	0%	$0	$0
1-Jan-35	15-Feb-36	186%	$228,367,013	($1,608,000)	$226,759,013	$0.112	$253,970	0%	$0	$1.014	$2,299,336	0%	$0	$0
1-Jan-36	15-Feb-37	192%	$235,218,024	($1,608,000)	$233,610,024	$0.112	$261,643	0%	$0	$1.014	$2,368,806	0%	$0	$0
1-Jan-37	15-Feb-38	197%	$242,274,564	($1,608,000)	$240,666,564	$0.112	$269,547	0%	$0	$1.014	$2,440,359	0%	$0	$0
1-Jan-38	15-Feb-39	203%	$249,542,801	($1,608,000)	$247,934,801	$0.112	$277,687	0%	$0	$1.014	$2,514,059	0%	$0	$0
1-Jan-39	15-Feb-40	209%	$257,029,085	($1,608,000)	$255,421,085	$0.112	$286,072	0%	$0	$1.014	$2,589,970	0%	$0	$0
1-Jan-40	15-Feb-41	216%	$264,739,958	($1,608,000)	$263,131,958	$0.112	$294,708	0%	$0	$1.014	$2,668,158	0%	$0	$0
1-Jan-41	15-Feb-42	222%	$272,682,157	($1,608,000)	$271,074,157	$0.112	$303,603	0%	$0	$1.014	$2,748,692	0%	$0	$0
1-Jan-42	15-Feb-43	229%	$280,862,621	($1,608,000)	$279,254,621	$0.112	$312,765	0%	$0	$1.014	$2,831,642	0%	$0	$0
1-Jan-43	15-Feb-44	236%	$289,288,500	($1,608,000)	$287,680,500	$0.112	$322,202	0%	$0	$1.014	$2,917,080	0%	$0	$0
Total							$5,995,092		$1,631,869		$54,276,994		$7,387,121	$9,018,990

MuniCap, Inc. *14-Feb-14*

[1]See Appendix C-V.

[2]Pursuant to the BRAC Revitalization and Incentive Zone Program, local jurisdictions receive payment of 100% of state real property tax increment on qualified properties and payment equal to 50% of the local jurisdictions real property tax increment on qualified properties for the 10-year life of the zone from the date the first property in the BRAC zone becomes a qualified property.

Annapolis Junction Town Center
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Appendix J-III (cont.): Debt Service Coverage With BRAC Zone Revenues (Scenario C)

Tax Year Beginning	Bond Year Ending	Projected Real Property Tax Increment[1]	Potential BRAC Zone Revenues[2]	Total Available Revenues	Debt Service[3]	Projected Surplus/ Deficit	Debt Service Coverage	BRAC Zone Revenue Assumed Applied to Current Year Debt Service	Percentage BRAC Zone Assumed Applied in Current Year	Shorfall After Application of BRAC Zone Revenue	Cumulative Shortfall	Surplus BRAC Zone Revenue	Cumulative BRAC Zone Surplus	Application of Surplus Revenue[4]	Adjusted Cumulative Surplus
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-16	15-Feb-17	$0	$0	$0	$227,139	($227,139)	NA	$0	0.0%	($227,139)	($227,139)	$0	$0	$0	$0
1-Jan-17	15-Feb-18	$878,276	$538,841	$1,417,117	$1,136,530	$280,587	124.7%	$258,254	47.9%	$0	($227,139)	$280,587	$280,587	$0	$280,587
1-Jan-18	15-Feb-19	$1,282,396	$786,777	$2,069,174	$1,161,736	$907,438	178.1%	$0	0.0%	$0	($227,139)	$786,777	$1,067,364	$0	$1,067,364
1-Jan-19	15-Feb-20	$1,321,321	$810,659	$2,131,980	$1,185,327	$946,653	179.9%	$0	0.0%	$0	($227,139)	$810,659	$1,878,023	$0	$1,878,023
1-Jan-20	15-Feb-21	$1,462,667	$897,377	$2,360,044	$1,207,304	$1,152,740	195.5%	$0	0.0%	$0	($227,139)	$897,377	$2,775,400	$0	$2,775,400
1-Jan-21	15-Feb-22	$1,507,034	$924,597	$2,431,631	$1,232,667	$1,198,964	197.3%	$0	0.0%	$0	($227,139)	$924,597	$3,699,997	$0	$3,699,997
1-Jan-22	15-Feb-23	$1,552,731	$952,634	$2,505,365	$1,256,091	$1,249,274	199.5%	$0	0.0%	$0	($227,139)	$952,634	$4,652,631	$0	$4,652,631
1-Jan-23	15-Feb-24	$1,599,800	$981,511	$2,581,311	$1,282,577	$1,298,734	201.3%	$0	0.0%	$0	($227,139)	$981,511	$5,634,142	$0	$5,634,142
1-Jan-24	15-Feb-25	$1,648,281	$1,011,255	$2,659,536	$1,306,800	$1,352,736	203.5%	$0	0.0%	$0	($227,139)	$1,011,255	$6,645,398	$0	$6,645,398
1-Jan-25	15-Feb-26	$1,698,216	$1,041,892	$2,740,107	$1,333,759	$1,406,348	205.4%	$0	0.0%	$0	($227,139)	$1,041,892	$7,687,289	$0	$7,687,289
1-Jan-26	15-Feb-27	$1,749,649	$1,073,447	$2,823,096	$1,358,131	$1,464,965	207.9%	$0	0.0%	$0	($227,139)	$1,073,447	$8,760,736	$0	$8,760,736
1-Jan-27	15-Feb-28	$1,802,625	$0	$1,802,625	$1,389,915	$412,710	129.7%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-28	15-Feb-29	$1,857,191	$0	$1,857,191	$1,413,462	$443,729	131.4%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-29	15-Feb-30	$1,913,393	$0	$1,913,393	$1,444,097	$469,296	132.5%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-30	15-Feb-31	$1,971,282	$0	$1,971,282	$1,471,170	$500,112	134.0%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-31	15-Feb-32	$2,030,907	$0	$2,030,907	$1,499,681	$531,226	135.4%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-32	15-Feb-33	$2,092,321	$0	$2,092,321	$1,529,306	$563,015	136.8%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-33	15-Feb-34	$2,155,577	$0	$2,155,577	$1,564,720	$590,857	137.8%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-34	15-Feb-35	$2,220,731	$0	$2,220,731	$1,595,274	$625,457	139.2%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-35	15-Feb-36	$2,287,840	$0	$2,287,840	$1,625,967	$661,873	140.7%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-36	15-Feb-37	$2,356,962	$0	$2,356,962	$1,656,474	$700,487	142.3%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-37	15-Feb-38	$2,428,157	$0	$2,428,157	$1,691,472	$736,685	143.6%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-38	15-Feb-39	$2,501,489	$0	$2,501,489	$1,725,311	$776,178	145.0%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-39	15-Feb-40	$2,577,020	$0	$2,577,020	$1,757,665	$819,355	146.6%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-40	15-Feb-41	$2,654,817	$0	$2,654,817	$1,793,210	$861,607	148.0%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-41	15-Feb-42	$2,734,948	$0	$2,734,948	$1,831,297	$903,651	149.3%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-42	15-Feb-43	$2,817,484	$0	$2,817,484	$1,866,276	$951,208	151.0%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
1-Jan-43	15-Feb-44	$2,902,495	$0	$2,902,495	$1,902,821	$999,674	152.5%	$0	0.0%	$0	($227,139)	$0	$8,760,736	$0	$8,760,736
Total		$54,005,609	$9,018,990	$63,024,599	$40,446,181	$22,578,419		$258,254		($227,139)		$8,760,736		$0	

Total Debt Service Shortfalls from Tax Increment	($485,393)
BRAC Revenues Assumed Applied to Debt service	$258,254
Percentage of Total Projected BRAC Revenues Applied to Debt Service	2.9%
Percentage of Shortfall Cured	53.2%

MuniCap, Inc.

[1]See Appendix C-VI.

[2]See Appendix J-III.

[3]See Appendix C-VI.

[4]Assumes surplus revenues are available to pay debt service in later years for the ten year life of the BRAC Zone. Assumes surplus revenues are not used to reimburse special taxes paid in prior years.

Annapolis Junction Town Center
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Appendix J-IV: Projected BRAC Zone Revenues (Scenario D -- Assumes Full BRAC Zone Credit is Available)

						Maryland State BRAC Zone Revenues[2]				Howard County BRAC Zone Revenues[2]				
Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Market Value[1]	Base Value[1]	Incremental Value	State Real Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	State BRAC Zone Revenues	County Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	Howard County BRAC Zone Revenues	Total BRAC Zone Revenues
1-Jan-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-15	15-Feb-16	103%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-16	15-Feb-17	106%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-17	15-Feb-18	109%	$71,005,527	($1,608,000)	$69,397,527	$0.112	$77,725	100%	$77,725	$1.014	$703,691	50%	$351,845	$429,571
1-Jan-18	15-Feb-19	113%	$73,125,541	($1,608,000)	$71,517,541	$0.112	$80,100	100%	$80,100	$1.014	$725,188	50%	$362,594	$442,694
1-Jan-19	15-Feb-20	116%	$75,309,156	($1,608,000)	$73,701,156	$0.112	$82,545	100%	$82,545	$1.014	$747,330	50%	$373,665	$456,210
1-Jan-20	15-Feb-21	119%	$78,177,024	($1,608,000)	$76,569,024	$0.112	$85,757	100%	$85,757	$1.014	$776,410	50%	$388,205	$473,962
1-Jan-21	15-Feb-22	123%	$80,512,494	($1,608,000)	$78,904,494	$0.112	$88,373	100%	$88,373	$1.014	$800,092	50%	$400,046	$488,419
1-Jan-22	15-Feb-23	127%	$82,918,028	($1,608,000)	$81,310,028	$0.112	$91,067	100%	$91,067	$1.014	$824,484	50%	$412,242	$503,309
1-Jan-23	15-Feb-24	130%	$85,395,728	($1,608,000)	$83,787,728	$0.112	$93,842	100%	$93,842	$1.014	$849,608	50%	$424,804	$518,646
1-Jan-24	15-Feb-25	134%	$87,947,759	($1,608,000)	$86,339,759	$0.112	$96,701	100%	$96,701	$1.014	$875,485	50%	$437,743	$534,443
1-Jan-25	15-Feb-26	138%	$90,576,351	($1,608,000)	$88,968,351	$0.112	$99,645	100%	$99,645	$1.014	$902,139	50%	$451,070	$550,714
1-Jan-26	15-Feb-27	143%	$93,283,800	($1,608,000)	$91,675,800	$0.112	$102,677	100%	$102,677	$1.014	$929,593	50%	$464,796	$567,473
1-Jan-27	15-Feb-28	147%	$96,072,473	($1,608,000)	$94,464,473	$0.112	$105,800	0%	$0	$1.014	$957,870	0%	$0	$0
1-Jan-28	15-Feb-29	151%	$98,944,806	($1,608,000)	$97,336,806	$0.112	$109,017	0%	$0	$1.014	$986,995	0%	$0	$0
1-Jan-29	15-Feb-30	156%	$101,903,310	($1,608,000)	$100,295,310	$0.112	$112,331	0%	$0	$1.014	$1,016,994	0%	$0	$0
1-Jan-30	15-Feb-31	160%	$104,950,568	($1,608,000)	$103,342,568	$0.112	$115,744	0%	$0	$1.014	$1,047,894	0%	$0	$0
1-Jan-31	15-Feb-32	165%	$108,089,244	($1,608,000)	$106,481,244	$0.112	$119,259	0%	$0	$1.014	$1,079,720	0%	$0	$0
1-Jan-32	15-Feb-33	170%	$111,322,081	($1,608,000)	$109,714,081	$0.112	$122,880	0%	$0	$1.014	$1,112,501	0%	$0	$0
1-Jan-33	15-Feb-34	175%	$114,651,902	($1,608,000)	$113,043,902	$0.112	$126,609	0%	$0	$1.014	$1,146,265	0%	$0	$0
1-Jan-34	15-Feb-35	181%	$118,081,618	($1,608,000)	$116,473,618	$0.112	$130,450	0%	$0	$1.014	$1,181,042	0%	$0	$0
1-Jan-35	15-Feb-36	186%	$121,614,226	($1,608,000)	$120,006,226	$0.112	$134,407	0%	$0	$1.014	$1,216,863	0%	$0	$0
1-Jan-36	15-Feb-37	192%	$125,252,812	($1,608,000)	$123,644,812	$0.112	$138,482	0%	$0	$1.014	$1,253,758	0%	$0	$0
1-Jan-37	15-Feb-38	197%	$129,000,555	($1,608,000)	$127,392,555	$0.112	$142,680	0%	$0	$1.014	$1,291,761	0%	$0	$0
1-Jan-38	15-Feb-39	203%	$132,860,731	($1,608,000)	$131,252,731	$0.112	$147,003	0%	$0	$1.014	$1,330,903	0%	$0	$0
1-Jan-39	15-Feb-40	209%	$136,836,712	($1,608,000)	$135,228,712	$0.112	$151,456	0%	$0	$1.014	$1,371,219	0%	$0	$0
1-Jan-40	15-Feb-41	216%	$140,931,972	($1,608,000)	$139,323,972	$0.112	$156,043	0%	$0	$1.014	$1,412,745	0%	$0	$0
1-Jan-41	15-Feb-42	222%	$145,150,090	($1,608,000)	$143,542,090	$0.112	$160,767	0%	$0	$1.014	$1,455,517	0%	$0	$0
1-Jan-42	15-Feb-43	229%	$149,494,752	($1,608,000)	$147,886,752	$0.112	$165,633	0%	$0	$1.014	$1,499,572	0%	$0	$0
1-Jan-43	15-Feb-44	236%	$153,969,754	($1,608,000)	$152,361,754	$0.112	$170,645	0%	$0	$1.014	$1,544,948	0%	$0	$0
Total							$3,207,639		$898,432		$29,040,585		$4,067,009	$4,965,441

MuniCap, Inc. *14-Feb-14*

[1]See Appendix D-V.

[2]Pursuant to the BRAC Revitalization and Incentive Zone Program, local jurisdictions receive payment of 100% of state real property tax increment on qualified properties and payment equal to 50% of the local jurisdictions real property tax increment on qualified properties for the 10-year life of the zone from the date the first property in the BRAC zone becomes a qualified property.

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Appendix J-IV (cont.): Debt Service Coverage With BRAC Zone Revenues (Scenario D)

Tax Year Beginning	Bond Year Ending	Projected Real Property Tax Increment[1]	Potential BRAC Zone Revenues[2]	Total Available Revenues	Debt Service[3]	Projected Surplus/ Deficit	Debt Service Coverage	BRAC Zone Revenue Assumed Applied to Current Year Debt Service	Percentage BRAC Zone Assumed Applied in Current Year	Shorfall After Application of BRAC Zone Revenue	Cumulative Shortfall	Surplus BRAC Zone Revenue	Cumulative BRAC Zone Surplus	Application of Surplus Revenue[4]	Adjusted Cumulative Surplus
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-16	15-Feb-17	$0	$0	$0	$227,139	($227,139)	NA	$0	0.0%	($227,139)	($227,139)	$0	$0	$0	$0
1-Jan-17	15-Feb-18	$700,172	$429,571	$1,129,743	$1,136,530	($6,787)	99.4%	$429,571	100.0%	($6,787)	($233,926)	$0	$0	$0	$0
1-Jan-18	15-Feb-19	$721,562	$442,694	$1,164,256	$1,161,736	$2,520	100.2%	$440,174	99.4%	$0	($233,926)	$2,520	$2,520	$0	$2,520
1-Jan-19	15-Feb-20	$743,593	$456,210	$1,199,803	$1,185,327	$14,476	101.2%	$441,734	96.8%	$0	($233,926)	$14,476	$16,996	$0	$16,996
1-Jan-20	15-Feb-21	$772,528	$473,962	$1,246,490	$1,207,304	$39,186	103.2%	$434,776	91.7%	$0	($233,926)	$39,186	$56,182	$0	$56,182
1-Jan-21	15-Feb-22	$796,091	$488,419	$1,284,510	$1,232,667	$51,843	104.2%	$436,576	89.4%	$0	($233,926)	$51,843	$108,025	$0	$108,025
1-Jan-22	15-Feb-23	$820,361	$503,309	$1,323,670	$1,256,091	$67,579	105.4%	$435,730	86.6%	$0	($233,926)	$67,579	$175,604	$0	$175,604
1-Jan-23	15-Feb-24	$845,360	$518,646	$1,364,006	$1,282,577	$81,428	106.3%	$437,218	84.3%	$0	($233,926)	$81,428	$257,032	$0	$257,032
1-Jan-24	15-Feb-25	$871,108	$534,443	$1,405,551	$1,306,800	$98,751	107.6%	$435,692	81.5%	$0	($233,926)	$98,751	$355,783	$0	$355,783
1-Jan-25	15-Feb-26	$897,628	$550,714	$1,448,342	$1,333,759	$114,583	108.6%	$436,131	79.2%	$0	($233,926)	$114,583	$470,366	$0	$470,366
1-Jan-26	15-Feb-27	$924,945	$567,473	$1,492,418	$1,358,131	$134,287	109.9%	$433,186	76.3%	$0	($233,926)	$134,287	$604,653	$0	$604,653
1-Jan-27	15-Feb-28	$953,080	$0	$953,080	$1,389,915	($436,835)	68.6%	$0	0.0%	($436,835)	($670,761)	$0	$604,653	$0	$604,653
1-Jan-28	15-Feb-29	$982,060	$0	$982,060	$1,413,462	($431,402)	69.5%	$0	0.0%	($431,402)	($1,102,162)	$0	$604,653	$0	$604,653
1-Jan-29	15-Feb-30	$1,011,909	$0	$1,011,909	$1,444,097	($432,187)	70.1%	$0	0.0%	($432,187)	($1,534,350)	$0	$604,653	$0	$604,653
1-Jan-30	15-Feb-31	$1,042,654	$0	$1,042,654	$1,471,170	($428,515)	70.9%	$0	0.0%	($428,515)	($1,962,865)	$0	$604,653	$0	$604,653
1-Jan-31	15-Feb-32	$1,074,321	$0	$1,074,321	$1,499,681	($425,360)	71.6%	$0	0.0%	($425,360)	($2,388,225)	$0	$604,653	$0	$604,653
1-Jan-32	15-Feb-33	$1,106,938	$0	$1,106,938	$1,529,306	($422,368)	72.4%	$0	0.0%	($422,368)	($2,810,593)	$0	$604,653	$0	$604,653
1-Jan-33	15-Feb-34	$1,140,534	$0	$1,140,534	$1,564,720	($424,186)	72.9%	$0	0.0%	($424,186)	($3,234,779)	$0	$604,653	$0	$604,653
1-Jan-34	15-Feb-35	$1,175,137	$0	$1,175,137	$1,595,274	($420,136)	73.7%	$0	0.0%	($420,136)	($3,654,916)	$0	$604,653	$0	$604,653
1-Jan-35	15-Feb-36	$1,210,779	$0	$1,210,779	$1,625,967	($415,188)	74.5%	$0	0.0%	($415,188)	($4,070,104)	$0	$604,653	$0	$604,653
1-Jan-36	15-Feb-37	$1,247,490	$0	$1,247,490	$1,656,474	($408,985)	75.3%	$0	0.0%	($408,985)	($4,479,088)	$0	$604,653	$0	$604,653
1-Jan-37	15-Feb-38	$1,285,302	$0	$1,285,302	$1,691,472	($406,171)	76.0%	$0	0.0%	($406,171)	($4,885,259)	$0	$604,653	$0	$604,653
1-Jan-38	15-Feb-39	$1,324,248	$0	$1,324,248	$1,725,311	($401,063)	76.8%	$0	0.0%	($401,063)	($5,286,322)	$0	$604,653	$0	$604,653
1-Jan-39	15-Feb-40	$1,364,363	$0	$1,364,363	$1,757,665	($393,302)	77.6%	$0	0.0%	($393,302)	($5,679,624)	$0	$604,653	$0	$604,653
1-Jan-40	15-Feb-41	$1,405,681	$0	$1,405,681	$1,793,210	($387,529)	78.4%	$0	0.0%	($387,529)	($6,067,153)	$0	$604,653	$0	$604,653
1-Jan-41	15-Feb-42	$1,448,239	$0	$1,448,239	$1,831,297	($383,058)	79.1%	$0	0.0%	($383,058)	($6,450,211)	$0	$604,653	$0	$604,653
1-Jan-42	15-Feb-43	$1,492,074	$0	$1,492,074	$1,866,276	($374,202)	79.9%	$0	0.0%	($374,202)	($6,824,413)	$0	$604,653	$0	$604,653
1-Jan-43	15-Feb-44	$1,537,223	$0	$1,537,223	$1,902,821	($365,598)	80.8%	$0	0.0%	($365,598)	($7,190,011)	$0	$604,653	$0	$604,653
Total		$28,895,382	$4,965,441	$33,860,823	$40,446,181	($6,585,358)		$4,360,788		($7,190,011)		$604,653		$0	

Total Debt Service Shortfalls from Tax Increment	($11,550,799)
BRAC Revenues Assumed Applied to Debt service	$4,360,788
Percentage of Total Projected BRAC Revenues Applied to Debt Service	87.8%
Percentage of Shortfall Cured	37.8%

MuniCap, Inc.

[1]See Appendix D-VI.
[2]See Appendix J-IV.
[3]See Appendix D-VI.
[4]Assumes surplus revenues are available to pay debt service in later years for the ten year life of the BRAC Zone. Assumes surplus revenues are not used to reimburse special taxes paid in prior years.

Annapolis Junction Town Center
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Appendix J-V: Projected BRAC Zone Revenues (Scenario E -- Assumes Full BRAC Zone Credit is Available)

						Maryland State BRAC Zone Revenues[2]				Howard County BRAC Zone Revenues[2]				
Tax Year Beginning	Bond Year Ending	Inflation Factor	Total Market Value[1]	Base Value[1]	Incremental Value	State Real Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	State BRAC Zone Revenues	County Property Tax Rate	Real Property Tax Increment Revenues	Percent Available	Howard County BRAC Zone Revenues	Total BRAC Zone Revenues
1-Jan-13	15-Feb-14	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-14	15-Feb-15	100%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-15	15-Feb-16	103%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-16	15-Feb-17	106%	$1,608,000	($1,608,000)	$0	$0.112	$0	0%	$0	$1.014	$0	0%	$0	$0
1-Jan-17	15-Feb-18	109%	$88,518,804	($1,608,000)	$86,910,804	$0.112	$97,340	100%	$97,340	$1.014	$881,276	50%	$440,638	$537,978
1-Jan-18	15-Feb-19	113%	$91,160,869	($1,608,000)	$89,552,869	$0.112	$100,299	100%	$100,299	$1.014	$908,066	50%	$454,033	$554,332
1-Jan-19	15-Feb-20	116%	$93,882,195	($1,608,000)	$92,274,195	$0.112	$103,347	100%	$103,347	$1.014	$935,660	50%	$467,830	$571,177
1-Jan-20	15-Feb-21	119%	$106,698,963	($1,608,000)	$105,090,963	$0.112	$117,702	100%	$117,702	$1.014	$1,065,622	50%	$532,811	$650,513
1-Jan-21	15-Feb-22	123%	$109,890,091	($1,608,000)	$108,282,091	$0.112	$121,276	100%	$121,276	$1.014	$1,097,980	50%	$548,990	$670,266
1-Jan-22	15-Feb-23	127%	$113,176,953	($1,608,000)	$111,568,953	$0.112	$124,957	100%	$124,957	$1.014	$1,131,309	50%	$565,655	$690,612
1-Jan-23	15-Feb-24	130%	$116,562,421	($1,608,000)	$114,954,421	$0.112	$128,749	100%	$128,749	$1.014	$1,165,638	50%	$582,819	$711,568
1-Jan-24	15-Feb-25	134%	$120,049,452	($1,608,000)	$118,441,452	$0.112	$132,654	100%	$132,654	$1.014	$1,200,996	50%	$600,498	$733,153
1-Jan-25	15-Feb-26	138%	$123,641,095	($1,608,000)	$122,033,095	$0.112	$136,677	100%	$136,677	$1.014	$1,237,416	50%	$618,708	$755,385
1-Jan-26	15-Feb-27	143%	$127,340,487	($1,608,000)	$125,732,487	$0.112	$140,820	100%	$140,820	$1.014	$1,274,927	50%	$637,464	$778,284
1-Jan-27	15-Feb-28	147%	$131,150,860	($1,608,000)	$129,542,860	$0.112	$145,088	0%	$0	$1.014	$1,313,565	0%	$0	$0
1-Jan-28	15-Feb-29	151%	$135,075,545	($1,608,000)	$133,467,545	$0.112	$149,484	0%	$0	$1.014	$1,353,361	0%	$0	$0
1-Jan-29	15-Feb-30	156%	$139,117,971	($1,608,000)	$137,509,971	$0.112	$154,011	0%	$0	$1.014	$1,394,351	0%	$0	$0
1-Jan-30	15-Feb-31	160%	$143,281,669	($1,608,000)	$141,673,669	$0.112	$158,675	0%	$0	$1.014	$1,436,571	0%	$0	$0
1-Jan-31	15-Feb-32	165%	$147,570,278	($1,608,000)	$145,962,278	$0.112	$163,478	0%	$0	$1.014	$1,480,057	0%	$0	$0
1-Jan-32	15-Feb-33	170%	$151,987,545	($1,608,000)	$150,379,545	$0.112	$168,425	0%	$0	$1.014	$1,524,849	0%	$0	$0
1-Jan-33	15-Feb-34	175%	$156,537,331	($1,608,000)	$154,929,331	$0.112	$173,521	0%	$0	$1.014	$1,570,983	0%	$0	$0
1-Jan-34	15-Feb-35	181%	$161,223,610	($1,608,000)	$159,615,610	$0.112	$178,769	0%	$0	$1.014	$1,618,502	0%	$0	$0
1-Jan-35	15-Feb-36	186%	$166,050,477	($1,608,000)	$164,442,477	$0.112	$184,176	0%	$0	$1.014	$1,667,447	0%	$0	$0
1-Jan-36	15-Feb-37	192%	$171,022,151	($1,608,000)	$169,414,151	$0.112	$189,744	0%	$0	$1.014	$1,717,859	0%	$0	$0
1-Jan-37	15-Feb-38	197%	$176,142,974	($1,608,000)	$174,534,974	$0.112	$195,479	0%	$0	$1.014	$1,769,785	0%	$0	$0
1-Jan-38	15-Feb-39	203%	$181,417,422	($1,608,000)	$179,809,422	$0.112	$201,387	0%	$0	$1.014	$1,823,268	0%	$0	$0
1-Jan-39	15-Feb-40	209%	$186,850,104	($1,608,000)	$185,242,104	$0.112	$207,471	0%	$0	$1.014	$1,878,355	0%	$0	$0
1-Jan-40	15-Feb-41	216%	$192,445,766	($1,608,000)	$190,837,766	$0.112	$213,738	0%	$0	$1.014	$1,935,095	0%	$0	$0
1-Jan-41	15-Feb-42	222%	$198,209,298	($1,608,000)	$196,601,298	$0.112	$220,193	0%	$0	$1.014	$1,993,537	0%	$0	$0
1-Jan-42	15-Feb-43	229%	$204,145,736	($1,608,000)	$202,537,736	$0.112	$226,842	0%	$0	$1.014	$2,053,733	0%	$0	$0
1-Jan-43	15-Feb-44	236%	$210,260,268	($1,608,000)	$208,652,268	$0.112	$233,691	0%	$0	$1.014	$2,115,734	0%	$0	$0
Total							$4,367,994		$1,203,822		$39,545,943		$5,449,446	$6,653,268

MuniCap, Inc. *14-Feb-14*

[1]See Appendix E-V.

[2]Pursuant to the BRAC Revitalization and Incentive Zone Program, local jurisdictions receive payment of 100% of state real property tax increment on qualified properties and payment equal to 50% of the local jurisdictions real property tax increment on qualified properties for the 10-year life of the zone from the date the first property in the BRAC zone becomes a qualified property.

Annapolis Junction Town Center
Howard County, Maryland

Appendix J-V (cont.): Debt Service Coverage With BRAC Zone Revenues (Scenario E)

Tax Year Beginning	Bond Year Ending	Projected Real Property Tax Increment[1]	Potential BRAC Zone Revenues[2]	Total Available Revenues	Debt Service[3]	Projected Surplus/ Deficit	Debt Service Coverage	BRAC Zone Revenue Assumed Applied to Current Year Debt Service	Percentage BRAC Zone Assumed Applied in Current Year	Shorfall After Application of BRAC Zone Revenue	Cumulative Shortfall	Surplus BRAC Zone Revenue	Cumulative BRAC Zone Surplus	Application of Surplus Revenue[4]	Adjusted Cumulative Surplus
1-Jan-13	15-Feb-14	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-14	15-Feb-15	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-15	15-Feb-16	$0	$0	$0	$0	$0	NA	$0	0.0%	$0	$0	$0	$0	$0	$0
1-Jan-16	15-Feb-17	$0	$0	$0	$227,139	($227,139)	NA	$0	0.0%	($227,139)	($227,139)	$0	$0	$0	$0
1-Jan-17	15-Feb-18	$876,869	$537,978	$1,414,847	$1,136,530	$278,317	124.5%	$259,661	48.3%	$0	($227,139)	$278,317	$278,317	$0	$278,317
1-Jan-18	15-Feb-19	$903,526	$554,332	$1,457,858	$1,161,736	$296,122	125.5%	$258,210	46.6%	$0	($227,139)	$296,122	$574,439	$0	$574,439
1-Jan-19	15-Feb-20	$930,982	$571,177	$1,502,159	$1,185,327	$316,832	126.7%	$254,345	44.5%	$0	($227,139)	$316,832	$891,271	$0	$891,271
1-Jan-20	15-Feb-21	$1,060,294	$650,513	$1,710,807	$1,207,304	$503,503	141.7%	$147,010	22.6%	$0	($227,139)	$503,503	$1,394,775	$0	$1,394,775
1-Jan-21	15-Feb-22	$1,092,491	$670,266	$1,762,757	$1,232,667	$530,090	143.0%	$140,177	20.9%	$0	($227,139)	$530,090	$1,924,864	$0	$1,924,864
1-Jan-22	15-Feb-23	$1,125,653	$690,612	$1,816,264	$1,256,091	$560,173	144.6%	$130,439	18.9%	$0	($227,139)	$560,173	$2,485,037	$0	$2,485,037
1-Jan-23	15-Feb-24	$1,159,810	$711,568	$1,871,377	$1,282,577	$588,800	145.9%	$122,768	17.3%	$0	($227,139)	$588,800	$3,073,837	$0	$3,073,837
1-Jan-24	15-Feb-25	$1,194,991	$733,153	$1,928,144	$1,306,800	$621,344	147.5%	$111,809	15.3%	$0	($227,139)	$621,344	$3,695,181	$0	$3,695,181
1-Jan-25	15-Feb-26	$1,231,229	$755,385	$1,986,613	$1,333,759	$652,854	148.9%	$102,531	13.6%	$0	($227,139)	$652,854	$4,348,035	$0	$4,348,035
1-Jan-26	15-Feb-27	$1,268,553	$778,284	$2,046,837	$1,358,131	$688,706	150.7%	$89,578	11.5%	$0	($227,139)	$688,706	$5,036,741	$0	$5,036,741
1-Jan-27	15-Feb-28	$1,306,997	$0	$1,306,997	$1,389,915	($82,918)	94.0%	$0	0.0%	($82,918)	($310,057)	$0	$5,036,741	$0	$5,036,741
1-Jan-28	15-Feb-29	$1,346,594	$0	$1,346,594	$1,413,462	($66,868)	95.3%	$0	0.0%	($66,868)	($376,925)	$0	$5,036,741	$0	$5,036,741
1-Jan-29	15-Feb-30	$1,387,379	$0	$1,387,379	$1,444,097	($56,717)	96.1%	$0	0.0%	($56,717)	($433,643)	$0	$5,036,741	$0	$5,036,741
1-Jan-30	15-Feb-31	$1,429,388	$0	$1,429,388	$1,471,170	($41,781)	97.2%	$0	0.0%	($41,781)	($475,424)	$0	$5,036,741	$0	$5,036,741
1-Jan-31	15-Feb-32	$1,472,657	$0	$1,472,657	$1,499,681	($27,024)	98.2%	$0	0.0%	($27,024)	($502,448)	$0	$5,036,741	$0	$5,036,741
1-Jan-32	15-Feb-33	$1,517,224	$0	$1,517,224	$1,529,306	($12,082)	99.2%	$0	0.0%	($12,082)	($514,530)	$0	$5,036,741	$0	$5,036,741
1-Jan-33	15-Feb-34	$1,563,128	$0	$1,563,128	$1,564,720	($1,592)	99.9%	$0	0.0%	($1,592)	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-34	15-Feb-35	$1,610,410	$0	$1,610,410	$1,595,274	$15,136	100.9%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-35	15-Feb-36	$1,659,109	$0	$1,659,109	$1,625,967	$33,143	102.0%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-36	15-Feb-37	$1,709,270	$0	$1,709,270	$1,656,474	$52,796	103.2%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-37	15-Feb-38	$1,760,936	$0	$1,760,936	$1,691,472	$69,463	104.1%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-38	15-Feb-39	$1,814,151	$0	$1,814,151	$1,725,311	$88,840	105.1%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-39	15-Feb-40	$1,868,963	$0	$1,868,963	$1,757,665	$111,298	106.3%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-40	15-Feb-41	$1,925,419	$0	$1,925,419	$1,793,210	$132,209	107.4%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-41	15-Feb-42	$1,983,569	$0	$1,983,569	$1,831,297	$152,272	108.3%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-42	15-Feb-43	$2,043,464	$0	$2,043,464	$1,866,276	$177,188	109.5%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
1-Jan-43	15-Feb-44	$2,105,155	$0	$2,105,155	$1,902,821	$202,334	110.6%	$0	0.0%	$0	($516,121)	$0	$5,036,741	$0	$5,036,741
Total		$39,348,213	$6,653,268	$46,001,481	$40,446,181	$5,555,300		$1,616,527		($516,121)		$5,036,741		$0	

Total Debt Service Shortfalls from Tax Increment	($2,132,648)
BRAC Revenues Assumed Applied to Debt service	$1,616,527
Percentage of Total Projected BRAC Revenues Applied to Debt Service	24.3%
Percentage of Shortfall Cured	75.8%

MuniCap, Inc.

[1]See Appendix E-VI.
[2]See Appendix J-V.
[3]See Appendix J-VI.
[4]Assumes surplus revenues are available to pay debt service in later years for the ten year life of the BRAC Zone. Assumes surplus revenues are not used to reimburse special taxes paid in prior years.

APPENDIX D

Engineer's Report

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ENGINEER'S REPORT

ANNAPOLIS JUNCTION TOWN CENTER DEVELOPMENT DISTRICT and SPECIAL TAXING DISTRICT

Prepared for:

Stifel, Nicolaus & Company, Inc.
18 West Street
Annapolis, MD 21401

Prepared By:
Gutschick, Little & Weber, P.A.
3909 National Drive - Suite 250
Burtonsville, Maryland 20866

Final – October 3, 2013
(Updated February 12, 2014)

I. INTRODUCTION

a. Purpose and Scope of Report

Gutschick, Little & Weber, P.A., has been engaged by Stifel, Nicolaus & Company to provide information about the property that makes up the Annapolis Junction Town Center ("AJTC") project, and more specifically, the AJTC Special Taxing and Development District ("District"). The development entity will be Annapolis Junction Town Center, LLC ("Developer"). This report will be made part of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum (collectively, the "Offering Document") to be used in conjunction with the sale of bonds to be issued by Howard County, Maryland to finance certain public infrastructure improvements for the District. The Offering Document will be provided to potential purchasers of the bonds. This report includes the following information:

- Property description including the terrain and physical characteristics
- Development under current zoning
- Proposed development program
- Description of governmental review and approval process
- Current status of review process
- Description of public infrastructure improvements funded by the bond proceeds
- Public infrastructure improvement construction cost estimates
- Public infrastructure improvement construction schedule

b. Sources of Information

Where possible, this report provides first-hand knowledge of Gutschick, Little & Weber, PA as a provider of civil engineering services. Where another entity's information is presented, that entity is referenced and the information has either been verified or we have reason to believe it is true and accurate.

c. General Location of Project

The subject property is located in southeastern Howard County, Maryland and encompasses approximately 18.8 acres. The project is triangular in shape, being bounded by Dorsey Run Road on the west, Henkels Lane on the northeast, and the CSX rail property on the south. The property uses surrounding the District are non-residential in nature, being made up of flex, warehouse, light manufacturing, and office uses. Maryland Route 32, a major east-west thoroughfare providing access to the site by way of the Dorsey Run Road interchange, is several hundred feet to the north. (See Exhibit "A" - Vicinity Map)

d. Current Property Ownership and Uses

The District is 18.8± acres, and is currently made up of three properties:

- The Maryland Transit Administration ("MTA") owns a 12.73 acre parcel a portion of which will be transferred to the Developer as described below in, "e. Projected Real Estate Process", and which is currently the location of the Savage MARC Commuter Rail Station and related paved surface parking for nearly 1,000 vehicles.
- Boise Maryland Business Trust ("Boise") owns a 5.96 acre parcel which was formerly the site of a Boise Cascade rail-served lumber distribution and storage yard that Boise closed and shuttered approximately two years ago. Boise is expected to transfer this parcel to the Developer prior to the issuance of the bonds.
- Howard County owns a 0.16 acre portion of Dorsey Run Road Right-of-Way at the entrance to the MARC parking lot. The Howard County Council approved a Resolution on July 1, 2013 to transfer the 0.16 acre area to the Developer.

(See Exhibit "B" - Annapolis Junction Town Center Development District and Special Taxing District)

e. Projected Real Estate Process

The Developer has executed a contract of sale with Boise and will acquire the Boise property prior to plat recordation and the issuance of the bonds. A portion of the MTA property will be acquired by the Developer from the State pursuant to an amended private/public partnership development agreement with the State (the "MDA"). Those amendments were approved by the Maryland Board of Public Works on July 3, 2013. In accordance with the amended agreement, the State will convey to the Developer approximately 9.3 of the 12.7 acre MTA parcel. On the 3.4 acres retained by the State, the Developer will construct various public infrastructure improvements with the bond proceeds, including a public commuter garage as more fully described below, and related infrastructure. On the 3.4 acre MTA parcel, MTA will own and operate the public commuter garage for the MARC Station. The 9.3 acres conveyed to the Developer by the State will be combined with the 5.96 acre Boise property and the 0.16 acres from Howard County resulting in an assemblage of approximately 15.4 acres owned by the Developer on which will be developed the remaining uses as defined in, f. Development Overview, below.

f. Development Overview

Annapolis Junction Town Center is a proposed mixed use, but predominately multifamily rental apartment project, that will be developed in accordance with the Transit Oriented Development ("TOD") zoning regulations of Howard County. The proposed development program consists of the following principal improvements:

- An approximately 700 car public commuter garage capable of being expanded in the future to accommodate approximately 1,000 cars
- 416 unit four and five story luxury apartment building with an internal 624 car parking garage, designed LEED Silver
- 100,000 square foot ("sf"), four-story Class "A" office building, designed LEED Silver
- 150 room limited service hotel
- 14,000 sf retail building
- 3,200 sf bank with drive-thru
- 250 sf kiosk for a coffee shop or similar use
- 400 car two-level private parking garage for commercial uses

In addition to the above principal uses, the development will include an abundance of landscaping and hardscaping improvements, paved surface parking, an internal public street, storm water management facilities, extensions of public water and sewer, and access to high speed and dedicated fiber.

(See Exhibit "C" - Conceptual Site Plan)

g. CSX/MARC Camden Line Improvements

The State of Maryland has been working towards enhancing commuter rail service by, among other things, installing a third track as part of the commuter line track capacity improvements for the Camden Line – one of two State commuter rail systems and set of stations providing service between Baltimore and Washington, D.C. that includes the Savage MARC Station. The Camden Line is presently comprised of two tracks. The third track improvement is one of a number of improvements included in the MARC Growth and Investment Plan that was adopted by the State in 2007. It is a phased plan with intermediate completion dates of the four phases that make up the plan with completion dates of these phases being 2010, 2015, 2020 and a long range phase ending in 2035. Each phase has a defined scope of improvements which include but are not limited to a combination of track, station, rail coach, locomotive and maintenance and shop improvements. At build out in 2035, the new third track will also extend between Baltimore and Washington, D.C., as the existing two track system does presently. The

Developer has and is continuing to work closely with CSX and its engineers to assure a well coordinated effort with the AJTC project and related Camden Line improvements. The first phase of the third track and related improvements adjacent to AJTC project presently under construction is scheduled to be completed by the end of third quarter 2014.

(See Exhibit "D" – MARC Growth & Investment Plan Camden Line Summary)

II. THE DISTRICT

a. Terrain and Physical Characteristics

The site is roughly triangular, with much of the surface covered with paving. There are currently two access points into the MTA parking area, one opposite Junction Drive, and the other along Henkels Lane. The Boise property has a single access along Henkels Lane. There is a small patch of trees along part of Henkels Lane and another along Dorsey Run Road between Junction Drive and the rail overpass.

The high point is at the intersection of Dorsey Run Road and Henkels Lane. Both roads gradually descend from this intersection, with Dorsey Run Road rising again to pass over the rail lines. The site generally slopes downward towards the CSX property, falling approx. 40' from the Dorsey Run/Henkels intersection. There is a drainage channel that runs along the tracks, conveying the site's drainage to a large railroad culvert west of Dorsey Run Road. The MARC third track project presently under construction will improve this drainage channel.

b. Regulated Wetlands and Water Bodies

According to McCarthy & Associates, a firm with extensive wetlands expertise, and the findings of both State and Federal agencies, there are no wetlands or regulated streams within the project. The findings of McCarthy & Associates are presented in a letter addressed to the Howard County's Department of Planning and Zoning dated January 28, 2013. There are no 100-year floodplains on the properties. There is a State owned and maintained storm water management facility serving the existing surface MTA parking lot.

c. Environmental Assessment Summary of the State Property

On October 5, 2006, Hillis-Carnes Engineering Associates, Inc. ("Hillis-Carnes") prepared a Phase I Environmental Site Assessment ("ESA") on the State property. Hillis-Carnes concluded that no recognized environmental conditions were identified in association with the site. Based upon the findings, Hillis-Carnes' opinion was that additional environmental investigation of the site did not appear to be warranted.

On October 26, 2007, Environmental Resources Management, Inc. ("ERM") prepared a Phase II Environmental Site Assessment on the State property. The Phase II ESA was prepared for Petrie Ross Ventures, LLC. ERM expressed the opinion that current soil and groundwater conditions at the site did not pose an unacceptable risk under future residential land use and no further investigation was warranted.

d. Environmental Assessment Summary of the Boise Cascade Property

In August of 2009, Kleinfelder East, Inc. ("Kleinfelder") completed a Phase I Environmental Site Assessment on the Boise Cascade property. The Phase I ESA was submitted to the Maryland Department of the Environment ("MDE") with the Voluntary Cleanup Program ("VCP") Application.

In January 2010, Andrew Garte & Associates, Inc., on behalf of a prospective purchaser of the Boise Cascade property, completed a limited Phase II ESA of the site that included collection of soil and groundwater samples. Sample results identified petroleum-related compounds and polycyclic aromatic hydrocarbons ("PAHs") in soil and groundwater, and metals (arsenic, chromium, and mercury) in soil.

On October 1, 2010, Kleinfelder completed a Phase II Environmental Site Assessment at the Boise Cascade property.

On January 11, 2011, Boise Cascade submitted notice to the MDE indicating its intent to participate in the VCP. By letter dated February 2, 2011, the MDE notified Boise Cascade of its acceptance in the VCP under commercial use. Kleinfelder, on behalf of Boise Cascade, submitted a Response Action Plan ("RAP") to the VCP dated April 12, 2012. Four areas were designated specifically within the site to be addressed by the RAP: (1) the soil within the area of one of the monitoring wells; (2) the concrete vault located near the Northeast corner of one of the existing buildings; (3) the potable well located near the corner of one of the buildings; and (4) the rail spur extending on-site from the Southwest corner of the property. The proposed remediation techniques included, but were not limited to, excavation of soil, removal of the underground concrete vault, abandonment of the potable well, excavation of soil within the area of the rail spur, a designation of Commercial Tier 2B for the property for future use, and institutional controls prohibiting future groundwater use at the site.

On May 7, 2013, MDE issued a Certificate of Completion for the VCP. MDE certified that Boise Cascade demonstrated that implementation of the approved RAP achieved the applicable cleanup criteria at the property. The Certificate of Completion was conditioned on the future use of the property as restricted commercial Tier 2B purposes and restricted industrial Tier 3B purposes. In addition, the following use requirements were required under the Certificate of Completion: (1) no use of the groundwater beneath the property for any purpose; and (2) no excavated material from the property shall be disposed of in areas with current or proposed residential use of zoning.

The Developer has engaged the services of Hillis-Carnes as well as Geotechnical Associates, Inc. to provide continuing technical environmental-related services on the project

e. Geotechnical Assessment

The geotechnical investigations by Hillis-Carnes did not discover any unusual problems. They concluded in a report dated October 26, 2006 that the on-site soils were suitable for roadway, utility and building construction. Based on our numerous site visits during 2013, the property has remained undisturbed since the time of the preparation of the report.

III. <u>DEVELOPMENT PROCESS, APPROVALS & PERMITS</u>

a. Zoning Requirements

The project is zoned Transit Oriented Development ("TOD") per the Howard County Zoning Map. The TOD regulations are meant to allow a development to be designed with a variety of uses, all within the context of rail and other transit availability. Uses permitted as a matter of right within a TOD zoned property include the following:

1. Ambulatory health care facilities, including pharmacies incidental to these uses.
2. Athletic centers, health clubs, tennis clubs, and similar uses.
3. Biomedical laboratories.
4. Commercial communication antennas.
5. Conservation areas, including wildlife and forest preserves, environmental management areas, reforestation areas, and similar uses.
6. Data processing and telecommunication centers.

7. Dwellings, apartment, only within developments encompassing at least 3 gross acres of TOD-zoned land within a Route 1 Corridor development project.
8. Dwellings, single-family attached, only within a Route 1 Corridor Development Project encompassing at least 50 acres, not to exceed thirty (30) percent of the total number of dwelling units within the project and further subject to the requirement that such dwellings not occupy more than forty (40) percent of the residential development area within the project.
9. Flex space.
10. Government structures, facilities and uses, including public schools and colleges.
11. Horse racetrack facilities.
12. Hotels, motels, country inns and conference centers.
13. Offices, professional and business.
14. Parking facilities that serve adjacent off-site
15. Research and development establishments.
16. Restaurants, carryout, including incidental delivery services.
17. Restaurants, standard, and beverage establishments, including those serving beer, wine and liquor for consumption on premises only.
18. Schools, commercial, limited to business schools and trade schools.
19. Schools, private academic, including colleges and universities.
20. Underground pipelines; electric transmission and distribution lines; telephone, telegraph and CATV lines; mobile transformer units; telephone equipment boxes; and other similar public utility uses not requiring a conditional use.
21. Volunteer fire departments.

The following commercial uses are permitted in a TOD zoned property as a matter of right in any building or parking structure having multiple stories or in a single-story building or parking structure having a minimum height of 20 feet. (One-story commercial uses are limited to a maximum of 20,000 square feet of total building area.)

1. Banks, savings and loan associations, investment companies, credit bureaus, brokers, and similar financial institutions without a drive-through, except that single lane drive-through service shall be permitted provided that there shall be no portion of drive through service visible from a public road.
2. Blueprinting, printing, duplicating or engraving services.
3. Child day care centers and nursery schools.
4. Laundry and dry cleaning establishments without delivery services.
5. Personal service establishments such as barber and beauty shops, opticians, photographers, tailors.
6. Pizza delivery services and other services for off-site delivery of prepared food.

7. Restaurants, fast food without a drive-through.
8. Retail establishments, limited to convenience stores, food stores, drug and cosmetic stores, liquor stores and specialty stores.
9. Service agencies, such as real estate agencies, insurance and financial services, security services, messenger services, computer services, travel agencies, and mailing services.

In December 2012, and again as part of the Comprehensive Rezoning approved in July 2013, the Zoning Board of Howard County made several changes to the TOD regulations (ZRA 140). The proposed development of the AJTC project meets those amended regulations and thus can be constructed under the currently existing zoning requirements and TOD regulations:

Regulation	AJTC Compliance with Regulations
Minimum Project Size to Allow Apartments = 3 acres	18.8 acres
Residential Limited to 50% of site	7.4 acres (39%)
Maximum Freestanding Retail Floor Area 20,000 sf	17,450 sf
Maximum Building Height = 60 feet	59’- 2”
Minimum Height of Freestanding Retail = 20 feet	20 feet
Minimum Setback of Principal Structures from Public Roads = 10 feet	10 feet
Minimum Amenity Space = 10%	10.4%

b. Affordable Housing Units

Howard County has adopted a Moderate Income Housing Unit (“MIHU”) program which is an inclusionary zoning program requiring developers of certain new housing projects to sell or rent a portion of the dwelling units to households of moderate income as defined by the county program. The requirement for AJTC is 15% of its 416 rental apartment units, representing 63 total units. Howard County has approved an alternative compliance option for the project which will require 32 of the 416 rental units to be designated as MIHU with the balance of the obligation being met through a contribution by the Developer to an offsite affordable housing project to be designated by the Howard County. The onsite Howard County approved MIHU program is to be self administered by the Developer.

c. Parking

Adequate parking is being provided in several ways:

- The public commuter garage will accommodate approximately 700 cars pursuant to the agreement with the State. It will be designed and built to accommodate a future expansion to 1,000 cars. Any future expansion would be undertaken by the State at its expense.
- The apartment building wraps around a dedicated parking structure, sized to meet the needs of the residential tenants. Based on the Developer's considerable experience with the parking needs for this type of use, a parking study dated March 28, 2013 prepared by the Traffic Group, a noted expert in the areas of transportation engineering and parking, was presented to the Department of Planning & Zoning for approval as part of the site plan review process. In their report the Traffic Group concluded that the parking ratios proposed by the Developer more than meet general market and ULI requirements.
- The commercial (hotel, office & retail) uses are accommodated by a combination of on-street, surface, and parking structure spaces. The proposed uses tend to be off-peak from each other, and the amount of total commercial parking will be in excess of the required number.

In our opinion, the proposed parking in the District is sufficient to serve a development of the size and nature of Annapolis Junction Town Center.

d. Howard County Approval Process

The site has Sketch Plan approval dating back to November 26, 2007, when the project was first proposed on only the MTA property. A plat was recorded on August 28, 2008, reflecting the land plan at that time.

Over the last two years, the project was revised to include the Boise property, while proposing the same basic development program. Howard County officials acknowledged the improvement to the design with the additional acreage and allowed the development process to resume where it had previously left off. For this type of project the next step is the combination of concurrent plan submittals including the Resubdivision Plat, Public Road Construction Plans, Public Water & Sewer Plans, and the Site Development Plan.

As of the date of this report, the Public Road Construction Plans and the Public Water & Sewer Plans have been fully approved and signed by the Howard County. The Resubdivision Plat and the Site Development Plan have been approved and determined to be “Technically Complete” by Howard County. “Technically Complete” is a defined

Howard County term meaning that the documents require no further action other than both the Resubdivision Plat and Site Development Plan being signed by the Director of Planning and Zoning and the Resubdivision Plat being recorded. The signing of the documents and the recordation of the Resubdivsion Plat shall occur prior to or at closing on the 2014 Bonds and as more fully described below.

The project processing is now in the developer agreement phase. Howard County has prepared the development agreements and other related documentation and has forwarded them to the Developer for their review and execution. The Developer will deliver the executed development agreements and other required County documents including the required fees and sureties back to the County. Once all the documents are accepted, the Resubdivision Plat and Site Development Plan will be submitted for signature. After the plat is signed and recorded, the Site Development Plan will be signed by the County. Upon the signing of the Site Development Plans the Developer may make application for its grading and building permits. The County has already waived the requirement for the execution of the Site Development Plans as being a condition precedent to the initial filing for the building permit for the commuter parking garage. No additional public meetings or hearings are required as part of the Howard County approval process.

The construction of the public commuter garage requires a Howard County building permit. The Howard County Department of Inspections, Licenses & Permits ("DILP") has reviewed the construction plans for the garage. Per DILP's letter to the Developer's architect dated January 24, 2014, the building permit has been approved by the Plan Review Division of DILP. Once the site plan has been signed by Howard County as described above, the building permit for the public commuter garage will be issued by DILP in accordance with their standard administrative processing.

All Howard County approvals have been acquired that are conditions precedent for the posting of bonds and issuance of permits for the construction of the public commuter garage and all project infrastructure improvements.

e. Howard County Building Permit Process

Building permits for the construction and occupancy of the proposed commuter parking garage, apartments, retail, hotel and office are an administrative process in Howard County, following the approval of the project's Public Road Construction Plans, Public Water & Sewer Plans, the Site Development Plan, and the recordation of the Resubdivision Plat (collectively the "Land Use Plans"). All of the Land Use Plans have been approved by Howard County. The issuance of building permits for the approved uses is "by right", subject to the approval of the building plans by DILP and conformance to the Site Development Plan. Building Permits are not subject to any public process or hearing and the process to acquire Building Permits, especially for the public commuter garage, will not adversely impact the Developer's proposed construction schedule

f. State of Maryland Permit Process

There are two state permits required for the project. The first is for the relocation of the existing sewer force main. This permit was issued by MDE on September 10, 2013.

The other state permit is the National Pollutant Discharge Elimination System ("NPDES") permit which is obtained by filing a Notice of Intent application. This process is administrative. The purpose of the NPDES process is to control all discharges of pollutants from point sources into the waterways of the United States. Point sources of pollution include industries, municipal wastewater treatment plans, sanitary landfills, agricultural lots and return irrigation flows. In the case of Annapolis Junction Town Center, the permit will be issued based on acceptable measures for the control of construction site runoff and post-construction runoff. The permit is expected to be issued prior to or at the closing on the 2014 Bonds.

IV. PROJECT INFRASTRUCTURE

a. General Infrastructure Requirements

The improvements required on-site are typical of those for a private development in Howard County. The Developer must provide all the infrastructure, including sediment controls, clearing, grading, storm water management, drainage, potable water, sewage, gas, electric, phone, roadways, parking, sidewalks, landscaping, amenities, lighting, and signage.

b. Public Infrastructure to be Built with Bond Proceeds

In accordance with the agreements between the Developer, State and County, certain improvements are to be financed by the proceeds from the bond sale. These items include:

- The public commuter garage
- Components of the pedestrian bridge from the commuter garage to the northbound platform of the MARC Station
- Widening of Dorsey Run Road
- Widening of Henkels Lane

- New public road through site (Junction Drive)
- Public water and sewer, storm water management and storm drain conveyance systems

In our opinion the public infrastructure to be financed with the bond proceeds is sufficient to serve a development of the size and nature of Annapolis Junction Town Center.

V. PUBLIC INFRASTRUCTURE CONSTRUCTION COSTS

The below budget estimates for the public infrastructure were provided by the general contractor which includes, among other things, input of pricing from various subcontractors, vendors and suppliers. These estimates include subcontractor and specialty trade work, survey layout, contractor's general conditions, overhead and fee. The estimates do not include design fees, entitlement and review fees, developer fees, financing costs, legal fees, permit fees and testing/inspection fees.

Public Commuter Garage and Base Infrastructure Improvements	$9,019,130
Howard County Public Improvements	$3,293,309
Pedestrian Bridge to MARC Platform	$906,343[1]
Total	$13,218,782

Public Commuter Garage and Base Infrastructure Improvements include the costs for the construction of the State owned Savage MARC station public commuter garage and supporting public water, sewer, storm drainage, storm water management, public road connections, landscaping and associated erosion and sediment controls and grading. Howard County Public Improvements consist of the costs for the construction of Howard County owned and maintained public infrastructure supporting the development of Annapolis Junction Town Center and generally consisting of public water and sewer, public roads, public storm drainage, public storm water management facilities, public sewer lift station improvements, landscaping and associated grading and erosion and sediment controls. The Pedestrian Bridge to the MARC Platform include costs to furnish and install an elevated steel pedestrian bridge and related improvements to provide pedestrian access between the new State owned Savage MARC station public commuter garage and the existing at-grade commuter rail platforms.

[1] The Developer in accordance with the MDA, is responsible for the first $400,000 of the costs of the Pedestrian Bridge. The State of Maryland per the MDA is responsible to fund all additional costs in excess of $400,000.

We have reviewed the public infrastructure costs and we believe them to be sufficient and reasonable for a development of the size and nature of Annapolis Junction Town Center.

VI. PUBLIC INFRASTRUCTURE CONSTRUCTION SCHEDULE

Once permits are acquired and all conditions precedent to groundbreaking are met:

- Site Preparation Prior to Starting Commuter Garage 2 Months
- Construct Public Parking Garage and Open to Public 7 Months
- Following Garage Opening, Construction of Public Road and Public Utilities 9 Months

APPENDIX E

Rate and Method of Apportionment of Special Taxes

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HOWARD COUNTY, MARYLAND
ANNAPOLIS JUNCTION TOWN CENTER SPECIAL TAXING DISTRICT

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

A Special Tax is hereby levied and shall be collected in the Annapolis Junction Town Center Special Taxing District (the "District") each Fiscal Year, beginning with the Commencement Date and continuing until the Termination Date, in an amount equal to the Maximum Special Tax as determined by the procedures described below. All of the real and personal property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms used herein shall have the following meanings:

"Act" means Md. Art. 24 Code Annot., Section 9-1301, *et seq.*, as amended from time to time.

"Adjusted Maximum Special Tax" means the Special Tax determined in accordance with Section B.2.

"Administrative Expenses" means any or all of the following: the fees and expenses of any fiscal agent or trustee employed by the County in connection with any Bonds; the expenses of the County in carrying out its respective duties under the Indenture of Trust, including, but not limited to, levying and collecting the Special Tax and complying with arbitrage rebate requirements and obligated persons disclosure requirements associated with applicable federal and state securities law, including the costs of any employees of the County and fees of any professionals retained by the County to provide services for such purposes; and all other costs and expenses of the County, Trustee, or Administrator incurred in connection with the discharge of their respective duties under the Indenture of Trust, as applicable, including legal expenses associated with such duties, and, in the case of the County, in any way related to the administration of the District.

"Administrator" means the designee of the Director of Finance for purposes of estimating the annual Special Tax Requirement and the Special Tax to be levied each Fiscal Year and for providing other services as required herein or by the Indenture of Trust.

"Bond Year" shall have the meaning given to such term in the Indenture of Trust.

"Bonds" means any bonds or other debt, including refunding bonds, whether in one or more series, issued for the District by the County pursuant to the Act.

"Building Square Footage" or "BSF" means the actual, or for property not yet developed, the estimated, building area either rented or directly used in the production of income (not including area within a parking garage) as shown on the building permit, architectural plans or other available documents, as estimated by the Administrator.

"Commencement Date" means the first Fiscal Year in which Special Taxes are levied and may be collected, which shall be the first Fiscal Year after the issuance of the Bonds.

"County" means Howard County, Maryland, and any authorized designee of the County for the purposes of implementing this Rate and Method of Apportionment of Special Taxes.

"Director of Finance" means the official of the County who is the director of finance or other comparable officer of the County or designee thereof.

"Equivalent Unit Factors" means the following factors for each class of property:

Residential Property	1.00 per dwelling unit
Retail Property	1.10 per 1,000 BSF
Retail Pad Site Property	3.23 per 1,000 BSF
Office Property	1.68 per 1,000 BSF
Hotel Property	0.75 per rentable room

"Equivalent Units" means the Equivalent Unit Factor for Residential Property, Retail Property, Retail Pad Site Property, Office Property, and Hotel Property multiplied by the number of dwelling units of Residential Property, per 1,000 square feet of Building Square Footage for Retail Property, Retail Pad Site Property, or Office Property, and per hotel room for Hotel Property, respectively. Property shall be classified based on the class most similar to the use of the property. The computation of the Equivalent Units for each Parcel shall be based on the information available regarding the use of the Parcel, which may include acreage and reasonable density ratios, and such computation by the County shall be conclusive as long as there is a reasonable basis for such determination.

"Fiscal Year" means the period starting any July 1 and ending on the following June 30.

"Hotel Property" means property used or intended for use as hotel facilities, including any ancillary space thereto.

"Indenture of Trust" means the indenture of trust relating to the Bonds, as modified, amended and/or supplemented from time to time.

"Maximum Special Tax" means the Special Tax determined in accordance with Section B.1.

"Office Property" means property used or intended for use primarily as office facilities.

"Owner Association Property" means, for any Fiscal Year, any real property within the boundaries of the District that is owned by or irrevocably offered for dedication to a property owner's association and available for use in common by the property owners.

"Parcel" means a lot or parcel of real property within the District with a parcel number assigned by the Supervisor or property otherwise designated as a parcel by the County.

"Proportionately" means that the ratio of the Special Tax to be collected as a percent of the Adjusted Maximum Special Tax is equal for each Parcel (excluding those Parcels for which the Adjusted Maximum Special Tax is zero).

"Public Improvements" means those public improvements the County has authorized to be constructed for the benefit of the District and funded by the Bonds.

"Public Property" means property within the boundaries of the District owned by, or irrevocably offered for dedication (in a plat map approved by the County or otherwise), whether in fee simple interest or some other interest that creates an exclusive right of use, to the federal government, State of Maryland, County, any other public agency, or a public utility provider.

"Residential Property" means property used or intended for use as residential dwellings, including any ancillary space thereto.

"Retail Pad Site Property" means property consisting of retail pad sites, which may be described as a separate lot that is located within a shopping center site and used or intended for use primarily for selling goods or services to the general public.

"Retail Property" means property used or intended for use primarily for selling goods or services to the general public, including any ancillary space thereto.

"Special Tax" means the special tax levied by the County and to be collected pursuant to the terms herein.

"Special Tax Credit" means, for any Fiscal Year, Tax Increment Revenues to be collected from a Parcel for that Fiscal Year. For purposes of calculating the Tax Increment Revenues for each Parcel, the base year value shall be allocated to each Parcel on the basis of the assessed value of each Parcel.

"Special Tax Requirement" has the meaning given to it in Section C.1.

"Supervisor" means the Supervisor of Assessments for the County.

"Tax Increment Fund" means the account of such name established for the District pursuant to an ordinance enacted by the County.

"Tax Increment Revenues" means the amounts paid into the Tax Increment Fund each year by the County.

"Taxable Property" means any Parcel that is not Public Property or Owner Association Property.

"Termination Date" means the last Fiscal Year in which Special Taxes have been levied and may be collected as provided for in Section F.

"Trustee" means the trustee appointed by the County for the District to carry out the duties of the trustee specified in the Indenture of Trust.

B. MAXIMUM SPECIAL TAXES

1. Maximum Special Tax

The Maximum Special Tax for all Taxable Property in the District for the first Fiscal Year in which Special Taxes are levied (the Commencement Date) shall be equal to $1,336,500. On each July 1 thereafter, the Maximum Special Tax shall be increased to 102 percent of the respective Maximum Special Tax in effect in the previous Fiscal Year.

The Maximum Special Tax for each Parcel shall be equal to the following formula:

$$A = (B \div C) \times D$$

Where the terms have the following meaning:

A	=	The Maximum Special Tax for a Parcel
B	=	The Equivalent Units built or expected to be built on a Parcel
C	=	The total Equivalent Units estimated for all of the Parcels in the District
D	=	The Maximum Special Tax for the District as stated above.

2. Adjusted Maximum Special Tax

The Adjusted Maximum Special Tax for each Parcel shall be equal to the lesser of (but not less than zero) (i) the Maximum Special Tax for the Parcel and (ii) the amount calculated by the following formula:

$$A = B - C$$

Where the terms have the following meaning:

A	=	The Adjusted Maximum Special Tax for a Parcel
B	=	The Maximum Special Tax for the Parcel
C	=	The Special Tax Credit for the Parcel

The Special Tax Credit applied to all Parcels shall not exceed the Tax Increment Revenues applied to the Special Tax Requirement as provided for in Section C. 1.

3. Personal Property

The special tax on personal property shall be zero.

C. COLLECTION OF THE SPECIAL TAX

Special Taxes shall be collected each Fiscal Year from each Parcel of Taxable Property in amount calculated pursuant to the provisions of this section.

1. Special Tax Requirement

The Special Tax Requirement for any Fiscal Year shall be estimated by the Administrator and determined by the County and shall be an amount equal to (A) the amount required in any Fiscal Year to pay: (1) debt service and other periodic costs (including deposits to any sinking funds) on the Bonds to be paid from the Special Taxes collected in such Fiscal Year, (2) Administrative Expenses to be incurred in the Fiscal Year or incurred in any previous Fiscal Year and not paid by the District, (3) any amount required to replenish any reserve fund established in association with any Bonds, (4) an amount equal to the estimated delinquencies expected in payment of the Special Tax or other contingencies as deemed appropriate, and (5) the costs of remarketing, credit enhancement, bond insurance, and liquidity facility fees (including such fees for instruments that serve as the basis of a reserve fund related to any indebtedness in lieu of cash), less (B) (1) Tax Increment Revenues available to apply to the Special Tax Requirement for that Fiscal Year, (2) any credits available pursuant to the Indenture of Trust, such as capitalized interest, reserves, and investment earnings on any account balances, and (3) any other revenues available to apply to the Special Tax Requirement.

2. Calculation of Special Taxes for Each Parcel

Commencing with the Commencement Date and for each following Fiscal Year, the County shall determine the amount of Hotel Property, Office Property, Residential Property, Retail Pad Site Property, and Retail Property for each Parcel of Taxable Property. The use of the Property shall be based on information available regarding the use of the property, as approved by the County, or if a specific use for the property has not been approved by the County, as proposed to be used by the owner of the Parcel. The determination of the use of the property pursuant to this section by the County shall be conclusive.

The Equivalent Units for each Parcel of Taxable Property shall be calculated as provided for in the definition of Equivalent Units.

The Maximum Special Tax and Adjusted Maximum Special Tax calculated for each Parcel of Taxable Property is as provided for in Section B.

3. Collection of the Special Tax

Commencing with the Commencement Date and for each following Fiscal Year, the County shall determine the Special Tax Requirement, if any, for the applicable Fiscal Year and shall collect the Special Tax Proportionately on each Parcel of Taxable Property in an amount up to the Adjusted Maximum Special Tax for each Parcel such that the total of the Special Tax to be collected is equal to the Special Tax Requirement.

The Administrator shall provide an estimate to the County each Fiscal Year of the amount of the Special Tax to be collected from each Parcel in conformance with the provisions of this section.

4. Circumstances Under Which the Special Tax May be Increased as a Result of a Default

The Maximum Special Tax levied on any Parcel may not be increased regardless of the default in the collection of the Special Tax from any other Parcel. The Special Tax to be collected from a Parcel may be increased as a result of a default in the payment of the Special Tax on another Parcel pursuant to the provisions of Section C. 1. and 2. If the Special Tax to be collected from a Parcel pursuant to the provisions of Section C.1. and 2. is less than the Adjusted Maximum Special Tax for such Parcel, the Special Tax may be increased up to the Adjusted Maximum Special Tax as a result of a default in the payment of the Special Tax to be collected from another Parcel. The Special Tax to be collected from a Parcel may not exceed the Adjusted Maximum Special Tax regardless of a default in the payment of Special Taxes by any other Parcel.

D. EXEMPTIONS

A Special Tax is not levied on and shall not be collected from Public Property or Owner Association Property.

E. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary real property taxes; provided, however, the Special Tax may be collected at a different time or in a different manner as determined by the Director of Finance, provided that such time or manner is not inconsistent with the provisions of the Indenture of Trust.

F. TERMINATION OF SPECIAL TAX

Except for any delinquent Special Taxes and related penalties and interest, Special Taxes shall not be collected from any Parcel after the earlier of (i) the repayment or defeasance of the Bonds, (ii) the thirtieth Fiscal Year in which Special Taxes are levied, with the first Fiscal Year being the Commencement Date, and (iii) such time provided for by the Indenture of Trust.

G. REDUCTION IN THE MAXIMUM PROPERTY TAX RATE

The Maximum Special Tax shall be reduced by the Director of Finance once the Bonds are issued to reflect the actual rate of interest on the Bonds and the amount of Bonds actually issued, to a rate that provides for adequate Special Tax revenue to pay the debt service on the Bonds and any other expected amounts of the Special Tax Requirement as provided for in the Indenture of Trust.

H. APPEALS OF THE LEVY OF THE SPECIAL TAX

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Director of Finance not later than one calendar year after the due date (i.e., July 1) for the Special Tax that is disputed. Such appeal may not affect the due date of the payment of the Special Tax. The Director of Finance, or the designee of the Director of Finance, shall promptly review all information supplied by the appellant in support of the appeal and, if necessary, meet with the property owner, and decide the appeal. If the decision of the Director of Finance requires the Special Tax to be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy or unless sufficient funds will otherwise be available to meet the Special Tax Requirement), but an adjustment shall be made to the next Special Tax levy on that Parcel. The decision of the Director of Finance may be appealed to the County's Chief Administrative Officer who shall hold a hearing on the appeal and consider any written or oral evidence presented by appellant. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

I. AMENDMENTS

This Rate and Method of Apportionment of Special Taxes may be amended by the County and, to the maximum extent permitted by the Act, such amendments may be made without further notice under the Act and without notice to owners of Taxable Property within the District in order to (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures for the collection and enforcement of the Special Tax so as to assure the efficient collection of the Special Tax for the benefit of the owners of the Bonds, and (iii) otherwise improve the ability of the County to fulfill its obligations to levy and collect the Special Tax and to make it available for the payment of the Bonds and Administrative Expenses. Any such amendment may not increase the Maximum Special Tax.

J. INTERPRETATION OF PROVISIONS

The County shall make all interpretations and determinations related to the application of this Rate and Method of Apportionment of Special Taxes, unless stated otherwise herein or in the Indenture of Trust, and as long as there is a rational basis for the determination made by the County, such determination shall be conclusive.

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APPENDIX F

Proposed Form of Indenture

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INDENTURE OF TRUST

by and between

HOWARD COUNTY, MARYLAND

and

MANUFACTURERS AND TRADERS TRUST COMPANY

as Trustee

Dated as of March 1, 2014

$17,000,000
Howard County, Maryland
Special Obligation Bonds
(Annapolis Junction Town Center Project)
2014 Series

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "*Indenture*") dated as of March 1, 2014, is by and between **HOWARD COUNTY, MARYLAND**, a body corporate and politic and a political subdivision of the State of Maryland (the "*County*"), and **MANUFACTURERS AND TRADERS TRUST COMPANY**, a New York banking corporation, as trustee (the "*Trustee*").

RECITALS

The County is authorized under Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "*Tax Increment Financing Act*"), to designate an area within the County as a "development district" and to establish a special tax increment fund with respect to such development district into which certain incremental tax revenues from the development district are deposited for the purpose of providing funds for the development, redevelopment, revitalization and renovation of the development district. The Tax Increment Financing Act authorizes the County to issue bonds from time to time to fulfill one or more of the purposes of the Tax Increment Financing Act. The Tax Increment Financing Act also authorizes the County to pledge any amounts received from the State of Maryland (the "*State*") under Section 2-222 of the Tax-Property Article of the Annotated Code of Maryland, as amended (the "*BRAC Revenue Act*").

Under Sections 21-501 through 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland (formerly codified as Section 9-1301 of Article 24 of the Annotated Code of Maryland), as amended (the "*Special Taxing District Act*" and, together with the Tax Increment Financing Act, the "*Acts*"), the County may create a special taxing district and a special fund with respect thereto, to levy ad valorem or special taxes and to issue bonds for the purpose of financing, refinancing or reimbursement for the costs of certain infrastructure improvements as necessary for the development and utilization of the land in a defined geographic region within the County.

Pursuant to the Acts, the County Council of the County (the "*County Council*") adopted Resolution No. 14-2009 on May 4, 2009, as amended by Resolution No. 40-2011 adopted on May 2, 2011 and as further amended by Resolution No. 10-2013 adopted on February 4, 2013 (as so amended, the "*Resolution*"), and enacted Council Bill No. 21-2009 on May 4, 2009, as amended by Council Bill No. 14-2011 enacted on May 2, 2011 and as further amended by Council Bill No. 5-2013 enacted on February 4, 2013 (as so amended, the "*Bond Ordinance*" and, together with the Resolution, the "*Authorizing Legislation*"), which (i) designated an area within the County more particularly described therein to be known as the Annapolis Junction Town Center Development District (the "*Development District*") as a development district under the provisions of the Tax Increment Financing Act; (ii) designated an area within the County more particularly described therein to be known as the Annapolis Junction Town Center Special Taxing District (the "*Special Taxing District*" and, together with the Development District, the "*Districts*") as a special taxing district under the provisions of the Special Taxing District Act; (iii) created a "special fund" within the meaning of the Tax Increment Financing Act for the Development District to be known as the Annapolis Junction Town Center Development District Tax Increment Fund (the "*Tax Increment Fund*"); (iv) created a "special fund" within the meaning of the Special Taxing District Act for the Special Taxing District to be known as the

Annapolis Junction Town Center Special Taxes Fund (the "*Special Taxes Fund*"); (v) pledged to the Tax Increment Fund the proceeds of the "tax increment" (as such term is used in the Tax Increment Financing Act); (vi) pledged to the Special Taxes Fund the proceeds of the special taxes to be levied by the County on certain real and personal property within the Special Taxing District, unless exempted thereby or otherwise by law, for the purposes and to the extent and manner set forth in the Rate and Method (defined herein); (vii) directed the Director of Finance of the County to deposit all taxes representing the levy on and collection of the tax increment in the Development District into the Tax Increment Fund; (viii) directed the Director of Finance of the County to deposit all Special Taxes levied and collected in the Special Taxing District into the Special Taxes Fund; (ix) authorized the County to appropriate any revenues received by the County pursuant to the BRAC Revenue Act and, upon the deposit of such revenues into the Tax Increment Fund, to pledge such revenues for the repayment of any bonds as authorized by Section 12-206(c) of the Tax Increment Financing Act; (x) authorized the issuance by the County from time to time in one or more series of its special obligation bonds in the maximum aggregate principal amount of $17,000,000 (the "*Series 2014 Bonds*") to finance the costs of certain public improvements more particularly described therein (the "*Public Improvements*"); and (xi) authorized the County Executive of the County to specify and prescribe by executive order certain matters pertaining to the Series 2014 Bonds.

On March __, 2014, the County Executive issued an Executive Order (the "*Executive Order*") in accordance with the Acts pursuant to which the County Executive specified the details of the Series 2014 Bonds.

As provided in the Acts and the Bond Ordinance, the Bonds are not an indebtedness of the County for which the County is obligated to levy or pledge, or has levied or pledged, ad valorem or special taxes of the County other than the real property taxes representing the levy on the tax increment of properties located in the Development District, the special taxes contemplated by the Bond Ordinance or the grants or funds received by the County pursuant to the BRAC Revenue Act. The Bonds are special obligations of the County, payable from amounts in the Tax Increment Fund and the Special Taxes Fund and funds pledged therefor under this Indenture, and shall not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power.

GRANTING CLAUSES

The County, in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, of the purchase and acceptance of the Bonds (defined herein) by the owners thereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, Redemption Price (defined herein) of and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the County of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, assign and pledge, and grant a security interest in, the following to the Trustee and its successors in trust and assigns forever, subject only to the provisions of this Indenture permitting the application thereof on the terms and conditions set forth in this Indenture:

GRANTING CLAUSE FIRST

All of the right, title and interest of the County in and to (i) all of the Revenues (defined herein) and (ii) all moneys from time to time on deposit in the Tax Increment Fund, the Special Taxes Fund, the Series 2014 Bond Fund, the Improvement Fund, the Debt Service Fund and the Reserve Fund created pursuant to the Acts, the Authorizing Legislation and this Indenture;

GRANTING CLAUSE SECOND

All of the right, title and interest of the County in and to any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the County or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof (all of the property conveyed by the foregoing granting clauses being herein referred to as the "*Trust Estate*");

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever upon the terms and trusts herein set forth for the equal and ratable benefit, protection and security of the Holders of the Series 2014 Bonds and, to the extent provided herein and in any Supplemental Indenture (defined herein) authorizing the issuance of Additional Bonds (defined herein), the Holders of such Additional Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other Bond except as expressly provided herein or permitted hereby;

PROVIDED, HOWEVER, that if the County shall well and truly pay, or cause to be paid, the principal or Redemption Price of and interest on the Bonds according to the true intent and meaning thereof, or shall provide for the payment thereof as permitted by Article VIII, and shall perform and observe all the covenants and conditions of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, upon compliance with Article VIII, the lien of this Indenture shall be discharged and satisfied; otherwise this Indenture shall be and remain in full force and effect.

All Bonds issued and secured hereunder are to be issued, authenticated and delivered and all such property, rights and interest, including (without limitation) the amounts hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms and conditions hereinafter expressed, and the County has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective owners of the Bonds as follows (subject, however, to the provisions of Section 5.02):

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 Definitions.

Terms used in this Indenture shall have the meanings set forth in this Section 1.01 unless a different meaning clearly appears from the context.

"*Acts*" means, collectively, the Tax Increment Financing Act and the Special Taxing District Act.

"*Additional Bonds*" means any Bonds issued by the County pursuant to Section 2.04.

"*Administration Agreement*" means the Agreement PA-78-2014, by and between the County and the Administrator, as amended from time to time.

"*Administrator*" means the entity selected by the County to perform any and all tasks set forth in Section 6.16 and those tasks specified in the Administration Agreement. Initially, MuniCap, Inc. shall act as the Administrator.

"*Administrative Expense Fund*" means the "Annapolis Junction Town Center Administrative Expense Fund" established pursuant to Section 4.01.

"*Affiliate*" means (i) any entity owned or controlled by, or under common ownership or control with, the Developer, (ii) all general partners of the Developer, if the Developer is a partnership or any member owning at least 50% of the Developer, if the Developer is a limited liability company and (iii) Annapolis Junction Apartment Homes, LLC and Annapolis Junction Retail, LLC; provided that for purposes of Section 9.3(a) and (b), any entity under common ownership or control with the Developer shall not be deemed to be an Affiliate. Control shall mean ownership of 50% or more of the voting power of or ownership interest in the Developer or other entity, as applicable.

"*Annual Debt Service*" means, for each Fiscal Year, the sum of (i) the interest due on the Outstanding Bonds in such Fiscal Year, and (ii) the principal of and the Sinking Fund Installments for the Outstanding Bonds due in such Fiscal Year.

"*Assessable Base*" shall have the meaning given such term in the Resolution.

"*Assessment Ratio*" shall have the meaning given such term in the Resolution.

"*Authorized Denomination*" means (i) in the case of the Series 2014 Bonds, $100,000 or any integral multiple of $5,000 in excess thereof, provided that if the Series 2014 Bonds are rated in a rating category not lower than "BBB-" or "Baa3" (or comparable rating) by a Rating Agency or are insured by a municipal bond insurer the claims-paying ability of which is rated by a Rating Agency in its highest rating category, and upon compliance by the County and the Underwriter with applicable securities laws then the Series 2014 Bonds shall be issuable in denominations of $5,000 and integral multiples thereof and (ii) in the case of any Additional Bonds, such denomination as shall be specified in the Supplemental Indenture authorizing the issuance thereof.

"***Authorized Officer***" means each of the County Executive, the Chief Administrative Officer and the Director of Finance of the County and any other officer or employee designated to act on behalf of the County by a written certificate signed by the Director of Finance of the County. Such certificate may designate an alternate or alternates.

"***Authorizing Legislation***" means, collectively, the Resolution and the Bond Ordinance.

"***Boise Parcel***" means the parcel of property consisting of 5.9623 acres, more or less, owned by the Boise Maryland Business Trust and included in the Districts.

"***Bond Counsel***" means McGuireWoods LLP or any attorney or firm of attorneys selected by the County and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"***Bond Ordinance***" means Council Bill No. 21-2009 enacted by the County Council on May 4, 2009, approved by the County Executive on May 6, 2009 and effective on May 6, 2009, as amended by Council Bill No. 14-2011 enacted by the County Council on May 2, 2011, approved by the County Executive on July 2, 2011 and effective on July 2, 2011, and as further amended by Council Bill No. 5-2013 enacted by the County Council on February 4, 2013, approved by the County Executive on February 8, 2013 and effective on April 10, 2013, and as further supplemented and amended from time to time.

"***Bond Register***" means the books for the registration and transfer of Bonds maintained by the Trustee under Section 2.06.

"***Bonds***" means the Series 2014 Bonds and any Additional Bonds.

"***BRAC Community Enhancement Act***" means Sections 5-1301 through 5-1307, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended.

"***BRAC Revenue Act***" means Section 2-222 of the Tax-Property Article of the Annotated Code of Maryland, as amended.

"***BRAC Zone***" means the Savage Towne Centre BRAC Revitalization and Incentive Zone designated by the Secretary of Business and Economic Development of the State pursuant to the BRAC Community Enhancement Act on June 15, 2009, as amended.

"***Business Day***" means any day other than a Saturday, Sunday or legal holiday in the State of Maryland observed as such by the County or the Trustee.

"***Capitalized Interest Account***" means the “Howard County, Maryland 2014 Series Annapolis Junction Town Center Capitalized Interest Account” established within the Debt Service Fund pursuant to Section 4.01.

"***Capitalized Interest Period***" means the period from the date of delivery of the Series 2014 Bonds to and including December 1, 2016.

"***Closing Date***" means the date on which there is physical delivery of the Series 2014 Bonds in exchange for the purchase price thereof.

"***Code***" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series 2014 Bonds as it may be amended to apply to any Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published under the Code.

"***Costs***" shall have the meaning given such term in the Funding Agreement.

"***Costs of Issuance***" means items of expense payable or reimbursable directly or indirectly by the County and related to the authorization, sale and issuance of the Bonds, including (without limitation) expenses incurred by the County in connection with the establishment of the Districts.

"***Costs of Issuance Fund***" means the "Howard County, Maryland 2014 Series Annapolis Junction Town Center Costs of Issuance Fund" established pursuant to Section 4.01.

"***County***" means Howard County, Maryland, a body politic and corporate and a political subdivision of the State of Maryland.

"***County Council***" means the County Council of Howard County, Maryland.

"***County Expenses***" means the fees and expenses of the Trustee, the expenses of the County in carrying out its duties under this Indenture, including, but not limited to, levying and collecting the Special Taxes and the Tax Increment and complying with arbitrage rebate requirements and obligated person disclosure requirements associated with applicable federal and state securities law, including the costs of any employees of the County and fees of any professionals retained by the County to provide these services, including without limitation, the Administrator and all other costs and expenses of the County and the Trustee incurred or advanced in connection with the discharge of their duties under this Indenture, including legal expenses associated with those duties, fees and expenses of bond counsel in connection with any opinion of bond counsel rendered pursuant to this Indenture, the Funding Agreement or the PPP Agreement, and in any way related to the administration of the Districts, including the costs of commencing foreclosure of delinquent Special Taxes and taxes related to the Tax Increment.

"***County Public Improvements***" means the Public Improvements to be constructed on the State Property and the Boise Parcel which are dedicated to public use including the Other Public Improvements set forth in Section D of Exhibit A to the Funding Agreement.

"***Debt Service***" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"***Debt Service Fund***" means the "Howard County, Maryland 2014 Series Annapolis Junction Town Center Debt Service Fund" established pursuant to Section 4.01.

"***Developer***" means Annapolis Junction Town Center, LLC, a Maryland limited liability company, its successors and permitted assigns under the Funding Agreement.

"***Development District***" means the Annapolis Junction Town Center Development District established pursuant to the Resolution.

"***Disclosure Agreements***" means, collectively, (i) the County Continuing Disclosure Agreement between the County, the Trustee and the Administrator dated as of March 1, 2014 and (ii) the Developer Continuing Disclosure Agreement between the Developer and the Administrator dated as of March 1, 2014, in each case as such shall be supplemented and amended from time to time in accordance with their respective terms.

"***Districts***" means, collectively, the Development District and the Special Taxing District, which are coterminous.

"***Executive Order***" means the Executive Order issued by the County Executive on March __, 2014.

"***Fiscal Year***" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding calendar year, both dates inclusive.

"***Fitch***" means Fitch Ratings and any successor thereto.

"***Funding Agreement***" means the Funding Agreement dated as of February __, 2014, between the County and the Developer, as the same shall be supplemented and amended from time to time.

"***Government Obligations***" means direct obligations of the United States of America or other obligations, the timely payment of the principal of and the interest on which the United States of America has pledged its faith and credit.

"***Holder***," or "***holder***" or "***Bondholder***" means any person who shall be the registered owner of any Outstanding Bond.

"***Improvement Fund***" means the "Howard County, Maryland 2014 Series Annapolis Junction Town Center Improvement Fund" established pursuant to Section 4.01.

"***Indenture***" means this Indenture of Trust, as it may be amended or supplemented from time to time by any Supplemental Indenture adopted pursuant to the provisions hereof.

"***Independent Financial Consultant***" means any consultant or firm of consultants appointed by the County, and who, or each of whom: (i) is judged by the Director of Finance of the County to have experience in matters relating to the issuance or administration of bonds under the Acts; (ii) is in fact independent; (iii) does not have any substantial interest, direct or indirect, with or in the County, or any owner of real property in the Districts and (iv) is not an officer or employee of the County, but who may be regularly retained to make reports to the County. The Administrator may be an Independent Financial Consultant.

"***Inspector***" means the County Department of Public Works, or any independent engineer or firm of engineers registered and qualified to practice the profession of engineering under the laws of the State and selected by the County to inspect the Public Improvements as required by the Funding Agreement.

"***Interest Payment Dates***" means (i) with respect to the Series 2014 Bonds, February 15 and August 15 of each year, commencing August 15, 2014 and (ii) with respect to any Additional Bonds, the dates established in the Supplemental Indenture authorizing the issuance thereof.

"***Maximum Annual Debt Service***" means, as of any date of calculation, the largest Annual Debt Service for the then-current or any Fiscal Year after such date of calculation.

"***Moody's***" means Moody's Investors Service, Inc. and any successor thereto.

"Net Debt Service" means Debt Service, less any amounts on deposit in the Capitalized Interest Account and any excess in the Reserve Fund available for transfer to the Debt Service Fund.

"***Offering Memorandum***" means that certain Limited Offering Memorandum issued on February __, 2014 in connection with the Series 2014 Bonds.

"***Officer's Certificate***" means a written certificate of the County signed by an Authorized Officer.

"***Opinion of Bond Counsel***" means, when used with respect to or in connection with any action, a written opinion of Bond Counsel to the effect that such action will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued.

"***Original Purchaser(s)***" means the first purchaser(s) of the Series 2014 Bonds from the Underwriter.

"***Original Taxable Value***" shall have the meaning given such term in the Resolution.

"***Outstanding***" or "***outstanding***" means, as of any particular date, all Bonds authenticated and delivered under the Indenture except (i) any Bond canceled by the Trustee (or delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for the payment of the principal or Redemption Price of and interest on which provision shall have been made as provided in Section 8.01 and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Article II or Section 7.03.

"***Paying Agent***" means the Trustee in its capacity as paying agent for the Bonds.

"***Permitted Investments***" means any of the following which at the time of investment are legal investments under the laws of the State of Maryland for funds held by the Trustee or the County (as the case may be):

(a) Government Obligations;

(b) obligations that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress;

(c) banker's acceptances guaranteed by a financial institution with a short-term debt rating in the highest rating category of at least one Rating Agency;

(d) any investment portfolio created under the Maryland Local Government Investment Pool defined under Sections 17-301 through 17-309 of the Local Government Article of the Maryland Annotated Code that is administered by the Office of the State Treasurer;

(e) commercial paper which is rated at the time of purchase in the highest rating category of at least two Rating Agencies, and which matures not more than 270 days after the date of purchase;

(f) investments in a money market mutual fund (including any proprietary funds of the Trustee or its affiliates for which the Trustee or its affiliates serve as investment advisor or provides other services to such fund and receives reasonable compensation therefor) registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended, operated in accordance with Rule 2A-7 of the Investment Company Act of 1940, as amended, and rated in the highest rating category of at least one Rating Agency;

(g) bonds, notes or other obligations issued by or on behalf of any state of the United States of America or of any agency, department, county, municipal or public corporation, special district, authority or political subdivision thereof which are rated in the highest rating category of at least one Rating Agency or any fund or trust that invests only in such securities (including any proprietary funds of the Trustee or its affiliates for which the Trustee or its affiliates serve as investment advisor or provides other services to such fund and receives reasonable compensation therefor); and

(h) any repurchase agreement with a financial institution the long-term unsecured debt obligations or claims-paying ability of which (or the guarantor of which) is rated in one of the two highest rating categories of at least one Rating Agency at the time of execution of such contract or agreement, provided that (i) such contract or agreement is collateralized by obligations described in paragraph (a) and/or (b), (ii) all such collateral is held by the Trustee or a third party custodian, (iii) the market value is not less than 102% of the principal invested, (iv) moneys invested thereunder may be withdrawn without penalty, premium or charge, for use in accordance with this Indenture, upon not more than seven days' notice, (v) the contract or agreement is not subordinated to any other obligation of the provider thereof, (vi) the Trustee receives an opinion of counsel to the effect that such contract or agreement and any guaranty are enforceable obligations of such provider; and (vii) the agreement provides that the provider or the guarantor (as the case may be) must promptly notify the Trustee if the rating assigned by at least one Rating Agency to its long-term unsecured debt obligations or claims-paying ability, as applicable, is suspended, withdrawn or reduced by at least one Rating Agency.

Notwithstanding the foregoing, if the Trustee receives written notice that, by reason of a rating withdrawal or downgrade or otherwise, any investment no longer satisfies the description of a Permitted Investment, the Trustee shall immediately liquidate such investment, notify the County of such liquidation, and reinvest the proceeds of such liquidation in another Permitted Investment pursuant to Section 4.09.

"***Pledged BRAC Revenues***" means State BRAC Payments appropriated by the County for deposit into the Pledged BRAC Revenues Account of the Tax Increment Fund.

"Pledged BRAC Revenues Account" means the "Pledged BRAC Revenues Account" established within the Tax Increment Fund pursuant to Section 4.01.

"***PPP Agreement***" means the Transportation Public-Private Partnership Agreement with an effective date of June 27, 2008, as amended by the First Amendment to Transportation Public-Private Partnership Agreement dated as of September 12, 2013, between the Maryland Department of Transportation, the Maryland Transit Administration and the Maryland Transportation Authority (collectively, the "*State Agencies*") and the Developer, and includes all related agreements attached as exhibits to the PPP Agreement and executed in connection therewith.

"***Public Improvements***" means the public infrastructure improvements described in the Authorizing Legislation and Exhibit A to the Funding Agreement, comprised of the County Public Improvements and the State Public Improvements, which are eligible to be financed with the proceeds of the Series 2014 Bonds.

"***Rate and Method***" means the Rate and Method of Apportionment of Special Taxes included as Exhibit A to the Bond Ordinance, as amended and supplemented from time to time.

"***Rating Agency***" means Fitch, Moody's or S&P, or any other nationally recognized securities rating agency.

"***Record Date***" means the close of business on the first day of the calendar month in which the Interest Payment Date occurs, whether or not such day is a Business Day.

"***Redemption Price***" means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to this Indenture.

"***Reserve Fund***" means the "Howard County, Maryland 2014 Series Annapolis Junction Town Center Reserve Fund" established pursuant to Section 4.01.

"***Reserve Requirement***" means (i) when used with respect to the Series 2014 Bonds or the Reserve Fund maintained for the Series 2014 Bonds, an amount equal to the least of (a) 10% of the original principal amount of the Series 2014 Bonds, (b) 125% of the average Annual Debt Service on the Series 2014 Bonds outstanding as of the Closing Date, or (c) the Maximum

Annual Debt Service on the Series 2014 Bonds outstanding as of the date of determination and (ii) when used with respect to any separate Reserve Fund established for any Series of Additional Bonds, in accordance with Section 2.04, the amount set forth in the Supplemental Indenture providing for the creation thereof.

"***Resolution***" means Resolution No. 14-2009 adopted by the County Council on May 4, 2009, as amended by Resolution No. 40-2011 adopted by the County Council on May 2, 2011 and as further amended by Resolution No. 10-2013 adopted by the County Council on February 4, 2013, as further supplemented and amended from time to time.

"***Revenues***" means, collectively, the Pledged BRAC Revenues, the Tax Increment Revenues and the Special Tax Revenues.

"***S&P***" means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, and any successor thereto.

"***Section 148 Certificate***" has the meaning ascribed to such term in Section 5.09.

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Securities Depository***" has the meaning ascribed to such term in Section 2.09.

"***Series***" means any series of Bonds issued hereunder.

"***Series 2014 Bond Fund***" means the “Howard County, Maryland 2014 Series Annapolis Junction Town Center Bond Fund” established pursuant to Section 4.01.

"***Series 2014 Bonds***" means the Bonds so designated and authorized to be issued under Section 2.01.

"***Sinking Fund Installment***" means the amount of money provided in this Indenture to redeem or pay at maturity Term Bonds at the times and in the amounts provided in this Indenture. The Sinking Fund Installments for the Series 2014 Bonds are set forth in Section 3.01.

"***Special Record Date***" means a subsequent date fixed by the Trustee that is at least 10 and not more than 15 days before the date set for the payment of any defaulted interest.

"***Special Tax Requirement***" has the meaning given such term in the Rate and Method.

"***Special Tax Revenues***" means the revenues and receipts from the Special Taxes received by the County, including any scheduled payments thereof, interest thereon and the net proceeds of redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes equal to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent Special Taxes but excluding any expenses of sale or any other administrative expenses collected by the County in connection with such delinquent taxes.

"***Special Taxes***" means the special taxes levied within the Special Taxing District pursuant to the Special Taxing District Act, the Bond Ordinance and this Indenture and in accordance with the Rate and Method.

"***Special Taxes Fund***" means the Annapolis Junction Town Center Special Taxes Fund established by the Resolution and held by the County.

"***Special Taxing District***" means the Annapolis Junction Town Center Special Taxing District established pursuant to the Resolution.

"***Special Taxing District Act***" means Sections 21-501 through 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland (formerly codified as Section 9-1301 of Article 24 of the Annotated Code of Maryland), as supplemented and amended from time to time.

"***State***" means the State of Maryland.

"***State BRAC Payments***" means any amounts received by the County from the State pursuant to the BRAC Revenue Act.

"***State Property***" means approximately 9.2993 acres of property owned by the State and more particularly described and defined as the "*Conveyance Property*" in the PPP Agreement.

"***State Public Improvements***" means the Public Improvements to be constructed on the State Reserved Property and other property owned by the State, including the Public Improvements set forth in Sections A, B and C of Exhibit A to the Funding Agreement.

"***State Reserved Property***" means the approximately 3.4104 acres of property owned by the State and more particularly described and defined as the "*Reserved Property*" in the PPP Agreement.

"***Supplemental Indenture***" means an indenture amendatory of or supplemental to this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

"***Tax-Exempt Bonds***" means the Series 2014 Bonds and any other Bonds with respect to which there shall have been delivered to the County an opinion of Bond Counsel to the effect that the interest on such Bonds is excludable from gross income for federal income tax purposes.

"***Tax Increment***" means, for any tax year, the amount by which the Assessable Base of all real property in the Development District as of January 1 preceding that tax year exceeds the Original Taxable Value of all real property in the Development District, divided by the Assessment Ratio used to determine the Original Taxable Value.

"Tax Increment Account" means the "Tax Increment Revenues Account" established within the Tax Increment Fund pursuant to Section 4.01.

"***Tax Increment Financing Act***" means Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as supplemented and amended from time to time.

"***Tax Increment Fund***" means Annapolis Junction Town Center Tax Increment Fund established by the Resolution and held by the County.

"***Tax Increment Revenues***" means the revenues and receipts from the property taxes representing the levy on the Tax Increment that would normally be paid to the County, including any scheduled payments thereof, interest thereon and a portion of the net proceeds of the redemption or sale of property sold as a result of foreclosure of the lien equal to the amount of such lien and interest thereon, including any penalties collected in connection with delinquent taxes but excluding any expenses of sale or any other administrative expenses collected by the County in connection with such delinquent taxes, in each case to the extent attributable to such levy. No State real property taxes constitute Tax Increment Revenues.

"***Term Bonds***" means the Bonds of any Series payable prior to or at their stated maturity from Sinking Fund Installments.

"***Trustee***" means Manufacturers and Traders Trust Company, a New York banking corporation, and its successors, and any other corporation that may at any time be substituted in its place as provided in Section 6.10.

"***Underwriter***" means, with respect to the Series 2014 Bonds, Stifel, Nicolaus & Company, Incorporated, and, with respect to any Additional Bonds, the firms or corporations named as the Underwriter of any Additional Bonds in any Supplemental Indenture authorizing the issuance of such Additional Bonds.

Section 1.02 Rules of Construction.

Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Indenture:

(a) Words importing the singular number include the plural number and words importing the plural number include the singular number.

(b) Words of the masculine gender include correlative words of the feminine and neuter genders.

(c) The headings and the table of contents set forth in this Indenture are solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

(d) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(e) Any reference to a particular percentage or proportion of the holders of Bonds shall mean the holders at the particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under this Indenture, except Bonds held by or for the account of the County, whether or not pledged to or by the County; however, Bonds so pledged may be regarded as Outstanding for the purposes of this paragraph if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such Bonds. Any reference herein to Bonds of which the consent or direction of a specified proportion of the holders of such Bonds is required or permitted prior to the taking of any action hereunder shall mean the holders of such proportion of Outstanding Bonds as shall be affected thereby.

(f) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS;

ADDITIONAL BONDS

Section 2.01 Series 2014 Bonds Authorized.

There is hereby authorized the issuance under this Indenture of a Series of Bonds in the aggregate principal amount of Seventeen Million Dollars ($17,000,000) which shall be designated "Howard County, Maryland Special Obligation Bonds (Annapolis Junction Town Center Project), 2014 Series," for the purpose of financing the Public Improvements.

Section 2.02 Details of Bonds; Form of Bonds.

The Series 2014 Bonds shall be issued as fully registered bonds without coupons in Authorized Denominations. The Series 2014 Bonds shall bear interest at the rates set forth in the table below (calculated on the basis of a 360-day year consisting of twelve 30-day months) and shall mature on February 15 in the years and the amounts as follows:

Term Bonds

Year	Principal Amount	Interest Rate
20__	$_____________	_____%

All interest due on each Series 2014 Bond shall be payable to the person in whose name such Series 2014 Bond is registered on the Bond Register as of the Record Date and shall be made by check mailed to the address of such owner as it appears on the Bond Register; provided, that if there is a default in the payment of interest due on any Series 2014 Bond, such defaulted interest shall be payable to the person in whose name such Series 2014 Bond is registered as of the close of business on the Special Record Date. Notice of any Special Record Date will be given to the registered owners of the Series 2014 Bonds not later than 10 days before the Special Record Date.

The Series 2014 Bonds shall be subject to redemption prior to maturity in accordance with Section 3.01, and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in the form of Series 2014 Bond attached hereto as Exhibit A.

The Bonds of any Series of Additional Bonds shall bear interest, be subject to redemption prior to maturity and shall otherwise have the terms, tenor, denominations, details and specifications as set forth in Section 2.04 and in the Supplemental Indenture authorizing the issuance of such Additional Bonds.

The principal of the Bonds shall not be subject to acceleration, provided that nothing in this Section shall in any way prohibit the prepayment or redemption of Bonds under Article III, or the defeasance of the Bonds and discharge of this Indenture under Section 8.01.

The Series 2014 Bonds shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such insertions, omissions and variations as may be deemed necessary or appropriate by the officers of the County executing the same and as shall be permitted by the Acts and the Authorizing Legislation. The County hereby adopts the form of Series 2014 Bond set forth in Exhibit A, and all of the covenants and conditions set forth therein, as and for the form of obligation to be incurred by the County as the Series 2014 Bonds. The covenants and conditions set forth in such form are incorporated into this Indenture by reference and shall be binding upon the County as though set forth in full herein.

The Bonds may contain, or have endorsed thereon, any notations, legends or endorsements not inconsistent with the provisions of this Indenture or of any Supplemental Indenture authorizing the same as may be necessary or desirable and as may be determined by the officers of the County executing the Bonds prior to the authentication and delivery of such Bonds. The execution and delivery of the Bonds by the County in accordance with this Indenture shall be conclusive evidence of the approval of the form of such Bonds by the County, including any insertions, omissions, variations, notations, legends or endorsements authorized by this Indenture.

The Bonds shall be numbered in the manner determined by the Trustee. Before authenticating and delivering any Bond, the Trustee shall complete the form of such Bond to show the registered owner, principal amount, interest rate, maturity date, number and authentication date of such Bond as directed by the County in writing.

The printing of CUSIP numbers on the Bonds shall have no legal effect and shall not affect the enforceability of any Bond.

Promptly upon meeting the requirements for a reduction in the Authorized Denomination as set forth in the definition of such term in Section 1.01, the County shall provide written notice thereof to the Trustee.

Section 2.03 Conditions Precedent to Delivery of Series 2014 Bonds.

The Series 2014 Bonds shall be executed by the County and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2014 Bonds and, upon payment of the purchase price of the Series 2014 Bonds, shall deliver the Series 2014 Bonds upon the order of the County, but only upon delivery to the Trustee of:

(a) duly certified copies of the Authorizing Legislation and the Executive Order;

(b) original executed counterparts of this Indenture, the Funding Agreement and the PPP Agreement;

(c) a request and authorization executed by an Authorized Officer directing the authentication and delivery of the Series 2014 Bonds, designating the purchasers to whom the Series 2014 Bonds are to be delivered, stating the purchase price of the Series 2014 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the County;

(d) an opinion of Bond Counsel to the effect that the County is duly authorized and entitled to issue the Series 2014 Bonds and, upon the execution, authentication and delivery thereof as provided in this Indenture, the Series 2014 Bonds will be duly and validly issued and will constitute valid and binding special obligations of the County;

(e) with respect to any Series 2014 Bonds which are Tax-Exempt Bonds, an opinion of Bond Counsel to the effect that, subject to customary exceptions and qualifications, interest on such Series 2014 Bonds is not includable in the gross income of the holders thereof for federal income tax purposes;

(f) a receipt from the Underwriter acknowledging receipt of the Series 2014 Bonds; and

(g) a certificate of the Underwriter setting forth the Reserve Requirement for the Series 2014 Bonds.

Section 2.04 Authorization of Additional Bonds; Conditions Precedent to Delivery of Additional Bonds.

In addition to the Series 2014 Bonds, the County may issue from time to time Additional Bonds under and secured by this Indenture, subject to the further provisions of this Section to refund or advance refund any Outstanding Bonds. The issuance of Additional Bonds shall be authorized by a Supplemental Indenture, which shall specify all matters required to be provided in this Section.

Each Series of Additional Bonds shall be on a parity with, and shall be entitled to the same benefit and security of this Indenture as the Series 2014 Bonds and any other Series of Additional Bonds that may be issued from time to time, to the extent provided in this Section.

The Supplemental Indenture authorizing the issuance of any Series of Additional Bonds shall specify the maturities and redemption provisions of such Additional Bonds, the form, denominations, registration provisions and provisions for the exchange of such Additional Bonds and other details of such Additional Bonds. Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide for the creation of a separate Costs of Issuance Fund, Reserve Fund or Debt Service Fund for such Additional Bonds.

Any Supplemental Indenture authorizing the issuance of Additional Bonds may provide that (i) such Series of Additional Bonds shall be secured by the Reserve Fund maintained for the Series 2014 Bonds, (ii) such Series of Additional Bonds shall not be secured by a Reserve Fund, or (iii) such Series of Additional Bonds shall be secured by a separate Reserve Fund.

If any Supplemental Indenture authorizing the issuance of any Series of Additional Bonds provides that such Additional Bonds shall be secured by the Reserve Fund maintained for the Series 2014 Bonds, such Supplemental Indenture shall provide for the deposit in such Reserve Fund on the date of issuance of such Additional Bonds of the amount, if any, necessary to make the amount on deposit therein equal to the Reserve Requirement on all Bonds secured thereby, after giving effect to the issuance of such Additional Bonds. Such Supplemental Indenture may provide that the amount of any increase in the Reserve Requirement resulting from the issuance of such Additional Bonds shall be applied to the final payments of the principal or Redemption Price of such Additional Bonds.

If the Supplemental Indenture authorizing the issuance of any Additional Bonds provides that such Series of Additional Bonds shall be secured by a separate Reserve Fund, such Supplemental Indenture shall (i) establish the amount of the Reserve Requirement for such Reserve Fund, (ii) provide the period during which any deficiency shall be cured, which shall be a period of not less than 12 months except in the case of any deficiency resulting from a decline in the value of the assets of such Reserve Fund, (iii) contain provisions with respect to the issuance of any other Additional Bonds secured by such Reserve Fund and (iv) provide such terms with respect to the valuation of such Reserve Fund and the application of any earnings on or surpluses in such Reserve Fund as the County shall deem appropriate, any other provision of this Indenture to the contrary notwithstanding. If a separate Reserve Fund is created for any Series of Bonds, the Reserve Requirement shall be calculated separately for each Series of Bonds for which a separate Reserve Fund is maintained.

If any Supplemental Indenture authorizing the issuance of Additional Bonds provides for the establishment of separate funds and accounts for any Series of Bonds, then such Supplemental Indenture shall require that (i) amounts on deposit in the Tax Increment Fund and the Special Taxes Fund on any date shall be transferred *pro rata* among the Debt Service Funds on the basis of the principal of, the Sinking Fund Installments for and the interest on the Series of Bonds secured thereby due on such date, (ii) amounts on deposit in the Tax Increment Fund and the Special Taxes Fund required to be transferred to the Reserve Funds on any date shall be allocated *pro rata* among all Reserve Funds on the basis of the respective aggregate principal amounts of the Bonds Outstanding secured by such Reserve Funds, and (iii) that amounts on deposit in the funds and accounts created for particular Series of Bonds available for the payment of any Bonds shall be applied solely to the payment of the principal or Redemption Price of and interest on, or the purchase price of, the Bonds of such Series and shall not be available to satisfy the claims of Holders of Bonds of any other Series.

The Bonds of each Series of Additional Bonds shall be executed by the County and delivered to the Trustee, whereupon the Trustee shall authenticate such Additional Bonds and deliver such Additional Bonds to or upon the order of the County, but only upon receipt by the Trustee of the purchase price of such Additional Bonds and each of the following:

(a) executed counterparts of the applicable Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) a certified copy of an ordinance enacted by the County Council and approved by the County Executive authorizing the issuance of such Additional Bonds pursuant to the Acts and an Executive Order of the County Executive specifying the principal amount of such Additional Bonds and other matters relative thereto;

(c) an Officer's Certificate to the effect that upon the issuance of such Additional Bonds, no default under this Indenture shall have occurred and be continuing;

(d) an opinion of Bond Counsel to the effect that (i) the Supplemental Indenture authorizing the issuance of such Additional Bonds is in full force and effect and is valid and binding upon the County; (ii) the County is duly authorized and entitled to issue such Additional Bonds and, upon the execution, authentication and delivery thereof as provided in such Supplemental Indenture, such Additional Bonds will be duly and validly issued and will constitute valid and binding special obligations of the County; (iii) the issuance of such Additional Bonds will not adversely affect the excludability from gross income, for federal income tax purposes, of interest paid on any Tax-Exempt Bonds theretofore issued; and (iv) with respect to any Additional Bonds which are Tax-Exempt Bonds, an opinion of Bond Counsel to the effect that, subject to customary exceptions and qualifications, interest on such Additional Bonds is not includable in the gross income of the holders thereof for federal income tax purposes;

(e) a request and authorization executed by an Authorized Officer directing the authentication and delivery of such Additional Bonds, designating the purchasers to whom such Additional Bonds are to be delivered, stating the purchase price of such Additional Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the County;

(f) moneys or securities authorized for the investment of the Reserve Fund in an amount equal to the amount, if any, required to make the amount on deposit in the Reserve Fund equal the Reserve Requirement upon the issuance of such Additional Bonds;

(g) a certificate from an Authorized Officer stating that, after giving effect to any refunding or advance refunding, Maximum Annual Debt Service during any year prior to the maturity of any outstanding Bonds theretofore issued and outstanding will not be increased by more than 10% and providing reasonably detailed substantiation of such statement; and

(h) a certificate of the Underwriter setting forth the amount of the Reserve Requirement, if any, for such Additional Bonds.

Additional Bonds may be authenticated, delivered and paid for in installments of less than the total authorized principal amount of a Series of Bonds from time to time as the County may direct in its orders.

Section 2.05 Execution and Authentication.

The Bonds shall be executed in the name and on behalf of the County by the manual or facsimile signatures of the County Executive and the Director of Finance of the County, and the seal (or a facsimile thereof) of the County shall be affixed to, or otherwise reproduced on, the Bonds and attested by the manual or facsimile signature of the Chief Administrative Officer of the County. In case any officer whose manual or facsimile signature appears on the Bonds shall cease to be such officer before delivery of such Bonds, such signature, nevertheless, shall be valid and sufficient for all purposes as if such officer had remained in office until such delivery, and the County may adopt and use for the execution of Bonds the manual or the facsimile signature of any person who shall have been at the time the proper officer to execute such Bonds, notwithstanding the fact that such person may not have been such officer on the date of such Bonds or that such person may have ceased to be such officer at the time when such Bonds shall be actually authenticated and delivered.

No Bond shall be valid or obligatory for any purpose or entitled to any right or benefit hereunder unless there shall be endorsed on such Bond a certificate of authentication substantially in the form set forth in Exhibit A attached to this Indenture and made a part hereof or the form set forth in the Supplemental Indenture authorizing the issuance thereof (as the case may be), duly executed by the Trustee, and such certificate of the Trustee upon any Bond executed on behalf of the County shall be conclusive evidence and the only evidence required that the Bond so authenticated has been duly issued hereunder and that the Holder thereof is entitled to the benefits of this Indenture. The certificate of the Trustee may be executed by any authorized signatory of the Trustee.

Section 2.06 Registration and Exchange of Bonds.

The Bonds shall be negotiable instruments for all purposes and shall be transferable by delivery, subject only to the provisions for registration and registration of transfer endorsed on the Bonds.

The County shall cause books for registration and the registration of transfer of Bonds to be prepared and maintained by the Bond Registrar.

If any Bond is surrendered to the Trustee at its designated office for transfer or exchange in accordance with the provisions of such Bond, the County shall execute and authenticate and the Trustee shall authenticate and deliver in exchange for such Bond a new Bond or Bonds of the same Series, in any Authorized Denominations, bearing interest at the same rate and having the same stated maturity date, in aggregate principal amount equal to the principal amount of the Bond so surrendered, upon reimbursement to the County and the Trustee of an amount equal to any tax or other governmental charge required to be paid with respect to such exchange.

Neither the County nor the Trustee shall be required to register the transfer of any Bond or make any such exchange of any Bond during the 15 days preceding an Interest Payment Date applicable to such Bond, during the 15 days preceding the date of mailing of any notice of redemption or after such Bond has been called for redemption, except as otherwise provided in any Supplemental Indenture.

Section 2.07 Bonds Mutilated, Destroyed, Lost or Stolen.

If any temporary or definitive Bond shall become mutilated or be destroyed, lost or stolen, the County in its discretion may execute, and upon its request the Trustee shall authenticate and deliver, a new Bond in exchange for the mutilated Bond, or in lieu of and substitution for the Bond so destroyed, lost or stolen. In every case of exchange or substitution, the applicant shall furnish to the County and to the Trustee (i) evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof and (ii) in the case of any destroyed, lost or stolen Bond, such security or indemnity as may be required by them to save each of them harmless from all risks, however remote. Upon the issuance of any Bond upon such exchange or substitution, the County may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees and expenses, of the County or the Trustee.

If any Bond that has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, instead of issuing a Bond in exchange or substitution therefor, the County may pay or authorize the payment of such Bond (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the County and to the Trustee evidence to the satisfaction of the County and to the Trustee of the mutilation, destruction, loss or theft of such Bond and of the ownership thereof and, in the case of any destroyed, lost or stolen Bond, such security or indemnity as they may require to save them harmless.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond that is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the County, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Indenture. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.08 Cancellation and Disposition of Bonds.

All mutilated Bonds, all Bonds surrendered for exchange or transfer, all Bonds that have been paid at maturity or upon prior redemption and all Bonds surrendered to the Trustee for cancellation or purchased by the Trustee shall be canceled by the Trustee and cremated or destroyed by other means. The Trustee shall deliver to the County a certificate of any such cremation or other destruction of any Bond, identifying the Bond so canceled and cremated or otherwise destroyed.

Section 2.09 Book Entry of Bonds.

The provisions of this Section shall apply to the Bonds of each Series so long as such Bonds shall be maintained under a book-entry system with The Depository Trust Company, or any other securities depository for the Bonds appointed pursuant to this Section, or their successors (a "*Securities Depository*"), any other provisions of this Indenture to the contrary notwithstanding. The Series 2014 Bonds shall be maintained under a book-entry system with a Securities Depository.

(a) The principal or Redemption Price of and interest on the Bonds shall be payable to the Securities Depository, or registered assigns, as the registered owner of the Bonds, in same day funds on each date on which the principal or Redemption Price of or interest on the Bonds becomes due. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the County and the Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds, the County and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. In such event, the County shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Bonds in the manner specified in such notice as if set forth herein. Neither the County nor the Trustee shall have any obligation with respect to the transfer or crediting of the appropriate principal and interest payments to any participant of any Securities Depository (a "*Participant*") or the beneficial owners of the Bonds or their nominees.

(b) In the event that part but not all of any outstanding Bond is to be retired (by redemption or otherwise), the Securities Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Bond in accordance with Section 3.04 upon presentation and surrender of such Bond to the Trustee or (ii) shall make appropriate notation on the Bond indicating the date and amount of each principal payment, provided that payment of the final principal amount of any Bond shall be made only upon presentation and surrender of such Bond to the Trustee.

(c) So long as the Securities Depository or its nominee is the registered owner of the Bonds, the County and the Trustee will recognize the Securities Depository or its nominee (as the case may be) as the holder of the Bonds for all purposes, including (without limitation) the payment of the principal or Redemption Price of and interest on the Bonds, the giving of notices and any consent or direction required or permitted to be given to, or on behalf of, the holders of the Bonds under this Indenture.

(d) The County, in its discretion, at any time may replace any Securities Depository as the depository for the Bonds with another qualified securities depository or discontinue the maintenance of the Bonds under a book-entry system upon 30 days' notice to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository). A copy of any such notice shall be delivered promptly to the Trustee.

(e) If the County discontinues the maintenance of the Bonds under a book-entry system, the County will issue Bonds directly to the Participants or, to the extent requested by any Participant, to the beneficial owners of Bonds as further described in this Section. The County shall make provision to notify Participants and the beneficial owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the County in its discretion, that it will issue Bonds directly to the Participants or, to the extent requested by any Participant, to beneficial owners of Bonds as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository).

In the event that Bonds are to be issued to Participants or to beneficial owners of the Bonds, the County shall promptly have prepared Bonds in certificated form of the same Series and maturity and bearing interest at the same rate, registered in the names of the Participants as shown on the records of the Securities Depository provided to the Trustee or, to the extent requested by any Participant, in the names of the beneficial owners of Bonds shown on the records of such Participant provided to the Trustee, as of the date set forth in the notice delivered in accordance with this subsection.

(f) If the County replaces any Securities Depository as the depository for the Bonds with another Securities Depository, the County will issue to the replacement Securities Depository Bonds of the same Series and maturity and bearing interest at the same rate, registered in the name of such replacement Securities Depository.

(g) Each Securities Depository and the Participants and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the County and the Trustee shall have no liability for the failure of any Securities Depository to perform its obligations to any Participant or any beneficial owner of any Bonds, nor shall the County or the Trustee be liable for the failure of any Participant or other nominee of any beneficial owner of any Bonds to perform any obligation that such Participant or other nominee may incur to any beneficial owner of the Bonds.

Section 2.10 No Acceleration.

The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of Bonds under Article III hereof, or the defeasance of the Bonds and discharge of this Indenture under Section 8.01 hereof.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01 Series 2014 Bonds Subject to Redemption.

The Series 2014 Bonds at the time outstanding may be redeemed prior to their respective maturities as follows:

(a) **Optional Redemption**. The Series 2014 Bonds are subject to redemption prior to maturity on and after February 15, 2024, as a whole or in part at any time, at the option of the

County, at a Redemption Price equal to 100% of the principal amount of the Series 2014 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

(b) **Mandatory Sinking Fund Redemption**. The Series 2014 Bonds maturing on February 15, 20[__] are subject to mandatory sinking fund redemption prior to maturity at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption from mandatory Sinking Fund Installments on February 15 of the following years in the following amounts:

Year	Sinking Fund Installment	Year	Sinking Fund Installment

*final maturity

If (i) the Trustee purchases Term Bonds during any Fiscal Year, (ii) the County delivers to the Trustee for cancellation on or before the 45th day next preceding any February 15 on which a Sinking Fund Installment is due Term Bonds subject to redemption from such Sinking Fund Installment, or (iii) Term Bonds subject to redemption from a Sinking Fund Installment are otherwise redeemed during such Fiscal Year, then an amount equal to 100% of the aggregate principal amount of such Bonds so purchased, delivered to the Trustee for cancellation or redeemed shall be credited against such Sinking Fund Installment.

If the aggregate principal amount of Term Bonds of any series purchased by the Trustee or the County or redeemed in any Fiscal Year is in excess of the Sinking Fund Installment due on such Term Bonds on the immediately succeeding February 15, the Trustee shall credit such excess against subsequent Sinking Fund Installments for such Term Bonds as directed by the County.

(c) **Extraordinary Optional Redemption**. At the option of the County, the Series 2014 Bonds are subject to redemption prior to maturity as a whole or in part at any time, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date set for redemption, (i) if the County determines that the amount remaining in the Improvement Fund will not be used to fund the Public Improvements and directs the Trustee to transfer such amount from the Improvement Fund to the Debt Service Fund for the redemption of the Series

2014 Bonds in accordance with Section 4.03 or (ii) upon the occurrence of any of the following conditions or events: (x) if title to, or the permanent use of, or use for a limited period of time of, any portion of the improvements located within the Districts are condemned or the subject of an agreement with, or action by, a public authority in the nature of or in lieu of condemnation proceedings; or (y) if title to any portion of the improvements located within the Districts is found to be deficient; or (z) if any portion of the improvements located within the Districts is damaged or destroyed by fire or other casualty, and, with respect to clauses (x), (y) and (z), in such case to the extent that the ability of the properties in the Districts to generate sufficient Tax Increment Revenues and Special Tax Revenues to pay debt service on the Series 2014 Bonds is substantially impaired.

Section 3.02 Selection of Bonds to Be Redeemed.

If fewer than all of the Bonds are to be redeemed at the option of the County, the Series of the Bonds to be redeemed shall be selected by the County, subject to the procedures of the Securities Depository. If fewer than all of the Bonds of a Series shall be called for redemption, the Securities Depository shall select the particular Bonds or portions of Bonds of such Series to be redeemed in accordance with its procedures, or if the book-entry system has been discontinued, the Trustee shall select or cause to be selected the particular Bonds or portions of Bonds of such Series to be redeemed on a *pro rata* basis among all outstanding maturities of the Bonds, as nearly as practicable, and within a maturity, by random drawing or in such other manner as the Trustee in its discretion may deem proper; provided that the portion of any Bond to be redeemed shall be in a principal amount equal to $5,000 or any integral multiple thereof, provided that no redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time and, in selecting Bonds for redemption, each Bond shall be treated as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by the smallest Authorized Denomination then authorized for such Bond.

Section 3.03 Notice of Redemption.

The County shall give notice to the Trustee of its election to redeem Bonds pursuant to Section 3.01(a) or 3.01(c). Each such notice shall be given at least 45 days prior to the redemption date of such Bonds, or such fewer number of days as shall be acceptable to the Trustee. Upon receipt of such notice, the Trustee shall give notice by electronic transmission or, if the book-entry system has been discontinued, by first class mail, postage prepaid, in the name of the County of the County's election to redeem such Bonds.

At least 30 days before each date on which a Sinking Fund Installment for the Bonds becomes due, the Trustee shall give notice by electronic transmission or, if the book-entry system has been discontinued, by first class mail, postage prepaid, in the name of the County of the redemption of such Bonds. The Securities Depository, or if the book-entry system has been discontinued, the Trustee shall select Bonds then subject to redemption from such Sinking Fund Installment to be redeemed on such date in an aggregate principal amount equal to such Sinking Fund Installment.

Each notice of redemption of Bonds shall be given in accordance with the terms of the Bonds and shall set forth (i) the Series and maturities of the Bonds to be redeemed, (ii) the date fixed for redemption, (iii) the Redemption Price to be paid, (iv) the designated office of the Trustee at which such Bonds shall be redeemed, (v) the CUSIP numbers of the Bonds to be redeemed, (vi) if fewer than all of the Bonds of a Series of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of the Bonds to be redeemed, (vii) in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed, (viii) any conditions to such redemption and (ix) that on the redemption date, if all conditions, if any, to such redemption have been satisfied, there shall become due and payable upon all Bonds to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that, from and after such date, interest thereon shall cease to accrue. If any Bond which is not held under a book-entry system is to be redeemed in part only, the notice of redemption that relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond the Trustee at the designated office of the Trustee, a new Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any Authorized Denomination, will be issued in the aggregate principal amount equal to the unredeemed portion of such Bond.

Each notice of redemption with respect to any Bond shall comply with any published and mandatory regulation or release of the Securities Exchange Commission, the Municipal Securities Rulemaking Board or other governmental board or body from time to time applicable to such Bond.

If notice of redemption shall have been given as provided in this Section and all conditions, if any, to such redemption have been satisfied, then on or prior to the redemption date the County shall pay to the Trustee from the Revenues an amount in cash that, in addition to other moneys, if any, available therefor held by the Trustee, shall be sufficient to redeem at the Redemption Price thereof, plus accrued interest to the redemption date, all of the Bonds to be redeemed on such date.

Section 3.04 Redemption of Portion of Bond.

In case part but not all of any Bond which is not held under a book-entry system shall be selected for redemption, upon the presentation and surrender of such Bond to the Trustee for payment of the principal amount thereof so called for redemption in accordance with such Bond, the County shall execute and the Trustee shall authenticate and deliver to or upon the order of the registered owner of such Bond or his attorney or legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds of the same Series of Bonds and maturity, bearing interest at the same rate and of any Authorized Denomination, in aggregate principal amount equal to the unredeemed portion of such Bond.

Section 3.05 Redemption of Additional Bonds.

The provisions of this Article with respect to Additional Bonds are subject in all respects to the provisions of the Supplemental Indenture authorizing the issuance thereof.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01 Creation of Funds and Accounts.

The following funds and accounts are hereby created and shall be maintained under this Indenture:

(1) Howard County, Maryland 2014 Series Annapolis Junction Town Center Bond Fund;
(2) Howard County, Maryland 2014 Series Annapolis Junction Town Center Improvement Fund;
(3) Howard County, Maryland 2014 Series Annapolis Junction Town Center Costs of Issuance Fund;
(4) Howard County, Maryland 2014 Series Annapolis Junction Town Center Reserve Fund;
(5) Howard County, Maryland 2014 Series Annapolis Junction Town Center Debt Service Fund and within such fund a Howard County, Maryland 2014 Series Annapolis Junction Town Center Capitalized Interest Account; and
(6) Annapolis Junction Town Center Administrative Expense Fund.

Pursuant to the Acts, the County has created the Tax Increment Fund and the Special Taxes Fund and shall maintain such funds in accordance with the Acts and this Indenture. There is hereby created within the Tax Increment Fund the following accounts: (1) a Pledged BRAC Revenues Account and (2) a Tax Increment Revenues Account.

The Series 2014 Bond Fund, the Improvement Fund, the Reserve Fund, the Debt Service Fund and the Capitalized Interest Account shall be held by the Trustee hereunder separate and apart from all other moneys and funds of the Trustee and the County. The Tax Increment Fund, the Pledged BRAC Revenue Account, the Tax Increment Revenues Account, the Special Taxes Fund, the Costs of Issuance Fund and the Administrative Expense Fund shall be held by the County hereunder separate and apart from all other moneys and funds of the County.

For the purposes of internal accounting, the funds and accounts created pursuant to this Section may contain one or more accounts and sub-accounts, as the County shall direct in writing.

Pending the application of amounts on deposit in the Series 2014 Bond Fund, the Improvement Fund, the Reserve Fund, the Debt Service Fund, the Capitalized Interest Account, the Tax Increment Fund, the Pledged BRAC Revenues Account, the Tax Increment Revenues Account and the Special Taxes Fund as provided in this Indenture, such amounts are hereby pledged to the payment of the principal of and interest on the Outstanding Series 2014 Bonds and, except as otherwise provided in any Supplemental Indenture authorizing the issuance of any Additional Bonds, any Additional Bonds Outstanding. The Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the payment of any Bonds.

If any Supplemental Indenture provides for the establishment of separate funds and accounts for any Series of Bonds, then any provision of this Indenture requiring or permitting the application of amounts on deposit in any fund or account to the payment of any Bond or the transfer of amounts on deposit in any fund or account maintained for any Bonds to any other fund or account shall refer to the fund or account maintained for such Bonds.

Section 4.02 Deposit of Bond Proceeds.

(a) The proceeds derived from the sale of the Series 2014 Bonds in an amount equal to $_______________ shall be paid to the Trustee and forthwith deposited into the Series 2014 Bond Fund and further deposited or transferred as follows:

(i) to the Capitalized Interest Account: $[__________] (including accrued interest in the amount of $[__________]);

(ii) to the County, for deposit to the Administrative Expense Fund: $[__________];

(iii) to the Reserve Fund: $[__________] (being the initial Reserve Requirement);

(iv) to the County, for deposit to the Costs of Issuance Fund: $[__________]; and

(v) to the Improvement Fund: $[__________].

After the foregoing deposits and transfers have been made, the Series 2014 Bond Fund shall be closed.

(b) The proceeds of any Additional Bonds shall be deposited in accordance with the Supplemental Indenture authorizing the issuance of such Bonds.

Section 4.03 Improvement Fund.

(a) Moneys in the Improvement Fund shall be disbursed solely to pay or reimburse Costs of Public Improvements permitted by the Acts and in accordance with the Funding Agreement, except as otherwise provided in this Indenture.

(b) Disbursements from the Improvement Fund shall be made by the Trustee from time to time within five (5) Business Days of receipt of a properly executed and completed Requisition substantially in the form set forth in <u>Exhibit B</u> (a "***Requisition***").

(c) If an Authorized Officer determines in his sole discretion that all or any portion of the amounts then on deposit in the Improvement Fund are not expected to be expended for purposes of the Improvement Fund then the Authorized Officer shall file an Officer's Certificate with the Trustee to that effect identifying the amounts then on deposit in the Improvement Fund that are not expected to be used for purposes of the Improvement Fund. The Trustee, upon receipt of such certificate, shall transfer the amounts identified therein from the Improvement

Fund to the Debt Service Fund to be used (i) to redeem the Bonds on the next Interest Payment Date for which notice of redemption can timely be given pursuant to Section 3.03 if the amount so transferred is at least $100,000, or (ii) if such amount is less than $100,000, to pay interest on the Bonds on the next Interest Payment Date. In making any determination pursuant to this paragraph, the Authorized Officer may conclusively rely upon a certificate of an Independent Financial Consultant.

(d) Notwithstanding anything to the contrary contained herein, the County shall not requisition for any amount to be paid to the Developer if the Developer, or any of its Affiliates, are delinquent in the payment of any taxes payable to the County (including Special Taxes).

(e) Upon the filing of an Officer's Certificate to the effect that the Public Improvements have been completed, the Trustee shall transfer the amount, if any, remaining in the Improvement Fund to the Debt Service Fund and apply such amount in accordance with Section 4.06. When no amounts remain in the Improvement Fund, the Improvement Fund shall be closed.

Section 4.04 Costs of Issuance Fund.

Amounts in the Costs of Issuance Fund shall be disbursed by the County from time to time to pay Costs of Issuance. Upon the earlier of (a) the date that is six months from the date of initial delivery of the Bonds or (b) the date on which no amounts remain in the Costs of Issuance Fund, the Costs of Issuance Fund shall be closed and any remaining amounts on deposit therein shall be transferred to the Administrative Expense Fund.

Section 4.05 Reserve Fund.

(a) If on any Interest Payment Date or any date on which the principal amount of or any Sinking Fund Installment for any Bond secured by the Reserve Fund becomes due, the amount credited to the Debt Service Fund shall be less than the amount of the principal of, the Sinking Fund Installment for and the interest on such Bond due on such date, the Trustee forthwith shall transfer moneys from the Reserve Fund to the Debt Service Fund, to the extent necessary to make good any deficiency.

(b) Whenever transfer is made from the Reserve Fund to the Debt Service Fund due to a deficiency in the Debt Service Fund, the Trustee shall provide written notice thereof to the County and the Administrator, specifying the amount withdrawn.

(c) The Trustee shall determine the value of the assets of the Reserve Fund on each Interest Payment Date and on any other date at the written request of an Authorized Officer. If the amount in the Reserve Fund exceeds the Reserve Requirement, the Trustee shall provide written notice to the County of the amount of the excess and shall transfer, in the following order of priority, the amount of such excess available for transfer from the Reserve Fund: (i) to the Capitalized Interest Account during the Capitalized Interest Period and (ii) thereafter, (A) to the County an amount equal to the County Expenses due for the next Fiscal Year, plus any County Expenses then due and payable (all as reflected in an Officer's Certificate delivered to the Trustee), and (B) to the Debt Service Fund or the Improvement Fund, as shall be directed in writing by an Authorized Officer. If the amount in the Reserve Fund is less than the Reserve

Requirement, the Trustee shall provide written notice to the County of the amount of the deficiency and the County shall transfer moneys from the Tax Increment Fund and the Special Taxes Fund to the Reserve Fund in accordance with Section 4.07.

(d) In determining the value of the assets of the Reserve Fund, there shall be credited to the Reserve Fund the amount that can be realized by the Trustee under any letter of credit, insurance policy, guaranty, surety bond or other similar facility (a "*Reserve Fund Credit Facility*") delivered to the Trustee by the County if each of the following conditions is met: (i) on the date of delivery of such Reserve Fund Credit Facility to the Trustee, the unsecured indebtedness or claims-paying ability of the issuer thereof is rated in one of the three highest rating categories of at least one Rating Agency; (ii) such Reserve Fund Credit Facility requires that the issuer thereof provide written notice to the Trustee of any downgrade in any rating of such issuer if the result of such downgrade would cause such rating to fall below the requirements set forth in clause (i) above and, as of the date of valuation, the Trustee has not received such notice; (iii) such Reserve Fund Credit Facility permits the Trustee to realize amounts thereunder at such times as the Trustee is required to transfer any amount (other than any excess) from the Reserve Fund in accordance with this Indenture; (iv) such Reserve Fund Credit Facility permits the Trustee to realize thereunder the full amount of such Reserve Fund Credit Facility (A) prior to the expiration thereof, if no replacement Reserve Fund Credit Facility is delivered to the Trustee prior to such expiration date, unless the expiration date of such Reserve Fund Credit Facility is after the maturity date of the Bonds secured thereby and (B) upon any downgrade in any rating of the issuer thereof if such downgrade would cause such rating to fall below the requirements set forth in clause (i) above; and (v) on the date of delivery of such Reserve Fund Credit Facility to the Trustee, there has been delivered to the County and the Trustee an Opinion of Bond Counsel.

(e) Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay all Outstanding Bonds secured thereby, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, upon the written direction of the County, the Trustee shall transfer the amount in the Reserve Fund to the Improvement Fund or the Debt Service Fund as shall be specified by the County. In the event that the amount so transferred to the Debt Service Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the amount of the excess shall be transferred to the County free and clear of the lien of this Indenture. Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this paragraph until after the calculation of any amount due to the United States of America pursuant to Section 5.09 following payment of the Bonds secured thereby and withdrawal of any such amount from the Reserve Fund for purposes of making such payment.

Section 4.06 Debt Service Fund.

(a) On each Interest Payment Date and on each date on which the principal or Redemption Price of any Bonds becomes due, the Trustee shall withdraw from the Debt Service Fund and pay to the Holders of the Bonds the principal of and interest and premium, if any, on the Bonds then due and payable, less any amount of such interest to be paid from the Capitalized Interest Account.

(b) Moneys in the Capitalized Interest Account shall be used exclusively for the payment of interest accruing on the Series 2014 Bonds during the Capitalized Interest Period. Following the Capitalized Interest Period, the Trustee, upon receipt of an Officer's Certificate, shall transfer amounts remaining on deposit in the Capitalized Interest Account to the Improvement Fund for application pursuant to Section 4.03. When no amounts remain on deposit in such account, the Capitalized Interest Account shall be closed.

(c) Subject to the provisions of paragraphs (a) and (b) of this Section, available moneys in the Debt Service Fund shall be applied by the Trustee to the purchase or redemption of Bonds of such Series and maturities as the County shall direct. Notwithstanding the foregoing, if the County directs the Trustee to purchase Bonds with amounts on deposit in the Debt Service Fund being held for the payment of any Sinking Fund Installments becoming due on any Term Bonds in any year, such amounts shall be applied solely to the purchase of such Term Bonds, provided that, if in any Fiscal Year the amount credited against the Sinking Fund Installment for Term Bonds of any Series in accordance with Section 3.01 equals or exceeds the Sinking Fund Installment for such Term Bonds due on the immediately succeeding February 15, any excess amount on deposit in the Debt Service Fund for the payment of such Sinking Fund Installment shall be applied by the Trustee to the purchase of any Bonds then outstanding as shall be directed by the County. Moneys required to pay the principal or Redemption Price of or interest on any Bonds shall not be deemed to be available for application as provided in this Section. Any Bonds purchased pursuant to this Section shall be registered in such names or cancelled as the County shall direct.

(d) If the County shall determine to provide for the payment of any Bonds as provided in Section 8.01, amounts on deposit in the Debt Service Fund for the payment of the principal or Redemption Price of or interest on such Bonds shall be paid to the escrow deposit agent for such Bonds upon the written direction of the County.

Section 4.07 Tax Increment Fund and Special Taxes Fund.

(a) As soon as practicable following receipt thereof (and in the case of the State BRAC Payments, the appropriation thereof for the purpose of paying the principal of, interest on and any premium on the Bonds), the County shall deposit (i) all Tax Increment Revenues to the credit of the Tax Increment Revenues Account of the Tax Increment Fund, (ii) all Special Tax Revenues to the credit of the Special Taxes Fund and (iii) all State BRAC Payments to the credit of the Pledged BRAC Revenues Account of the Tax Increment Fund.

(b) On each January 15 and July 15 (with respect to payments of principal of and interest on the Bonds on the immediately succeeding Interest Payment Date) and on any date required for the payment of any other obligations relating to the Development District and the Special Taxing District, the County shall withdraw, first from the Tax Increment Revenues Account of the Tax Increment Fund, second from the Pledged BRAC Revenues Account of the Tax Increment Fund and, third, to the extent amounts in the Tax Increment Revenues Account and the Pledged BRAC Revenues Account of the Tax Increment Fund are insufficient therefor, from the Special Taxes Fund, and transfer the following amounts for the following purposes in the following order of priority: (i) to the Trustee for deposit to the Debt Service Fund, the amount necessary, taking into account any amounts then on deposit in the Debt Service Fund and the

Capitalized Interest Account and any excess in the Reserve Fund available for transfer to the Debt Service Fund, to make the amount in the Debt Service Fund equal the principal, premium, if any, and interest due on the Bonds on the immediately succeeding Interest Payment Date or such other payment date, as applicable; (ii) to the Trustee for deposit to the Reserve Fund, the amount necessary, taking into account amounts then on deposit in the Reserve Fund after giving effect to any amount required to be transferred from the Reserve Fund to the Debt Service Fund, to make the amount in the Reserve Fund equal the Reserve Requirement; and (iii) to the Administrative Expense Fund, such amount as shall be determined by the County to be necessary to pay County Expenses (as reflected in an Officer's Certificate delivered to the Trustee).

(c) On July 15 of each year, after the County has made the transfers required by clauses (i) through (iii) above, any balance on deposit in, or deposited to (A) the Special Taxes Fund may be transferred by the County to the Trustee for deposit to the Debt Service Fund, and (B) the Tax Increment Revenues Account of the Tax Increment Fund may be withdrawn by the County free and clear of the lien of this Indenture.

(d) In addition, on July 15 of each year, after the County has made the transfers required by clauses (i) through (iii) above, all or a portion of the balance on deposit in, or deposited to, the Pledged BRAC Revenues Account of the Tax Increment Fund may be withdrawn by the County free and clear of the lien of this Indenture as follows:

(i) If the amount of Tax Increment Revenues receivable in the current Fiscal Year is at least equal to the amount of Net Debt Service on the Bonds due on February 15 of such Fiscal Year and August 15 of the succeeding Fiscal Year, the County may withdraw the total amount on deposit in the Pledged BRAC Revenues Account of the Tax Increment Fund; or

(ii) If the balance on deposit in, or deposited to, the Pledged BRAC Revenues Account of the Tax Increment Fund exceeds the product of (A) the number of years remaining until the final maturity date of the Outstanding Bonds and (B) the difference between (I) the amount of Tax Increment Revenues receivable in the current Fiscal Year and (II) the amount of Net Debt Service on the Bonds due on February 15 of such Fiscal Year and August 15 of the succeeding Fiscal Year (the “Excess Amount”), the County may withdraw an amount equal to the Excess Amount from the Pledged BRAC Revenues Account of the Tax Increment Fund.

Section 4.08 Administrative Expense Fund.

(a) Amounts on deposit in the Administrative Expense Fund may be used by the County to pay County Expenses from time to time. The County shall maintain records of all County Expenses paid by the County from time to time, including the nature of such County Expenses.

(b) Annually, on the last day of each Fiscal Year, commencing with the first Fiscal Year in which the amount of the Tax Increment Revenues and Pledged BRAC Revenues collected by the County is not less than the Debt Service due on February 15 of such Fiscal Year and on the August 15 immediately succeeding such Fiscal Year, as evidenced by an Officer's

Certificate delivered to the Trustee, the County may withdraw any amounts then remaining in the Administrative Expense Fund that are not required to pay County Expenses incurred but not yet paid, and which are not otherwise encumbered.

(c) Notwithstanding the provisions of paragraph (b) above, any amounts on deposit in the Administrative Expense Fund representing bond proceeds or investment earnings thereon shall be held in the Administrative Expense Fund and used by the County to pay County Expenses; provided that any such amounts representing bond proceeds or investment earnings thereon remaining on deposit in the Administrative Expense Fund on the third anniversary of the Closing Date shall be withdrawn from the Administrative Expense Fund and paid over to the Trustee for deposit to the Debt Service Fund.

Section 4.09 Investments.

(a) Moneys in any fund or account established pursuant to this Indenture and held by the Trustee shall be invested by the Trustee as directed in writing by an Authorized Officer, but only in Permitted Investments. In the absence of any such direction, the Trustee shall invest any such moneys in Permitted Investments described in clause (f) of the definition thereof or in Government Obligations. The Authorized Officer shall direct the investment of such funds so as to comply with Section 5.09.

(b) Subject to the provisions of Section 5.09, (i) moneys in the Special Taxes Fund shall be invested by the County in Permitted Investments and (ii) moneys in the Tax Increment Fund, the Pledged BRAC Revenues Account, the Tax Increment Revenues Account and in any fund or account established pursuant to this Indenture and held by the County (except for the Special Taxes Fund) shall be invested in any lawful investment for funds of the County and in accordance with the County's investment policy.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Trustee nor the County shall incur any liability for losses arising from any investments made in accordance with this Section. The Trustee shall not be required to determine the legality of any investments or compliance with Section 5.09 or whether such investment qualifies as a Permitted Investment.

(d) In determining the value of the assets of the funds and accounts created by this Indenture, investments and accrued interest thereon shall be deemed a part thereof. Investments shall be valued at current market value. Interest earned, profits realized and losses suffered by reason of any investment of the funds and accounts created by this Indenture shall be credited or charged, as the case may be, to the fund or account for which such investment shall have been made.

(e) Investments in any and all funds and accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee or the County hereunder, provided that the Trustee or the County, as applicable, shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Indenture.

(f) The Trustee will furnish the County and the Administrator with monthly statements of the funds and accounts established hereunder that are held by the Trustee, which statements shall include detail for all investment transactions made by the Trustee hereunder.

Section 4.10 Priority of Payments Following Default.

If on any date on which the principal or Redemption Price of or interest on any Bond becomes due, the amounts on deposit in the funds and accounts established pursuant to this Indenture and available for the payment thereof shall not be sufficient to provide for such payments, amounts held by the Trustee or the County hereunder and under the Authorizing Legislation, together with any moneys thereafter becoming available for such purpose shall be applied, after payment of fees and expenses of the Trustee (including reasonable attorneys' fees), as follows:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Bonds Outstanding, in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment of such installment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds;

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any Outstanding Bonds that shall have become due and payable, in the order of their due dates, with interest upon the principal amount of such Bonds from the respective dates upon which such principal shall have become due and payable and, if the amount available shall not be sufficient to pay in full the principal of such Bonds due and payable on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal, ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or preference, except as to any difference in the respective rates of interest specified in such Bonds; and

THIRD: to the payment of the interest on and the principal of the Bonds Outstanding as the same become due and payable.

Notwithstanding the foregoing provisions of this Section (a) amounts on deposit in any fund or account maintained for any particular Series of Bonds shall be applied solely to the payment of amounts due on Bonds of such Series; (b) any other amounts held by the Trustee or the County hereunder and under the Authorizing Legislation shall be allocated *pro rata* among the Outstanding Bonds of each Series after giving effect to the application of amounts on deposit in the Debt Service Fund and the Reserve Fund maintained for such Bonds, on the basis of the amounts of principal and interest then due on such Bonds; and (c) prior to the application of any moneys that constitute proceeds of any Series of Tax-Exempt Bonds or the investment earnings on such proceeds to the payment of any Bond of any other Series, the Trustee shall obtain an Opinion of Bond Counsel.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. The setting aside of such moneys in trust for the benefit of all holders of Bonds Outstanding shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the County, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal of the Bonds to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. The provisions of this paragraph shall be subject in all respects to the provisions of the Bonds with respect to the payment of defaulted interest on the Bonds. The Trustee shall not be required to make payment to the holder of any Bond unless such Bond shall be presented to the Trustee.

Section 4.11 Application of Funds for Retirement of Bonds.

If the County shall determine to provide for the payment or redemption of all Outstanding Bonds, amounts on deposit in any fund or account created by this Indenture shall be transferred to the Debt Service Fund or any escrow agent for the Bonds for the payment of the principal or Redemption Price of or interest on such Bonds upon the written direction of the County.

Section 4.12 Unclaimed Moneys.

Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the principal of, and the interest and premium on, the Bonds which remains unclaimed for three years after the date when the payment of such principal, interest and premium have become payable, shall, to the extent permitted by law, be repaid by the Trustee to the County as its absolute property free from any trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall look only to the County for the payment of the principal of, and interest and premium on, such Bonds.

ARTICLE V

COVENANTS OF THE COUNTY

Section 5.01 Punctual Payment.

The County will punctually pay or cause to be paid, but solely from the Revenues, the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Indenture, the Bonds and any Supplemental Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, the Bonds and any Supplemental Indenture.

Section 5.02 Bonds Constitute Special Obligations.

The Bonds are special obligations of the County, payable solely from the Revenues and certain other assets and revenues pledged by the County under the Authorizing Legislation and this Indenture, including certain other funds held by the Trustee hereunder. The Bonds do not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power. Except for the Revenues, no other taxes or assessments are pledged to the payment of the Bonds.

Amounts in the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds.

The Public Improvements financed with the proceeds of the Bonds are not in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation or destruction of the Public Improvements financed with the proceeds of the Bonds are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

Section 5.03 Covenant to Seek Appropriation of State BRAC Payments.

Pursuant to the Authorizing Legislation, the County covenants, subject to applicable law and public policy, that in each Fiscal Year in which (a) the Series 2014 Bonds are Outstanding and (b) State BRAC Payments are available under the BRAC Revenue Act, the Director of Finance shall cause the State BRAC Payments to be included in the County's operating budget submitted by the County Executive to the County Council each year no later than 70 days prior to the end of the fiscal year for the purpose of paying the principal of, interest on and any premium on the Series 2014 Bonds. Additionally, the Director of Finance shall use his or her best efforts to obtain the authorization and appropriation of State BRAC Payments by the County Council for such purpose. The County covenants to deposit all State BRAC Payments so appropriated into the Pledged BRAC Revenues Account of the Tax Increment Fund.

Section 5.04 Encumbrances.

The County shall not encumber, pledge or place any charge or lien upon any of the Revenues or other amounts pledged to the Bonds superior to, on a parity with or subordinate to the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Indenture. So long as the Bonds are Outstanding hereunder, the County shall not issue any bonds, notes or other obligations (other than the Bonds) that are secured by any pledge or lien on the Revenues or other property pledged under this Indenture.

Section 5.05 Extension of Time for Payment.

In order to prevent any accumulation of claims for interest after maturity, the County shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the County, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 5.06 Books and Records.

The County will keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of all transactions relating to the Development District, the Special Taxing District and the Revenues. Such books shall be subject to the inspection of the Trustee and any duly authorized representative of Holders of not less than ten percent of the Bonds, upon written request to the County by the Trustee or such representative, as applicable. The County shall provide the Trustee or such representative, as applicable, an opportunity to inspect such books and records during the County's regular business hours and on a mutually agreeable date not later than 30 days after the County receives such request.

Section 5.07 Collection of Tax Increment Revenues and Special Tax Revenues.

(a) The County shall comply in all material respects with all requirements of all applicable State and local laws, including the Acts and the Authorizing Legislation, to the extent required to assure the timely collection of Revenues for the payment of the Bonds and other amounts payable hereunder. Without limiting the generality of the foregoing, the County covenants to collect the Special Taxes in accordance with the Special Taxing District Act and the Authorizing Legislation (including the Rate and Method).

(b) Prior to the beginning of each Fiscal Year, the Authorized Officer shall determine, or cause the Administrator to determine, taking into account the amount on deposit in the funds and accounts hereunder and the amount of Tax Increment Revenues expected to be levied and collected and the amount of State BRAC Payments expected to be received from the State in the ensuing Fiscal Year, if Special Taxes need to be collected pursuant to the terms of the Authorizing Legislation. If the Authorized Officer or the Administrator determines that the collection of Special Taxes is required, the Authorized Officer shall ascertain, or cause the Administrator to ascertain, the relevant parcels on which the Special Taxes are to be collected, taking into account any parcel splits during the preceding and then current Fiscal Year and shall determine the amount of Special Taxes within the Special Taxing District required during the ensuing Fiscal Year for the purposes set forth in the Authorizing Legislation, including the payment of the principal of and interest on any Outstanding Bonds, any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the County Expenses during such Fiscal Year, taking into account the balances in such funds, the Tax Increment Fund and the Special Taxes Fund. The Authorized Officer or the Administrator shall make such determination in accordance with the Authorizing Legislation and the Acts. The Special Taxes so collected shall not exceed the authorized amounts as provided in the proceedings pursuant to the Authorizing Legislation. The Authorized Officer shall take all necessary actions to cause such amount of Special Taxes to be collected in each Fiscal Year in which Special Taxes are required to be collected under this Indenture.

(c) The County hereby covenants with and for the benefit of the Bondholders that it will order, and cause to be commenced as hereinafter provided, and thereafter diligently prosecute the collection (unless such delinquency is theretofore brought current) of any property taxes or Special Taxes or installment thereof levied on any property in the Districts and not paid when due.

(d) In the event that any property that has been offered for sale for nonpayment of taxes has not been purchased by a private purchaser, the County will use reasonable efforts to continue to offer the property for sale until sold to a private purchaser.

Section 5.08 Protection of Security and Rights of Bondholders; Further Assurances.

The County will preserve and protect the security of the Bonds and the rights of the Bondholders, and will warrant and defend their rights against all claims and demands of all persons. The County will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for better assuring and confirming unto the Holders the rights and benefits provided in this Indenture.

Section 5.09 Bonds Not to be Arbitrage Bonds.

The County Executive and the Director of Finance of the County shall be the officials of the County responsible for issuing the Tax-Exempt Bonds (the "*Section 148 Certifying Officials*"). The Section 148 Certifying Officials shall execute and deliver (on the date of each issuance of Tax-Exempt Bonds) a certificate of the County (each such certificate, as it may be amended and supplemented from time to time in accordance with this Section, being referred to herein as a "*Section 148 Certificate*") that complies with the requirements of Section 148 of the Code or any successor to such Section in effect on the date of issuance of such Bonds ("*Section 148*"). The County shall set forth in such Section 148 Certificate its reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of such Bonds, or of any moneys, securities or other obligations that may be deemed to be proceeds of such Bonds within the meaning of Section 148 (collectively, "*Bond Proceeds*").

The County covenants that (i) the facts, estimates and circumstances set forth in each Section 148 Certificate will be based on the County's reasonable expectations on the date of delivery of such Certificate and will be, to the best of the Section 148 Certifying Officials' knowledge, true, correct and complete as of that date, and (ii) the Section 148 Certifying Officials will make reasonable inquiries to ensure such truth, correctness and completeness.

The County further covenants that it will not make, or (to the extent it exercises control or direction) permit any other person to make, any use of the Bond Proceeds that would cause any Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148. The County further covenants that it will comply with those provisions of Section 148 that are applicable to any Tax-Exempt Bonds on the date of issuance of such Bonds and with those provisions of Section 148 that may subsequently be lawfully made applicable to such Bonds. To the extent that provisions of Section 148 apply only to a portion of any Tax-Exempt Bonds, it is intended that the covenants of the County contained in this Section be construed so as to require the County to comply with Section 148 only to the extent of such applicability.

The County shall (i) hold and invest Bond Proceeds within its control (if such proceeds are invested), and (ii) direct the Trustee to transfer amounts on deposit in any fund or account created by this Indenture to the County for the payment of rebates or payments in lieu thereof to the United States of America, all in accordance with the expectations of the County set forth in the Section 148 Certificate.

The County shall make timely payment, but only from the Revenues and other property pledged under this Indenture, of any rebate amount or payment in lieu thereof (or installment of either) required to be paid to the United States of America in order to preserve the excludability from gross income, for federal income tax purposes, of interest paid on the Tax-Exempt Bonds and shall include with any such payment such other documents, certificates or statements as shall be required to be included therewith under then-applicable law and regulations.

The Section 148 Certifying Officials may execute an amendment or supplement to any Section 148 Certificate upon delivery to the Trustee of an Opinion of Bond Counsel with respect to the actions to be taken by the County in accordance with such amendment or supplement.

Neither the County nor the Trustee shall incur any liability in connection with any action as contemplated herein so long as the County and the Trustee act in good faith.

Section 5.10 Amendment of the Public Improvements.

Nothing contained herein shall be construed to limit the right of the County to amend the Public Improvements subject in all respects to the requirements of the Acts and the Authorizing Legislation.

Section 5.11 Funding Agreement.

The County covenants to enforce its rights under the Funding Agreement as necessary and appropriate to facilitate the completion of the Public Improvements, its collection of the Revenues and the satisfaction of its obligations under this Indenture and the Bonds. The County further covenants that it will not terminate the Funding Agreement other than in accordance with its terms. The County agrees to consult with the Trustee regarding the County's selection of remedies under the Funding Agreement.

Without notice to or the consent of the Bondholders, the County at any time and from time to time may supplement, modify or amend the Funding Agreement for one or more of the following purposes:

(a) to add to the covenants and agreements of the Developer contained in the Funding Agreement, other covenants and agreements thereafter to be observed;

(b) to make any change required or permitted by the Funding Agreement;

(c) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in the Funding Agreement or to make such provisions in regard to matters or questions arising under the Funding Agreement as may be necessary or desirable and not contrary to or inconsistent with the Funding Agreement or this Indenture;

(d) to make any change required or permitted pursuant to Section 2.04 of this Indenture in connection with the issuance of Additional Bonds;

(e) to obtain or to maintain any ratings on any Bonds from any Rating Agency;

(f) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued; or

(g) to make any other change in the Funding Agreement which the Trustee determines shall not prejudice in any material respect the rights of the holders of the Bonds Outstanding at the date as of which such change shall become effective.

Except as provided above, the County covenants that it will not supplement, modify or amend the Funding Agreement without the prior written consent of the holders of a majority of the Bonds Outstanding.

Section 5.12 Continuing Disclosure.

Based upon the fact that the Series 2014 Bonds are being issued in minimum denominations of $100,000 and that the Underwriter has advised the County of its intention (as further described in the Offering Memorandum) to offer the Series 2014 Bonds to thirty-five (35) or fewer sophisticated investors, giving rise to an exception to Rule 15c2-12 promulgated by the Securities Exchange Commission, the County is not obligated to provide continuing disclosure pursuant to Rule 15c2-12. Notwithstanding this exception, the County has contractually agreed to provide continuing disclosure pursuant to its Disclosure Agreement. The County agrees that it will also provide continuing disclosure as required by Rule 15c2-12 in the event that the Authorized Denominations of the Series 2014 Bonds are changed to $5,000 or any integral multiple thereof pursuant to the terms hereof.

ARTICLE VI

THE TRUSTEE; THE ADMINISTRATOR

Section 6.01 Trustee as Trustee and Paying Agent.

The Trustee is hereby designated and agrees to act as Trustee and Paying Agent for and in respect to the Series 2014 Bonds and, except as otherwise provided in any Supplemental Indenture, any Additional Bonds.

Section 6.02 Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the County shall reimburse the Trustee from the Revenues, but only to the extent that such amounts are appropriated by the County, for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the County shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 6.03 Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the County and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, the compliance of the Public Improvements with the Acts or the Authorizing Legislation or the tax-exempt status of the Tax-Exempt Bonds and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the County or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code.

The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct.

The rights, privileges, protections, immunities and benefits given to the Trustee, including (without limitation) its rights to be indemnified, are extended to, and shall be enforceable by the Trustee in each of its capacities hereunder. Such immunities and protections and right to indemnification, together with the Trustee’s right to compensation, shall survive the Trustee’s resignation or removal, the discharge of this Indenture and final payment of the Bonds.

The Trustee is under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders unless such holders have offered to the Trustee security or indemnity satisfactory to the Trustee as to its terms, coverage, duration, amount and otherwise with respect to the costs, expenses and liabilities which may be incurred.

The permissive right of the Trustee to take actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

The Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of the Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

Section 6.04 Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 6.05 Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel or counsel to the County, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by an Officer's Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such Officer's Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the County to the Trustee shall be sufficiently executed if executed in the name of the County by an Authorized Officer.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any person of notice of the provisions hereof except as expressly required in Section 6.13.

Section 6.06 Compensation.

Unless otherwise provided by contract with the Trustee, the County shall pay to the Trustee, but only to the extent that such amounts are appropriated by the County, from the Revenues or amounts on deposit in the Costs of Issuance Fund or the Administrative Expense Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Trustee and Paying Agent, together with all its reasonable expenses, charges and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. The County shall indemnify and save the Trustee harmless, but solely from the Revenues, but only to the extent that such amounts are appropriated by the County, or amounts on deposit in the Costs of Issuance Fund and the Administrative Expense Fund, against any expenses and liabilities that the Trustee may incur in the exercise and performance of its powers and duties hereunder that are not due to its negligence or willful misconduct. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. If the County shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 6.07 Permitted Acts.

The Trustee and its directors, officers, employees or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any holder of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the County or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority of the Bonds.

Section 6.08 Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' notice, specifying the date when such resignation shall take effect, to the County and each Holder of any outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 6.10 and the acceptance of such appointment by such successor.

Section 6.09 Removal of Trustee.

The Trustee may be removed at any time by (i) the Holders of a majority of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the County, or (ii) so long as no default shall have occurred and be continuing under this Indenture, the County. Copies of each such instrument shall be delivered by the County to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the County or the Holders of not less than 10% of the Bonds.

Section 6.10 Successor Trustee.

If the Trustee shall resign, be removed, be dissolved or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee shall be appointed by the County or, if a default shall have occurred and be continuing hereunder, by the Holders of at least 25% of the Bonds by an instrument or concurrent instruments in writing delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and, in the case of any appointment made by the Bondholders, the County.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 6.08 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Holder of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor.

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least $50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee and each of the Holders of the Bonds.

Section 6.11 Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 6.10 shall execute, acknowledge and deliver to its predecessor and the County an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the County or of such successor, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers and trusts of such Trustee and all the right, title and interest of such Trustee in and to the Trust Estate, and shall pay over, assign and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the County be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties or obligations, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the County.

Section 6.12 Merger, Conversion or Consolidation of Trustee.

Any company into which the Trustee may be merged or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such company shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 6.10.

Section 6.13 Trustee to File Continuation Statements.

The Trustee shall file or cause to be filed, at the expense of the County, but solely from the Revenues, but only to the extent that such amounts are appropriated by the County, or amounts on deposit in the Costs of Issuance Fund or the Administrative Expense Fund, such amendments to financing statements as may be required by the Maryland Uniform Commercial Code, as from time to time in effect (the "*UCC*") and provided by the County, in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture the time, place and manner required by the UCC.

Section 6.14 Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Holders of the Bonds.

Section 6.15 The Administrator.

MuniCap, Inc. is hereby appointed by the County as Administrator hereunder. The Administrator undertakes to perform such duties, and only such duties, as are specifically set forth in this Indenture and as further set forth in this Article VI, and no implied covenants or obligations shall be read into this Indenture against the Administrator.

Section 6.16 Duties of Administrator.

(a) The Administrator by its acceptance hereof agrees to perform the following tasks in connection with the Bonds:

(i) determine and calculate the annual Special Taxes to be levied and collected each year as provided for in the Authorizing Legislation and the Rate and Method;

(ii) prepare an annual report for submission to the County containing an explanation of the classification of property and the methodology employed to calculate the amount of Special Taxes levied;

(iii) provide such advice and assistance as may be required by the County in connection with the levy and collection of Special Taxes;

(iv) perform such additional duties as may be specified in this Indenture or the Administration Agreement; and

(v) provide those services required of it pursuant to the Disclosure Agreements.

(b) In the event of a failure by the Administrator to comply with any provisions of this Section, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Administrator to comply with its obligations under this Section.

(c) The Administrator shall have only those duties relating to continuing disclosure as set forth in the Disclosure Agreements, and shall not be deemed to be acting in a fiduciary capacity for the Developer, the County, the Trustee, the Bondholders or any other party for the purpose of complying with its obligation to provide continuing disclosure.

Section 6.17 Qualifications, Resignation, Removal and Appointment of Successor Administrator.

Any successor Administrator appointed pursuant to the provisions of this Section shall be an individual or entity with the ability, as determined by the County, to perform the duties of the Administrator under this Indenture and the Disclosure Agreements and as more particularly set forth in the Administration Agreement. Such successor Administrator shall enter into an agreement with the County substantially in the form of the Administration Agreement.

The County may remove the Administrator initially appointed and any successor thereto upon sixty (60) days' written notice to the Administrator, and shall appoint a successor or successors thereto. The County shall provide notice to the Trustee and the Holders of the removal of the Administrator and the appointment of any successor Administrator.

The Administrator may resign from its obligations hereunder and under the Administration Agreement upon sixty (60) days' written notice to the County and the Trustee.

Any resignation or removal of the Administrator shall become effective upon acceptance of appointment by the successor Administrator.

If no appointment of a successor Administrator shall be made pursuant to the provisions of this Section within sixty (60) days following receipt by the County of the written notice of the resignation or removal of the Administrator, the County shall assume the obligations of the Administrator hereunder.

Section 6.18 Rights of Administrator.

The Administrator shall be afforded the same rights with respect to limitation of responsibilities, liability, notice, compensation and indemnification given to the Trustee pursuant to this Indenture.

ARTICLE VII

MODIFICATION OR AMENDMENT OF INDENTURE

Section 7.01 Modification or Amendment Without Consent.

Without notice to or the consent of the Bondholders, the County at any time and from time to time may enter into Supplemental Indentures supplementing, modifying or amending this Indenture or any Supplemental Indenture for one or more of the following purposes:

(a) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Trustee for the benefit of such holders;

(b) to add to the covenants and agreements of the County contained in this Indenture, other covenants and agreements thereafter to be observed relative to the acquisition, construction, equipping, operation, maintenance, development or administration of the Public Improvements or relative to the application, custody, use or disposition of the proceeds of Bonds;

(c) to surrender any right, power or privilege reserved to or conferred upon the County by this Indenture;

(d) to confirm, as further assurance, any pledge under, and the subjection to any lien on, or claim or pledge of (whether created or to be created by this Indenture), the Revenues or any other property pledged hereunder;

(e) to cure any ambiguity or to cure or correct any defect or inconsistent provisions contained in this Indenture or to make such provisions in regard to matters or questions arising under this Indenture as may be necessary or desirable and not contrary to or inconsistent with this Indenture;

(f) to authorize the issuance of Additional Bonds, including (without limitation) any modifications or amendments required to grant to or otherwise secure for the holders of such

Additional Bonds a parity interest in the security granted to the holders of the Series 2014 Bonds and any other then-Outstanding Bonds in accordance with Section 2.04;

(g) to permit the qualification of this Indenture or any Supplemental Indenture under any federal statute now or hereafter in effect or under any state blue sky law and, in connection therewith, to add to this Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or state blue sky law;

(h) to obtain or to maintain any ratings on any Bonds from any Rating Agency;

(i) to preserve the excludability from gross income for federal income tax purposes of the interest paid on any Tax-Exempt Bonds theretofore issued; or

(j) to make any other change in this Indenture which the Trustee determines shall not prejudice in any material respect the rights of the holders of the Bonds Outstanding at the date as of which such change shall become effective.

Section 7.02 Supplemental Indentures Requiring Consent of Bondholders.

In addition to Supplemental Indentures permitted by Section 7.01, with the prior written consent of the holders of a majority of the Bonds, the County at any time and from time to time may enter into Supplemental Indentures amending or supplementing this Indenture, any Supplemental Indenture or any Bond to modify any of the provisions thereof or to release the County from any of the obligations, covenants, agreements, limitations, conditions or restrictions therein contained, provided that nothing contained herein shall permit (i) a change in any terms of redemption or purchase of any Bond, the due date for the payment of the principal of or interest on any Bond or any reduction in the principal, Redemption Price or purchase price of or interest rate on any Bond without the consent of the Holder of such Bond or (ii) a preference or priority of any Bond over any other Bond or a reduction in the percentage of Bonds the consent of the Holders of which is required for any modification of this Indenture, without the unanimous consent of the holders of all Outstanding Bonds.

Section 7.03 Notation on Bonds.

Bonds authenticated and delivered after the effective date of any Supplemental Indenture may, and if the Trustee or the County so determines, shall, bear a notation by endorsement or otherwise in form approved by the County and the Trustee of such action. If the County or the Trustee shall so determine, new Bonds modified as necessary, in the opinion of the Trustee and the County, to conform to such Supplemental Indenture shall be prepared, authenticated and delivered and, upon demand of the Holder of any Outstanding Bond and surrender of such Bond to the Trustee, such Bond shall be exchanged, without cost to such Holder, for a new Bond.

Section 7.04 Amendments to Authorizing Legislation.

Without notice to or the consent of the Bondholders, the County at any time and from time to time may pass supplemental legislation supplementing, modifying or amending the Authorizing Legislation (i) in connection with any Supplemental Indenture entered into pursuant to Section 7.01 of this Indenture; (ii) in connection with any amendment to the Funding

Agreement which does not require Bondholder consent pursuant to Section 5.11 of this Indenture; or (iii) to add additional real property to the Districts or either one of them. Except for supplemental legislation permitted by the preceding sentence, the County shall not pass any supplemental legislation supplementing, modifying or amending the Resolution or the Bond Ordinance without the prior written consent of the holders of a majority of the Bonds Outstanding.

ARTICLE VIII

DEFEASANCE

Section 8.01 Defeasance.

(a) If the County shall pay or cause to be paid the principal or Redemption Price of and interest on all Bonds at the times and in the manner stipulated therein and in this Indenture, then the pledge of any Revenues and other property hereby pledged to the Bonds and all other rights granted hereby to the Bonds shall be discharged and satisfied. In such event, upon the request of the County, the Trustee shall execute and deliver to the County all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay or deliver to the County, or to such officer, board or body as may then be entitled by law to receive the same, all property held by it pursuant to this Indenture (other than any moneys and securities required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption).

(b) A Series 2014 Bond and any Additional Bond, except as otherwise provided in the Supplemental Indenture authorizing the issuance thereof, shall be deemed to have been paid within the meaning of and with the effect expressed in this Section if (i) money for the payment or redemption of such Bond shall be held by the Trustee (through deposit by the County of moneys for such payment or redemption or otherwise, regardless of the source of such moneys), whether at or prior to the maturity or the redemption date of such Bond, or (ii) if the maturity or redemption date of such Bond shall not have arrived (A) provision shall have been made by the County for the payment of the principal or Redemption Price of and interest on such Bond on the due dates for such payments by deposit with the Trustee (or other method satisfactory to the Trustee) of moneys or Government Obligations, the principal of and the interest on which when due, without reinvestment, will provide for such payment, and, if such Bond will be redeemed more than 90 days after the date the deposit is made, the County shall have made provision satisfactory to the Trustee for the mailing of a defeasance notice to the Holder(s) of such Bond that such moneys are so available for such payment and (B) if such Bond is to be redeemed prior to the maturity thereof, the County shall have taken all action necessary to redeem such Bond and notice of such redemption shall have been duly given or provisions satisfactory to the Trustee shall have been made for the giving of such notice and (iii) the Trustee has received an opinion of counsel experienced in bankruptcy law matters that the use of such moneys and/or Government Obligations will not constitute a voidable preference payment pursuant to Section 547 of the United States Bankruptcy Code in the event the County were to become a debtor under the United States Bankruptcy Code. The Trustee may rely upon a verification report by an independent public accountant or a verification agent with a favorable reputation in the field of verifying defeasance escrows as to the sufficiency of the deposit (or other method) under clause

(A) above to provide for the payment described therein. Upon any defeasance of all or a portion of the Bonds, all optional and extraordinary redemption provisions shall cease to be applicable thereto (other than optional redemption provisions, if any, exercised in connection with the defeasance).

ARTICLE IX

MISCELLANEOUS

Section 9.01 Liability of County.

The County shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The County shall not be liable in connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct. The County shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

No provision of this Indenture, the Bonds, the Funding Agreement, the Disclosure Agreements or any agreement, document, instrument or certificate executed, delivered or approved in connection with the issuance, sale, delivery or administration of the Bonds (the "*Bond Documents*") shall require the County to expend or risk its own general funds or otherwise incur any financial liability, the obligations and liabilities of the County hereunder being payable solely from the Revenues and other property pledged hereunder.

Neither the Holders nor any other person shall have any claim against the County or any officer, official, agent or employee of the County for damages suffered as a result of the County's failure to perform in any respect any covenant, undertaking or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking representation or covenant of the County, such as the payment of debt service on the Bonds, that is properly payable pursuant to the Acts, and in accordance with the Bond Documents. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency or instrumentality against the County or any of its officers, officials, agents or employees to enforce the provisions of any of the Bond Documents.

In order to perform its duties and obligations hereunder, the County may employ such agents as it deems necessary or advisable. The County shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

Section 9.02 Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any person other than the County, the Trustee, the Administrator and the Holders any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the County shall be for the sole and exclusive benefit of the Holders and the Trustee.

Section 9.03 Execution of Documents and Proof of Ownership of Bonds.

Any request, declaration or other instrument which this Indenture may require or permit to be executed by Holders may be in one or more instruments of similar tenor, and shall be executed by Holders in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Holder or any Holder's attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which such Holder or attorney purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to such officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such officer.

Except as otherwise herein expressly provided, the ownership of Bonds and the amount, maturity, number and date of holding the same shall be proved by the Bond Register.

Any request, declaration or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond in respect of anything done or suffered to be done by the County or the Trustee in good faith and in accordance therewith.

Section 9.04 Restrictions upon Action by Individual Holders.

No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law on any Bond for the execution of any trust hereunder or for any other remedy unless (a) such holder previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be instituted, and (b) the holders of not less than 25% of the Bonds shall have made written request to the Trustee and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by this Indenture or to institute such action, suit or proceeding in its or their name, and (c) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, the holders of not less than 25% of the Bonds may institute any such suit, action or proceeding in their own names for the benefit of all holders of Bonds.

It is understood and intended that, except as otherwise provided above, no one or more Bondholders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Bondholders and that any individual right of action or other right given by law to one or more of such holders is restricted by this Indenture to the rights and remedies herein provided.

Section 9.05 Moneys and Funds Held for Particular Bonds.

Amounts held by the Trustee for the payment of the principal or Redemption Price of and interest on Bonds due on any date shall be set aside and held in trust by it solely for the holders of such Bonds pending such payment and shall not be available to pay the principal or Redemption Price of or interest on any other Bonds.

Section 9.06 Waiver of Personal Liability.

No officer, official, agent or employee of the County shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such officer, official, agent or employee from the performance of any official duty provided by law.

Section 9.07 Notices to and Demands on County, Trustee and Administrator.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture shall be in writing and shall be telexed, cabled, delivered by hand or mailed by first class mail, postage prepaid, and addressed as follows:

If to the County:	Howard County, Maryland George Howard Building 3430 Courthouse Drive Ellicott City, Maryland 21043 Attention: Director of Finance
With a copy to:	Howard County Office of Law Carroll Building 3450 Courthouse Drive Ellicott City, Maryland 21043 Attention: County Solicitor
If to the Trustee:	Manufacturers and Traders Trust Company 25 South Charles Street, 11th Floor Mail Code 101-CS58 Baltimore, Maryland 21201 Attention: Patrick Wood, Vice President

If to the Administrator: MuniCap, Inc.
8965 Guilford Road, Suite 210
Columbia, Maryland 21046
Attention: Keenan Rice

Any such notice, demand or request may also be transmitted to the appropriate party by telephone or other electronic transmission and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change.

Section 9.08 Partial Invalidity.

If any Section, paragraph, sentence, clause or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The County hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 9.09 Applicable Law.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Maryland applicable to contracts made and performed in the State of Maryland.

Section 9.10 Conflict with Acts.

In the event of a conflict between any provision of this Indenture with any provision of the Acts as in effect on the date of delivery of the Series 2014 Bonds, the provision of the Acts shall prevail over the conflicting provision of this Indenture.

Section 9.11 Payment or Performance on Business Days.

Except as otherwise expressly provided herein, if any date specified herein for the payment of any Bond or the performance of any act shall not be a Business Day, such payment or performance shall be made on the next succeeding Business Day with the same effect as if made on such date.

Section 9.12 Intention as to Seal and Contract.

It is intended that this Indenture, when signed on behalf of the County and the Trustee and duly delivered between them, shall constitute a contractual obligation under seal under the laws of the State of Maryland with force and effect as an agreement and indenture of trust.

Section 9.13 Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 9.14 Offices of Manufacturers and Traders Trust Company.

While Manufacturers and Traders Trust Company is the Trustee hereunder, its address for purposes of registration, transfer, exchange or payment of Bonds shall be the principal office of Manufacturers and Traders Trust Company at which its corporate trust business shall be administered at any time, which office on the Closing Date is Manufacturers and Traders Trust Company c/o Wilmington Trust, Corporate Trust Operations, Attn: Work Flow Management, 1100 N. Market Street, Wilmington, DE 19890.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the County has caused this Indenture to be executed by its Director of Finance and its official seal to be impressed hereon and attested by its Chief Administrative Officer, and the Trustee has caused this Indenture of Trust to be executed by one of its duly authorized officers and its seal to be impressed hereon and attested by one of its duly authorized officers, all as of March 1, 2014.

HOWARD COUNTY, MARYLAND

By: ___________________________________
County Executive

[SEAL]

By: ___________________________________
Director of Finance

Attest:

____
Chief Administrative Officer

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

[SEAL]

By: ___________________________________
Patrick Wood
Vice President

Attest:

____
Name:
Title:

Acknowledged and Accepted:

MUNICAP, INC., as Administrator

By:________________________________
Authorized Officer

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY
THIS __ DAY OF __________, 2014:

____
Margaret Ann Nolan
County Solicitor

REVIEWING ATTORNEY:

____
Allyson Harris Owens
Assistant County Solicitor

EXHIBIT A
TO INDENTURE OF TRUST

FORM OF SERIES 2014 BOND

REGISTERED	UNITED STATES OF AMERICA	REGISTERED

No. ____ $___________

HOWARD COUNTY, MARYLAND
SPECIAL OBLIGATION BOND
(ANNAPOLIS JUNCTION TOWN CENTER PROJECT)
2014 SERIES

Dated Date	Interest Rate (Per annum)	Maturity Date	CUSIP
__________ __, 2014	___%	February 15, 20_	

Registered Owner: _______________

Principal Sum: ____ ($____________)

HOWARD COUNTY, MARYLAND, a body politic and corporate and a political subdivision of the State of Maryland (the "*County*"), for value received, hereby promises to pay, but only from the Revenues (defined herein) and other amounts pledged to such payment under the Indenture (defined herein), to the Registered Owner shown above or registered assigns or legal representative, upon the presentation and surrender hereof at the designated office of the Trustee (defined herein), the Principal Sum shown above (or such lesser amount as shall be outstanding hereunder from time to time in accordance with Section 5 hereof) on the Maturity Date shown above (or earlier as hereinafter referred to), with interest thereon from the most recent date to which interest has been paid or, if the Date of Authentication shown below is prior to the first interest payment date, from its Dated Date at the Interest Rate shown above until said Principal Sum is paid, payable on February 15 and August 15 of each year, beginning August 15, 2014.

All interest due on this bond shall be payable to the person in whose name this bond is registered on the bond registration books maintained by Manufacturers and Traders Trust Company, as Trustee (such entity and any successor in such capacity being referred to herein as the "*Trustee*"), as of the close of business on the first day of the calendar month in which the interest payment date occurs and shall be made by check mailed to the address of such owner as it appears on the bond registration books maintained by the Trustee; provided, that if there is a default in the payment of interest due hereon, such defaulted interest shall be payable to the person in whose name this bond is registered as of the close of business on a subsequent date fixed by the Trustee (the "*Special Record Date*") that is at least 10 and not more than 15 days before the date set for the payment of such defaulted interest. Notice of any Special Record Date will be given as hereinafter provided to the registered owner hereof not later than 10 days before the Special Record Date. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal or redemption price of and interest on this bond are payable in lawful money of the United States of America or by check payable in such money. If any payment of the principal or redemption price of or interest on this bond shall be due on a day other than a Business Day (as defined in the Indenture), such payment shall be made on the next succeeding Business Day with like effect as if made on the originally scheduled date.

As provided in the Acts (defined herein), the Authorizing Legislation (defined herein) and the Executive Order (defined herein), this bond is a special obligation of the County, payable solely from the Revenues and certain other assets and revenues pledged by the County under the Authorizing Legislation and the Indenture (defined herein), including certain other funds held by the Trustee under the Indenture. This bond does not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power. Except for the Revenues, no other taxes or assessments are pledged to the payment of this bond.

1. <u>Indenture</u>. This bond is one of a duly authorized series of bonds of the County designated "Howard County, Maryland, Special Obligation Bonds (Annapolis Junction Town Center Project), 2014 Series" (the "*Series 2014 Bonds*"), aggregating Seventeen Million Dollars ($17,000,000) in principal amount, dated as of their date of delivery, and duly issued by the County under and pursuant to (i) Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "*Tax Increment Financing Act*"); (ii) Sections 21-501 through 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland (formerly codified as Section 9-1301 of Article 24 of the Annotated Code of Maryland), as amended (the "*Special Taxing District Act*" and, together with the Tax Increment Financing Act, the "*Acts*"); (iii) Resolution No. 14-2009 adopted on May 4, 2009 by the County Council of the County (the "*County Council*"), as amended by Resolution No. 40-2011 adopted by the County Council on May 2, 2011 and as further amended by Resolution No. 10-2013 adopted by the County Council on February 4, 2013 (as so amended, the "*Resolution*"), and Council Bill No. 21-2009 enacted on May 4, 2009, as amended by Council Bill No. 14-2011 enacted on May 2, 2011 and as further amended by Council Bill No. 5-2013 enacted on February 4, 2013 (as so amended, the "*Bond Ordinance*" and, together with the Resolution, the "*Authorizing Legislation*"); (iv) the Executive Order issued by the County Executive on March __, 2014 (the "*Executive Order*") and (v) the Indenture of Trust dated as of March 1, 2014 (the "*Indenture*"), by and between the County and the Trustee. The terms of the Series 2014 Bonds include those stated in the Indenture, and the Series 2014 Bonds are subject to all such terms. Reference is made hereby to the Indenture for a description of the funds, revenues and property pledged thereunder, the nature and extent of the security created or to be created, and the rights, limitations of rights, obligations, duties and immunities of the County, the Trustee and the holders of the Series 2014 Bonds. By the acceptance of this bond, the holder hereof assents to all of the provisions of the Indenture. Certified copies of the Indenture are on

file at the designated office of the Trustee and at the office of the Director of Finance of the County in Ellicott City, Maryland.

2. Revenues. In the Indenture, the County has covenanted to pay the principal of, interest and premium on, the Series 2014 Bonds solely from the Revenues and other amounts pledged therefor under the Indenture.

3. The Series 2014 Bonds. All of the Series 2014 Bonds are of like tenor except as to number and principal amount.

4. Additional Bonds. The Indenture provides that Additional Bonds (as defined in the Indenture) may be issued within the limitations and provisions of the Indenture (the Series 2014 Bonds and any Additional Bonds being referred to herein, collectively, as "***Bonds***"). All Bonds issued within the limitations and provisions of the Indenture shall be secured equally and ratably by the Revenues and other property pledged under the Indenture, to the extent provided in the Indenture.

5. Redemption.

(a) The Series 2014 Bonds at the time outstanding may be redeemed prior to their respective maturities at the times and in the amounts provided by the Indenture.

(b) The Trustee shall give notice of any redemption of the Series 2014 Bonds at least 30 days before the redemption date to the registered owners of the Series 2014 Bonds to be redeemed. The failure so to give any such notice to any of such registered owners shall not affect the validity of the proceedings for the redemption of any Bonds.

(c) On the date designated for redemption, notice having been given as provided herein and in the Indenture and any conditions to such redemption having been satisfied, the Series 2014 Bonds or portions of Series 2014 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2014 Bonds or such portions thereof on such date and, if moneys for the payment of the redemption price and accrued interest are held by the Trustee as provided in the Indenture, interest on such Series 2014 Bonds or such portions thereof so called for redemption shall cease to accrue, such Series 2014 Bonds or such portions thereof so called for redemption shall cease to be entitled to any benefit or security under the Indenture, and the registered owners thereof shall have no rights in respect of such Series 2014 Bonds or such portions thereof so called for redemption except to receive payment of the redemption price thereof and the accrued interest thereon so held by the Trustee. If a portion of this Series 2014 Bond shall be called for redemption, a new Series 2014 Bond or Series 2014 Bonds in aggregate principal amount equal to the unredeemed portion hereof, of the same maturity and bearing interest at the same rate, shall be issued to the registered owner upon the surrender hereof.

(d) Provisions Applicable to Book-Entry Bonds. So long as all of the Series 2014 Bonds shall be maintained in book-entry form with a Securities Depository (as defined in the Indenture) in accordance with the Indenture, in the event that part, but not all, of this bond shall be called for redemption, the holder of this bond may elect not to surrender this bond in exchange for a new Series 2014 Bond in accordance with paragraph (c) above and in such event shall make a notation indicating the principal amount of such redemption and the date thereof on the Payment Grid attached hereto. For all purposes, the principal amount of this bond outstanding at any time shall be equal to the Principal Sum shown on the face hereof reduced by the principal amount of any partial redemption of this bond following which the holder of this bond has elected not to surrender this bond in accordance with paragraph (c) above. The failure of the holder hereof to note the principal amount of any partial redemption on the Payment Grid attached hereto, or any inaccuracy therein, shall not affect the payment obligation of the County hereunder. THEREFORE, IT CANNOT BE DETERMINED FROM THE FACE OF THIS BOND WHETHER A PART OF THE PRINCIPAL OF THIS BOND HAS BEEN PAID.

6. Defeasance. The Indenture prescribes the manner in which it may be discharged and provides that Series 2014 Bonds shall be deemed to be paid if moneys or certain Government Obligations (as defined in the Indenture), the principal of and interest on which, when due, will be sufficient to pay the principal or redemption price of and interest on such Bonds to the date of maturity or redemption thereof, shall have been deposited with the Trustee.

7. Persons Deemed Owners; Restrictions upon Actions by Individual Holders. The County and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof (whether or not this bond shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the County or the Trustee) for the purpose of receiving payment of or on account of the principal or redemption price of this bond, and for all other purposes except as otherwise provided herein with respect to the payment of interest on this bond, and neither the County nor the Trustee shall be affected by any notice to the contrary. All such payments so made to any such registered owner, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable under this bond.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

8. Transfer and Exchange. This bond may be exchanged for an equal aggregate principal amount of Series 2014 Bonds of other authorized denominations, and the transfer of this bond may be registered, upon presentation and surrender of this bond at the designated office of the Trustee, together with an assignment duly executed by the registered owner hereof or such owner's attorney or legal representative. The County and the Trustee may require the person requesting any such exchange or transfer to reimburse them for any tax or other governmental charge payable in connection therewith. Neither the County nor the Trustee shall be required to register the transfer of this bond or make any such exchange of this bond during the 15 days preceding an Interest Payment Date, during the 15 days preceding the date of mailing of any notice of redemption, or after this bond or any portion hereof has been selected for redemption.

9. Modifications. Modifications or alterations of the Indenture may be made only to the extent and in the circumstances permitted by the Indenture.

10. Negotiability. As declared by the Acts, this bond shall be and be deemed to be for all purposes a negotiable instrument subject only to the provisions for registration and registration of transfer stated herein.

11. Governing Law. This bond shall be governed by and construed in accordance with the laws of the State of Maryland.

12. Notices. Except as otherwise provided in the Indenture and this bond, when the Trustee is required to give notice to the owner of this bond, such notice shall be mailed by first-class mail to the registered owner of this bond at such owner's address as it appears on the registration books maintained by the Trustee. Any notice mailed as provided herein will be conclusively presumed to have been given, whether or not actually received by the addressee.

All acts, conditions and things required by the Constitution and laws of the State of Maryland and the Charter, laws, rules and regulations of the County to happen, exist and be performed precedent to and in the issuance of this bond and the execution and delivery of the Indenture have happened, exist and have been performed as so required.

No recourse shall be had for the payment of the principal or redemption price of and interest on this bond or for any claims based thereon or on the Indenture against any member or other officer of the County or any person executing this bond, all such liability, if any, being expressly waived and released by the registered owner of this bond by the acceptance of this bond.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

[signatures appear on the following page]

IN WITNESS WHEREOF, Howard County, Maryland has caused this bond to be executed in its name by the manual or facsimile signatures of its County Executive and Director of Finance and its corporate seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced, attested by the manual or facsimile signature of the Chief Administrative Officer; all as of the Dated Date set forth above.

HOWARD COUNTY, MARYLAND

By: ________________________________
County Executive

[SEAL]

By: ________________________________
Director of Finance

Attest:

____
Chief Administrative Officer

[Certificate of Authentication]

This bond is one of the bonds of the series designated herein and issued under the provisions of the within-mentioned Indenture.

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ____
Authorized Officer

Date of Authentication:______________________

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder's Signature

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto
____
____

(Please Print or Type Name and Address of Assignee)

the within bond and all rights thereunder and hereby irrevocably does constitute and appoint ____________________________ attorney to transfer the bond on books kept for the registration thereof, with full power of substitution in the premises.

Dated:________________

Signature Guaranteed:

____

____
(Name of Registered Owner)
Notice: The signature above must correspond with the name of the registered owner as it appears on the front of this Bond in every particular without alteration or enlargement or any change whatsoever.

____
(Please Insert Social Security or other Identifying Number of Assignee)

EXHIBIT B
TO INDENTURE OF TRUST

HOWARD COUNTY, MARYLAND
SPECIAL OBLIGATION BONDS
(ANNAPOLIS JUNCTION TOWN CENTER PROJECT)
2014 SERIES

FORM OF
REQUISITION FOR PAYMENT
FROM IMPROVEMENT FUND

TO: MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE (THE "*TRUSTEE*") UNDER THE INDENTURE OF TRUST DATED AS OF MARCH 1, 2014 (THE "*INDENTURE*"), BETWEEN HOWARD COUNTY, MARYLAND (THE "*COUNTY*") AND THE TRUSTEE

This requisition for payment is delivered to the Trustee in accordance with Section 4.03(b) of the Indenture. Payment shall be made from the Improvement Fund established in accordance with Section 4.01 of the Indenture. All terms used herein which are not otherwise defined herein shall have the meaning given such terms in the Indenture.

(1) Requisition for Payment No.: ____________.

(2) Amount of disbursement from the Improvement Fund: $_________________.

(3) As set forth in Schedule I to the Payment Request (the "*Payment Request*") attached hereto, of the total amount of disbursement set forth in (2) above,

(a) $________ is to be paid to the Developer with respect to an expense previously incurred; and/or

(b) $________ is to be paid to the Developer (notwithstanding anything to the contrary that may be contained in the attached Payment Request).

(4) _______ Attached as Exhibit A hereto is a Payment Request, executed by the Developer under the Funding Agreement, which sets forth certain representations of the Developer regarding this disbursement and related matters, or

_______ This Payment Request represents costs incurred by the County with respect to completion of the Public Improvements following an event of default under the Funding Agreement.

(5) _____ If this requisition includes Actual Costs (as defined in the Funding Agreement) attributable to costs under a Construction Contract, attached to the Payment Request is a Certificate and Approval of Inspector, executed by the Inspector (the "*Certificate*

of Inspector"), which sets forth certain representations of the Inspector regarding this disbursement and related matters, in accordance with the Funding Agreement.

(6) Payments shall be made by the Trustee in accordance with Schedule I attached to the Payment Request.

HOWARD COUNTY, MARYLAND

By: ____

Date: _______________, 20__

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APPENDIX G

Proposed Form of Funding Agreement

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FUNDING AGREEMENT

by and between

HOWARD COUNTY, MARYLAND

and

ANNAPOLIS JUNCTION TOWN CENTER, LLC

Dated as of February __, 2014

$17,000,000
Howard County, Maryland
Special Obligation Bonds
(Annapolis Junction Town Center Project)
2014 Series

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FUNDING AGREEMENT

This Funding Agreement dated as of February __, 2014 (this "*Agreement*"), is by and between **HOWARD COUNTY, MARYLAND**, a body corporate and politic and a political subdivision of the State of Maryland (the "*County*") and **ANNAPOLIS JUNCTION TOWN CENTER, LLC**, a Maryland limited liability company (the "*Developer*").

RECITALS

The County is authorized under Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "*Tax Increment Financing Act*"), to designate an area within the County as a "development district" and to establish a special tax increment fund with respect to such development district into which certain incremental tax revenues from the development district are deposited for the purpose of providing funds for the development, redevelopment, revitalization and renovation of the development district. The Tax Increment Financing Act authorizes the County to issue bonds from time to time to fulfill one or more of the purposes of the Tax Increment Financing Act. The Tax Increment Financing Act also authorizes the County to pledge to the payment of bonds issued thereunder any amounts received from the State of Maryland (the "*State*") under Section 2-222 of the Tax-Property Article of the Annotated Code of Maryland, as amended (the "*BRAC Revenue Act*").

Under Sections 21-501 through 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland (formerly codified as Section 9-1301 of Article 24 of the Annotated Code of Maryland), as amended (the "*Special Taxing District Act*" and, together with the Tax Increment Financing Act, the "*Acts*"), the County may create a special taxing district and a special fund with respect thereto, levy ad valorem or special taxes and issue bonds for the purpose of financing, refinancing or reimbursement for the costs of certain infrastructure improvements as necessary for the development and utilization of the land in a defined geographic region within the County.

Pursuant to the Acts, the County Council of the County (the "*County Council*") adopted Resolution No. 14-2009 on May 4, 2009, as amended by Resolution No. 40-2011 adopted on May 2, 2011 and as further amended by Resolution No. 10-2013 adopted on February 4, 2013 (as so amended, the "*Resolution*"), and enacted Council Bill No. 21-2009 on May 4, 2009, as amended by Council Bill No. 14-2011 enacted on May 2, 2011 and as further amended by Council Bill No. 5-2013 enacted on February 4, 2013 (as so amended, the "*Bond Ordinance*" and, together with the Resolution, the "*Authorizing Legislation*"), which (i) designated an area within the County more particularly described therein to be known as the Annapolis Junction Town Center Development District (the "*Development District*") as a development district under the provisions of the Tax Increment Financing Act; (ii) designated an area within the County more particularly described therein to be known as the Annapolis Junction Town Center Special Taxing District (the "*Special Taxing District*" and, together with the Development District, the "*Districts*") as a special taxing district under the provisions of the Special Taxing District Act; (iii) created a "special fund" within the meaning of the Tax Increment Financing Act for the Development District to be known as the Annapolis Junction Town Center Development District Tax Increment Fund (the "*Tax Increment Fund*"); (iv) created a "special fund" within the meaning of the Special Taxing District Act for the Special Taxing District to be known as the Annapolis Junction Town Center Special Taxes Fund (the "*Special Taxes Fund*"); (v) pledged to the Tax Increment Fund the proceeds of the "tax increment" (as such term is used in the Tax Increment Financing Act); (vi) pledged to the Special Taxes Fund the proceeds of the special taxes to be levied by the County on certain real and personal property within the Special Taxing District, unless exempted thereby or otherwise by law, for the purposes and to the extent and manner set forth in the Rate and Method (defined herein); (vii) directed the Director of Finance of the County to deposit all taxes representing the levy on and collection of the tax increment in the Development District into the Tax Increment Fund; (viii) directed the Director of Finance of the County to deposit all Special Taxes levied and collected in the Special Taxing District into the Special Taxes Fund; (ix) authorized the County to appropriate any revenues received by the County pursuant to the BRAC Revenue Act and, upon the deposit of such revenues into the Tax Increment Fund, to pledge such revenues for the repayment of any bonds as authorized by Section 12-206(c) of the Tax Increment Financing Act; (x) authorized the issuance by the County from time to time in one or more series of its special obligation bonds in the maximum aggregate principal amount of $17,000,000 (the "*Series 2014 Bonds*") to finance the costs of certain public improvements more particularly described therein; and (xi) authorized the County Executive of the County to specify and prescribe by executive order certain matters pertaining to the Series 2014 Bonds.

The Developer is developing land within the Districts as a mixed-use development expected to contain (a) approximately 416 residential apartment units with approximately 624 structured parking spaces, (b) approximately 100,000 square feet of office space, (c) approximately 17,450 square feet of retail space, (d) a hotel with approximately 150 rooms, (e) a 400-space structured parking garage and other paved surface parking spaces and (f) landscaping, hardscaping and other miscellaneous improvements. As part of the development, the State will, prior to the closing on the Series 2014 Bonds, transfer a portion of the property within the Districts to the Developer and the State will retain a portion of such property for the construction by the Developer thereon of a commuter parking facility containing 704 public parking spaces (the "*Commuter Parking Garage*") designed and constructed pursuant to the Transportation Public-Private Partnership Agreement with an effective date of June 27, 2008, as amended by the First Amendment to Transportation Public-Private Partnership Agreement dated as of September 12, 2013 (the "*PPP Agreement*" and, as further defined herein), between the Maryland Department of Transportation, the Maryland Transit Administration and the Maryland Transportation Authority (collectively, the "*State Agencies*") and the Developer.

The Developer and the County wish to provide for the financing of certain public improvements benefitting the Districts, including but not limited to the Commuter Parking Garage, by (1) entering into this Agreement and (2) issuing the Series 2014 Bonds, the proceeds of which will be used in part to finance or reimburse costs of such public improvements as contemplated by the Authorizing Legislation.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and the Developer agree as follows:

ARTICLE I

DEFINITIONS

In addition to the terms defined elsewhere herein (including in the Recitals hereto), the following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

"Actual Cost" means those substantiated Costs actually paid or incurred by the Developer. The total Actual Costs of the Public Improvements to be financed with the proceeds of the Series 2014 Bonds shall not exceed the amount of Series 2014 Bond proceeds initially deposited into the Improvement Fund, plus available investment earnings thereon.

"Affiliate" means (i) any entity owned or controlled by, or under common ownership or control with, the Developer, (ii) all general partners of the Developer, if the Developer is a partnership or any member owning at least 50% of the Developer, if the Developer is a limited liability company and (iii) Annapolis Junction Apartment Homes, LLC and Annapolis Junction Retail, LLC; provided that for purposes of Section 9.3(a) and (b), any entity under common ownership or control with the Developer shall not be deemed to be an Affiliate. Control shall mean ownership of 50% or more of the voting power of or ownership interest in the Developer or other entity, as applicable.

"Bank/Restaurant Space" means the portion of the Private Improvements consisting of approximately 3,200 square feet for a bank or restaurant.

"Boise Parcel" means the parcel of property consisting of 5.9623 acres, more or less, owned by the Boise Maryland Business Trust and included in the Districts.

"Budgeted Costs" means the budgeted cost of each of the four categories of Actual Costs of the Public Improvements to be financed with the proceeds of the Series 2014 Bonds, as set forth in Sections A, B, C and D of <u>Exhibit A</u>.

"Construction Contract" means any contract between the Developer and a contractor, subcontractor, or supplier of materials or services relating to the construction of the Public Improvements.

"Continuing Disclosure Agreement" means the Developer Continuing Disclosure Agreement dated as of March 1, 2014 between the Developer and the Administrator relating to the Series 2014 Bonds.

"Cost" or *"Costs"* means the costs of the Public Improvements permitted by the Acts and the Bond Ordinance to be financed with the Series 2014 Bonds and listed on <u>Exhibit A</u> to this Agreement. "Costs" include the Public Improvements Fees and Costs.

"County Public Improvements" means the public infrastructure improvements to be constructed on the State Property and the Boise Parcel which are dedicated to public use including the Public Improvements set forth in Section D of Exhibit A.

"County Representative" means the Director of Finance of the County and any other person or persons appointed by the County to perform the tasks of County Representative under this Agreement or a designee of such person.

"Engineer" means Gutschick, Little & Weber, P.A., or any other independent engineer or firm of engineers registered and qualified to practice the profession of engineering under the laws of the State and hired by the Developer.

"Final Development Plan" means the Development Plan for the Project as approved by the Department of Planning and Zoning of the County.

"Hotel" means the portion of the Private Improvements consisting of a hotel with approximately 150 rooms.

"Indenture" means the Indenture of Trust dated as of March 1, 2014 by and between the County and the Trustee relating to the Series 2014 Bonds and any Supplemental Indenture adopted pursuant to the provisions of the Indenture relating to the Series 2014 Bonds.

"Inspector" means the County's Department of Public Works, or any independent engineer or firm of engineers registered and qualified to practice the profession of engineering under the laws of the State and selected by the County to inspect the Public Improvements as required hereby.

"Kiosk" means the portion of the Private Improvements consisting of approximately 250 square feet for a coffee shop or similar use.

"MARC Station Improvements" means the improvements to the Savage MARC Station set forth in Section C of Exhibit A.

"Memorandum of Understanding" means the Memorandum of Understanding dated as of June 7, 2013, between the County and the Developer.

"Office Structure" means the portion of the Private Improvements consisting of approximately 100,000 square feet of Class A office space.

"Payment Request" means a document, substantially in the form of Exhibit B hereto to be used by the Developer in requesting payment of the Actual Costs of a Public Improvement, or portion thereof.

"Phase I of the Project" means the first phase of construction of the Project, including the construction of the State Public Improvements.

"Plans and Specifications" means the plans, specifications, schedules and related construction contracts for the Public Improvements.

"PPP Agreement" means the Transportation Public-Private Partnership Agreement with an effective date of June 27, 2008, as amended by the First Amendment to Transportation Public-Private Partnership Agreement dated as of September 12, 2013, between the Maryland Department of Transportation, the Maryland Transit Administration and the Maryland Transportation Authority (collectively, the "*State Agencies*") and the Developer, and includes all related agreements attached as exhibits to the PPP Agreement and executed in connection therewith.

"Private Improvements" means the development to be constructed by the Developer in the Districts as a mixed-use development expected to contain (i) approximately 416 residential apartment units with approximately 624 structured parking spaces, (ii) approximately 100,000 square feet of office space, (iii) approximately 17,450 square feet of retail space, (iv) a hotel with approximately 150 rooms, (v) a structured parking garage with approximately 400 spaces and other paved surface parking spaces and (vi) landscaping, hardscaping and other miscellaneous improvements.

"Profit Sharing Agreement" means that profit sharing agreement described in Section 12.0 of the Memorandum of Understanding to be entered into by the County and the Developer.

"Project" means the Public Improvements and the Private Improvements and related improvements to be constructed by the Developer on property located in the Districts.

"Public Improvements" means the public infrastructure improvements described in the Authorizing Legislation and Exhibit A hereto, comprised of the County Public Improvements and the State Public Improvements, which are eligible to be financed with the proceeds of the Series 2014 Bonds.

"*Public Improvements Fees and Costs"* means the fees and costs described in Section A of Exhibit A incurred with respect to the public infrastructure improvements described in Sections B, C and D of Exhibit A which are eligible to be financed with the proceeds of the Series 2014 Bonds.

"Residential Structure" means the portion of the Private Improvements consisting of 416 apartment units and 624 structured parking spaces.

"Retail Structure" means the portion of the Private Improvements consisting of approximately 14,000 square feet of in-line retail space.

"Series 2014 Bond(s)" means the Howard County, Maryland Special Obligation Bonds (Annapolis Junction Town Center Project), 2014 Series, at any time Outstanding under the Indenture or any Supplemental Indenture.

"*Special Taxes"* means the special taxes levied within the Special Taxing District pursuant to the Special Taxing District Act, the Bond Ordinance and the Indenture and in accordance with the Rate and Method.

"*State"* means the State of Maryland.

"State Property" means approximately 9.2993 acres of property owned by the State and more particularly described and defined as the "*Conveyance Property*" in the PPP Agreement.

"State Public Improvements" means the public infrastructure improvements to be constructed on the State Reserved Property and other property owned by the State, including the Public Improvements set forth in Sections B and C of Exhibit A.

"State Reserved Property" means the approximately 3.4104 acres of property owned by the State and more particularly described and defined as the *"Reserved Property"* in the PPP Agreement.

"*Supplement"* means a written document agreed upon by the Developer and the County amending, supplementing or otherwise modifying this Agreement and any Exhibit hereto, including any amendments to the list of Public Improvements in Exhibit A in a manner consistent with the Authorizing Legislation.

"Trustee" means Manufacturers and Traders Trust Company and its successors, and any other corporation that may at any time be substituted in its place as trustee under the Indenture.

ARTICLE II

FUNDING OF COSTS; INDENTURE

Section 2.1 *County Proceedings*. The County shall conduct all necessary proceedings under the Acts for the issuance, sale and delivery of the Series 2014 Bonds; provided, however, that nothing herein shall be construed as requiring the County to issue the Series 2014 Bonds. Upon the written request of the Developer, the Developer, Bond Counsel, and the County staff shall meet regarding the amount, timing and other material aspects of the Series 2014 Bonds, but the legal proceedings and the principal amounts, rates, terms and conditions and timing of the sale of the Series 2014 Bonds shall be in all respects subject to the approval of the County, as set forth in one or more executive orders as contemplated by the Bond Ordinance.

Section 2.2 *Series 2014 Bonds.* Neither the County nor the Trustee shall be obligated to pay for the Actual Costs of the Public Improvements except from amounts on deposit in the Improvement Fund on or after the date of closing of the Series 2014 Bonds. The County makes no warranty, express or implied, that the proceeds of the Series 2014 Bonds deposited and held in the Improvement Fund and any investment earnings thereon deposited to the Improvement Fund, will be sufficient to pay the Actual Costs of the Public Improvements.

Section 2.3 *Bond Proceeds; Indenture*. The Developer acknowledges that a significant portion of the proceeds of the Series 2014 Bonds will be deposited in the Improvement Fund established under the Indenture. These proceeds shall be deposited, held, invested and reinvested and disbursed as provided in the Indenture. Moneys in the Improvement Fund, in the maximum amount equal to the amount of Series 2014 Bond proceeds initially deposited into the Improvement Fund, plus available investment earnings thereon, shall be withdrawn therefrom in accordance with the provisions of the Indenture, and any applicable provisions of this Agreement, for payment of all or a portion of the Actual Costs of the Public Improvements, as provided herein. The Developer acknowledges and agrees that the funds on deposit in the funds and accounts established by or pursuant to the Indenture shall be invested as directed under the Indenture and that the Developer has no right whatsoever to direct the investments under the Indenture. The County shall have no responsibility whatsoever to the Developer with respect to any investments of funds made by the Trustee under the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment. Any such loss may diminish the amounts available in the Improvement Fund to pay the Actual Costs of the Public Improvements hereunder. The Developer further acknowledges that the obligation of any owner of real property in the Districts, including the Developer to the extent it owns any real property in the Districts, and their successors and assigns, to pay real property taxes and the Special Taxes levied in the Districts is not in any way dependent on (a) the availability of amounts in the Improvement Fund to pay for all or any portion of the Actual Costs of the Public Improvements thereunder or hereunder or (b) the alleged or actual misconduct of the County in the performance of its obligations under this Agreement, the Indenture, or any other agreement to which the Developer and the County are signatories.

Section 2.4 *No Impact on Obligation of Developer.* The Developer acknowledges that any lack of availability of amounts in the Improvement Fund to pay the Actual Costs of Public Improvements hereunder shall in no way diminish any obligation of the Developer with respect to (a) the construction of, or contributions for, the Public Improvements, (b) the construction of, or contributions for, all other public improvements in the Districts necessary for the development of land within the Districts as a mixed-use development with retail, residential and office space and a hotel and the performance of all obligations under all public works agreements relating thereto, (c) the performance of all of the Developer's obligations under the PPP Agreement or (d) any governmental approval to which the Developer or any land located within the Districts are subject.

ARTICLE III

CONSTRUCTION OF PUBLIC IMPROVEMENTS

Section 3.1 *Plans*. The Developer shall cause Plans and Specifications to be prepared for the Public Improvements. The Developer shall obtain the written approval of the Plans and Specifications in accordance with applicable ordinances and regulations of all applicable governmental authorities, and, with respect to the Plans and Specifications for the State Public Improvements, in accordance with the PPP Agreement. The Developer shall also deliver copies of all Plans and Specifications to the Inspector.

Section 3.2 *Duty of Developer to Construct.* All of the Public Improvements shall be constructed by or caused to be constructed by the Developer in accordance with the approved Plans and Specifications, in accordance with this Agreement and, with respect to the State Public Improvements, in accordance with the PPP Agreement. Nothing in this Agreement shall alter, in any respect, any of the requirements contained in the Developer’s governmental approvals with respect to the construction of the Public Improvements, and the Developer shall observe the requirements of the County and of all applicable governmental agencies with respect to the construction of the Public Improvements. The Developer shall perform or cause the performance of all of its obligations hereunder and shall conduct all operations with respect to the construction of Public Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by a duly qualified person in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of the State Public Improvements, all in accordance with the PPP Agreement and the County Public Improvements, all in accordance with this Agreement.

The Developer shall not be relieved of its obligation to construct the Public Improvements in accordance with the terms hereof, even if there are insufficient funds in the Improvement Fund to pay the Actual Costs thereof, and, in any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the Districts owned by the Developer or its Affiliates is subject, with respect to the Public Improvements required in connection with the development of the land within the Districts. The Developer shall be obligated to construct the Public Improvements and pay the Actual Costs thereof in excess of available moneys in the Improvement Fund, and such obligations shall be the obligation of the Developer in its capacity as owner or developer of the land within the Districts and as a party to this Agreement.

Section 3.3 *Relationship to Public Works.* This Agreement is for the funding by the County of the Actual Costs of the Public Improvements from moneys in the Improvement Fund and is not intended to be a public works contract. The County and the Developer agree that the Developer shall be solely responsible for awarding and administering all contracts for the construction of the Public Improvements. The County and the Developer agree that the Developer shall award all contracts for the construction of the Public Improvements and that this Agreement is necessary to assure the timely and satisfactory completion of the Public Improvements.

Section 3.4 *Independent Contractor*. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the County. The County shall not be responsible for making any payments to any contractor, subcontractor, agent, consultant, employee or supplier of the Developer.

Section 3.5 *Payment and Performance Bonds*. The Developer shall provide to the County (or cause its contractors to provide) payment and performance bonds as defined in the Howard County Code and supported by a surety acceptable to the County in an amount not less than one hundred percent (100%) of the construction costs of the Public Improvements. Payment and performance bonds which the Developer is required by this Agreement to provide or cause its contractors to provide, which secure the payment for and performance of work under a permit relating to the construction of the State Public Improvements may be satisfied under the Memorandum of Understanding and this Agreement by making the County a co-obligee on the payment and performance bonds provided to the State in accordance with the PPP Agreement. The bonds shall not be released, but may be reduced, when all or a portion of the work is complete on the Public Improvement covered by the permit, as certified by the Inspector. This release shall be controlled by the terms of the applicable payment and performance bond document, the Howard County Code and any applicable County directives.

Section 3.6 *Time for Completion*. The Developer agrees that this Agreement is for the benefit of the County and the Developer and, therefore, the Developer represents that it expects to complete the Public Improvements to be financed with the proceeds of the Series 2014 Bonds and to have requested payment for such Public Improvements under this Agreement within 36 calendar months from the date of the closing of the Series 2014 Bonds. Any failure of the Developer to complete such Public Improvements within said time period shall not, however, in itself, constitute a breach by the Developer of the terms of this Agreement.

Section 3.7 *Contracts and Change Orders*. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as "*change orders*") required for the construction of the Public Improvements. Change orders relating to the State Public Improvements shall be governed by the PPP Agreement. If any change order causes the aggregate of the Actual Costs of any category of Actual Costs of the Public Improvements to exceed the Budgeted Costs for such category, such increased cost may be paid from amounts on deposit in the Improvement Fund only to the extent provided in Section 4.3(a) hereof. The Developer shall be responsible for (i) payment of any amounts in excess of the Budgeted Costs of any category of Actual Costs, unless such excess is payable from amounts on deposit in the Improvement Fund pursuant to Section 4.3(a) hereof and (ii) payment of any amounts beyond the available funds in the Improvement Fund. In any event, the County shall not be responsible for payment of the Costs for any Public Improvement beyond the available funds in the Improvement Fund.

Section 3.8 *Adequacy*. The County shall have no responsibility as to the adequacy of the completed Public Improvements.

ARTICLE IV

PAYMENT FOR ACTUAL COSTS OF PUBLIC IMPROVEMENTS

Section 4.1 *Payment Requests.* (a) In order to receive progress payments for Actual Costs of a Public Improvement not attributable to costs under a Construction Contract, the Developer shall deliver to the County Representative a Payment Request substantially in the form of <u>Exhibit B</u> hereto for such Actual Costs, together with all attachments and exhibits required by <u>Exhibit B</u> to be included therewith.

(b) In order to receive progress payments for Actual Costs of a Public Improvement attributable to costs under a Construction Contract, the Developer shall deliver to the County Representative a Payment Request approved by the Engineer substantially in the form of <u>Exhibit B</u> hereto for such work, together with all attachments and exhibits required by <u>Exhibit B</u> to be included therewith, including without limitation, an appropriately completed and executed AIA form. Upon receipt of a Payment Request (and all accompanying documentation), under this paragraph (b) the County Representative shall forward such Payment Request to the Inspector. The Inspector shall conduct a review in order to (i) verify that the work with respect to such Public Improvement identified therein for which payment is requested was completed, (ii) verify that all governmental approvals, permits or inspections required in connection with the construction of such Public Improvement which has been completed to the date of such Payment Request have been received or approved, as applicable, (iii) verify that, in reliance upon quality control testing conducted by the Engineer and certifications provided by the Engineer, such work was completed in accordance with the Plans and Specifications, with the terms of this Agreement and the PPP Agreement, and with all applicable governmental permits and (iv) verify and approve the Actual Cost of such work specified in such Payment Request. The Developer agrees to cooperate with the Inspector in conducting each such review and to provide, or cause the Engineer to provide, the Inspector with such additional information and documentation as is reasonably necessary for the Inspector to conclude each such review. Within 15 business days of receipt of any Payment Request, the Inspector shall (i) approve and execute the Payment Request and forward the same to the County Representative to be delivered to the Trustee for payment or (ii) in the event the Inspector disapproves the Payment Request, give written notification to the Developer and the County Representative of the Inspector's disapproval, in whole or in part, as applicable, of such Payment Request, specifying the reasons for such disapproval, in whole or in part, as applicable, of such Payment Request, and the additional requirements to be satisfied for approval of such Payment Request. If a Payment Request seeking reimbursement is approved only in part, the Inspector shall specify the extent to which the Payment Request is approved and shall deliver such partially approved Payment Request to the County Representative to be delivered to the Trustee, and any such work shall be processed for partial payment under Section 4.2 notwithstanding such partial denial. The County shall forward all approved Payment Requests to the Trustee within 15 days of the County Representative's receipt thereof from the Inspector.

(c) *Priority of Payments*. All eligible costs related to the Public Improvements described in Exhibit A hereto shall be submitted for payment or reimbursement in the following order of priority:

(i) First, all eligible costs for Public Improvements described under "Section A. Public Improvements Fees and Costs";

(ii) Second, all eligible costs for Public Improvements described under "Section B. Commuter Parking Garage and Related Public Improvements";

(iii) Third, all eligible costs for Public Improvements described under "Section C. MARC Station Improvements"; and

(iv) Fourth, all eligible costs for Public Improvements described under "Section D. County Public Improvements".

(d) Fees of the Inspector for the Public Improvements shall be paid by the Developer.

(e) The Developer may submit no more than one Payment Request in each calendar month; provided that at or following Closing on the 2014 Bonds, the Developer may submit an initial Payment Request for Public Improvements Fees and Costs incurred to date.

(f) Notwithstanding anything in this Agreement to the contrary, the County may approve any disbursement from the Improvement Fund to pay Actual Costs of the Public Improvement and may authorize such payment to be made to the Developer or a third party, in each case as it deems appropriate.

(g) Notwithstanding anything in the Memorandum of Understanding to the contrary, no developer fees shall be paid from the proceeds of the Series 2014 Bonds.

Section 4.2 *Payments for Public Improvements.* Upon approval of a Payment Request by the County Representative and, if required by Section 4.1(b), the Inspector, the County Representative shall submit such Payment Request, together with the appropriate form of requisition, to the Trustee for payment under the applicable provisions of the Indenture from available moneys in the Improvement Fund. Any Payment Request not paid due to an insufficiency of funds in the Improvement Fund as herein provided shall be paid in accordance with Section 4.3 of this Agreement.

Section 4.3 *Restrictions on Payments*. Notwithstanding any other provisions of this Agreement, the following restrictions shall apply to any payments made under Section 4.2 hereof:

(a) *Amounts of Payments.* Subject to the following paragraphs of this Section 4.3, payments for each category of Actual Costs of the Public Improvements will be made only in the amount of the lesser of the Actual Cost or Budgeted Cost for the respective category; provided, however, if the Actual Cost exceeds the Budgeted Cost for any category of a Public Improvement and a change order has been approved as provided herein, the excess may be funded (i) if such excess causes the aggregate costs of such Public Improvement to exceed the total Budgeted Costs of such Public Improvement set forth on Exhibit A, the Developer provides evidence satisfactory to the County that there are sufficient funds available to fund the remaining aggregate costs of such Public Improvement, or (ii) upon approval of the County Representative (such approval not to be unreasonably withheld).

In any event, the County Representative shall not approve any Payment Request if the result would be to (i) pay more than the Actual Cost of a Public Improvement or such portion thereof for which payment is requested, or (ii) pay an amount that would cause the sum of all amounts paid by the Trustee for all Public Improvements to exceed the amount of Series 2014 Bond proceeds initially deposited into the Improvement Fund, plus available investment earnings thereon.

Any Payment Request not paid due to an insufficiency of funds in the Improvement Fund shall be paid promptly following the deposit into the Improvement Fund of proceeds of any investment earnings. The Developer shall not look to the County for payment of the Actual Cost for any Public Improvement which exceeds the available funds in the Improvement Fund. The parties hereto acknowledge and agree that all payments to the Developer for the Actual Costs of Public Improvements are intended for immediate payment by the Developer (or directly by the Trustee) to third parties in respect of such Public Improvements or for reimbursement to the Developer for Actual Costs incurred by the Developer.

(b) *Developer, Joint or Third-Party Payments*.

(i) If the Payment Request is for Actual Costs of a Public Improvement which have not been paid, the Trustee shall make payment for such Actual Costs to the Developer. If the Payment Request is for Actual Costs of a Public Improvement which have been paid, with the consent of the County Representative, payment may be made directly to the Developer if the Developer submits satisfactory evidence to the County Representative that such Actual Costs have been paid by the Developer and (1) such payment is being made pursuant to the first Payment Request submitted hereunder or (2) such payment is being made pursuant to the second or any subsequent Payment Request hereunder and such Payment Request is accompanied by an unconditional lien release from the appropriate party(s) encompassing all work represented by the immediately preceding Payment Request.

(ii) Notwithstanding the foregoing, the County may direct that any payment be made directly to the Developer.

Nothing in this Agreement shall be deemed to prohibit the Developer from contesting in good faith the validity or amount of any mechanic's or materialman's lien and/or judgment nor limit the remedies available to the Developer with respect thereto.

(c) *Withholding Payment.* The County shall be entitled, but shall not be required, to cause the Trustee to withhold any payment for a Public Improvement if the Developer or any Affiliates are delinquent in the payment of ad valorem real property taxes or Special Taxes levied in the Districts. In the event of any such delinquency, the County Representative shall approve and shall cause the Trustee to only make payments hereunder directly to contractors hired directly by the Developer or to any assignee of the Developer's interests in this Agreement (and not to the Developer or any Affiliates), until such time as the Developer provides the County Representative with evidence that all such delinquent taxes have been paid.

(d) *Retainage*. At the time of disbursement pursuant to an approved Payment Request (other than for a Payment Request relating to Public Improvements Fees and Costs), there shall be withheld as retainage an amount equal to 10% of the Actual Cost of the Public Improvement being requested for disbursement, unless otherwise reduced in the discretion of the Inspector.

(e) *Reduction in Retainage Requirement*.

(i) Upon the verification and approval by the Inspector that all of the off-site stored materials with respect to the Commuter Parking Garage, including the structural precast elements, have been delivered to the State Reserved Property, the Developer may submit a Payment Request including a specific request to reduce the retainage requirement to 5% of the Actual Cost of the Public Improvement being requested for disbursement.

(ii) With respect to Public Improvements not related to the Commuter Parking Garage, the Developer may submit a Payment Request including a specific request to reduce the retainage requirement to 5% of the Actual Cost of the Public Improvement being requested for disbursement following the verification and approval by the Inspector that all of the off-site stored materials with respect to the Commuter Parking Garage, including the structural precast elements, have been delivered to the State Reserved Property and base paving of all public road improvements is completed.

(iii) From and after the approval by the Inspector of the 5% retainage request, there shall be withheld as retainage an amount equal to 5% of the Actual Cost of the Public Improvement being requested for disbursement.

(iv) Upon receipt of a certificate of substantial completion from the County, the Developer may submit a Payment Request including a specific request to reduce the retainage requirement to 2.5% of the Actual Cost of the Public Improvement being requested for disbursement. From and after the approval by the Inspector of the 2.5% retainage request, there shall be withheld as retainage an amount equal to 2.5% of the Actual Cost of the Public Improvement being requested for disbursement.

(v) Unless otherwise reduced in the discretion of the Inspector, any final retainage will not be released until final payment for a Public Improvement has been made and such Public Improvement has been accepted by the County.

(f) The provisions set forth in <u>Exhibit C</u> shall also govern all Payment Requests made pursuant to this Agreement.

Section 4.4 *Insufficient Funds in Improvement Fund.* The Developer acknowledges that the County shall have no obligation to direct the Trustee to fund approved Payment Requests for Public Improvements to the extent that there are insufficient funds in the Improvement Fund under the Indenture for any reason.

Section 4.5 *Modification of Public Improvements.* Upon written request of the Developer and the satisfaction of all other applicable governmental approvals relating to the Public Improvements, the County Representative may permit modification of the description of any Public Improvements in a manner consistent with the Authorizing Legislation, the Acts and the Indenture. Any such modification shall not diminish the overall Public Improvements to be provided by the Developer hereunder in a material way such that the material change may be reasonably determined by the County to invalidate the assumptions used in the market study conducted to sell the Series 2014 Bonds. Any modification of the description of any State Public Improvements also shall be subject to the requirements of the PPP Agreement.

Section 4.6 *Dispute Mechanism.* All disputes arising under this Agreement shall be resolved in accordance with the provisions of Section GC-5.13 of the Howard County Design Manual Volume IV, or successor provisions. Notwithstanding the foregoing, the provisions of Section 10.3 shall govern upon the occurrence of any event described therein.

ARTICLE V

OWNERSHIP AND TRANSFER OF PUBLIC IMPROVEMENTS

Section 5.1 *Conveyance of Land and Easements.* All of the Public Improvements are to be located on land currently owned or to be owned by the County, or with respect to the State Public Improvements, by the State, whether in fee simple or by exclusive, perpetual easement or right-of-way. To the extent title to property on, in or over which any Public Improvement to be acquired by the County or State will be located, is to be deeded over to the County or the State by way of grant, deed, quit claim or dedication of such property or easement thereon, the Developer agrees to convey or cause to be conveyed such property or property rights (a) to the County on a form acceptable to the County and its counsel for no additional consideration other than amounts paid thus far pursuant to this Agreement, and (b) with respect to the State Public Improvements, to the State in accordance with the PPP Agreement. The Developer agrees to provide to the County Representative or the County Representative's designee whatever assistance is needed in obtaining such documents relating to obtaining such title.

The Developer shall furnish to the County a preliminary title report for any land to be acquired by the County from the Developer with respect to Public Improvements not previously dedicated or otherwise conveyed to the County or the State, for review and approval at least 30 calendar days prior to the transfer of title to the County or the State. In the event the County does not approve the preliminary title report, the County shall not be obligated to accept any Public Improvements or authorize payment of any unpaid Actual Costs relating thereto until the Developer has cured such objections to title to the satisfaction of the County.

ARTICLE VI

INSURANCE REQUIREMENTS DURING CONSTRUCTION PERIOD

Section 6.1 *Insurance Requirements During Construction Period*. (a) The Developer shall, at all times prior to the final completion of all Public Improvements, maintain and deliver to the County evidence of and keep in full force and effect, or cause the general contractor(s) for the Public Improvements to maintain and deliver to the County evidence of and keep in full force and effect, not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policies satisfactory to the County: (i) Workers' Compensation and Employer's Liability - Workers' Compensation coverage covering Maryland jurisdiction, statutory limits and Employers' Liability in the amount of $500,000 per accident and $500,000 per disease; (ii) Commercial General Liability insurance - limits of at least $1,000,000 per occurrence and $3,000,000 in the aggregate; (iii) Automobile Liability insurance - Combined Single Limit - $1,000,000 per occurrence; (iv) if the property in the Districts is identified by the Secretary of Housing and Urban Development as being in an area or community having special flood, mudslide, erosion or other hazards and if flood insurance is available from the National Flood Insurance Program ("*NFIP*") or other commercial insurer, then flood insurance must be obtained under NFIP or from such other insurer, as applicable, in an amount equal to the aggregate principal amount of the Series 2014 Bonds then outstanding or the maximum amount available, whichever is less; and (v) Builder's Risk insurance– in an amount equal to the original principal amount of the Series 2014 Bonds or the total construction cost on a replacement cost basis, whichever is greater. The Builders' Risk insurance shall be written on an All-Risk policy form with endorsements for flood and earth movement; shall include the County and all contractors, subcontractors, and sub-subcontractors as named insureds; shall include coverage for the peril of equipment breakdown during installation and testing and shall be maintained until all of the County Public Improvements are accepted by the County in writing. The automobile and general liability policies shall be accompanied by an umbrella policy with a combined limit of $10,000,000 per occurrence. The following insurance is also required: Professional Liability/Errors and Omissions coverage with limits of at least $2,000,000 per claim. The Developer shall continue to maintain such insurance, covering incidents occurring or claims made, for a period of three (3) years after substantial completion of the Public Improvements. The insurance requirements of this Agreement and the insurance requirements of the PPP Agreement shall be coordinated to preclude the Developer from having to obtain duplicate coverage.

All of the Developer's insurance policies shall contain an endorsement providing that written notice shall be given to the County at least 30 calendar days prior to termination, cancellation or reduction of coverage in the policy. The County, its elected and appointed officials, employees and agents shall be named as additional insureds on all insurance policies required by this Article; provided that this requirement will not apply to a workers' compensation insurance policy if the insurance company issuing such policy will not allow the County to be named as an additional insured.

The Workers' Compensation Insurance shall include a U.S. Long Shore Act endorsement, if applicable.

The Bodily Injury and Property Damage Liability policies shall contain the following:

(i) An endorsement extending coverage to the County and its agents as an insured, in the same manner as the named insured as respects liabilities arising out of the performance of any work related to the Public Improvements;

(ii) Cross Liability/Severability of Interest clauses;

(iii) Elimination of any exclusion regarding loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to by insurers as the XCU standards unless expressly waived by the County; and

(iv) Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to the liability assumed by the Developer under this Agreement.

(b) Promptly on execution of this Agreement by the Developer, the Developer shall deliver to the County Representative copies of all required policies and endorsements thereto on forms which are acceptable to the County.

(c) The Developer shall require and verify that the same insurance is carried by the general contractor(s) for the Public Improvements.

(d) The foregoing requirements as to the types, limits and County approval of insurance coverage to be maintained by the Developer are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Developer under this Agreement.

(e) Any policy or policies of insurance that the Developer or the general contractor(s) for the Public Improvements elect to carry as insurance against loss or damage to their construction equipment and tools or other personal property used in fulfillment of this Agreement or a contract related to the Public Improvements shall include a provision waiving the insurer's right of subrogation against the County.

(f) To the extent that any loss is caused by the Developer's negligence, the Developer's insurance coverage shall be the primary insurance and any self-insurance maintained by the County shall not contribute with the Developer's insurance or otherwise benefit the Developer in any way.

Section 6.2 *Standards Applicable*. (a) The Developer may effect such coverage under blanket insurance policies; provided, however, that (i) such policies are written on a per-occurrence basis, (ii) such policies comply in all other respects with the provisions of Section 6.1 and (iii) the protection afforded the County under any such policy shall be no less than that which would be available under a separate policy relating only to this Agreement. If any coverage required by this Agreement is provided under blanket insurance policies, promptly upon execution of this Agreement and annually thereafter, the Developer shall provide the County with a list of the projects covered by such blanket insurance policies, the dollar amount of each project covered and such other information as the County may request to enable the County to evaluate whether the requirements of this paragraph have been met.

(b) All policies of insurance shall be with companies licensed or approved by the State of Maryland Insurance Commissioner and rated A-VII or better in the most recent edition of Best's Insurance Guide with respect to primary levels of coverage and shall be issued and delivered in accordance with State law and regulations.

Section 6.3 *Evidence of Insurance*. The Developer shall furnish to the County Representative, from time to time upon request of the County Representative, a certificate of insurance (or copies of entire policies if specifically requested by the County) regarding each insurance policy required to be maintained by the Developer hereunder.

ARTICLE VII

SAFETY REQUIREMENTS

Section 7.1 *Safety Requirements.* (a) The Developer or its general contractor(s) shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the construction of the Public Improvements. The Developer or its general contractor(s) shall comply, and shall secure compliance by its employees, agents, and lower tier subcontractors, with all applicable health and safety laws and regulations, including without limitation, federal Office of Safety and Health Administration regulations, Maryland Occupational Safety and Health ("*MOSH*") regulations, County ordinances and codes, uniform fire codes, Maryland Department of Transportation regulations and owner facility rules and regulations.

(b) The Developer or its general contractor(s) shall have in place a comprehensive safety and health program, shall effectively execute the safety and health program elements and maintain the job site in a safe and healthful manner; shall appoint and maintain a qualified individual as the safety compliance officer and shall assure that such person or designee is on-site at all times when work is conducted. The County reserves the right to inspect the worksite or audit all safety related records at any time.

(c) The Developer or its general contractor(s) shall provide any and all "competent persons" as required by MOSH standards for the work and shall report to the County any governmental inspections or inquiries at the job site. The reason for the inspection and the results of the inspection shall be shared with the County as soon as possible but no later than the next business day.

(d) The Developer and its general contractor(s) shall comply with all safety-related policies as requested by the County Safety & Loss Control Manager or designee. Safety violations shall be corrected immediately or operations terminated until compliance with the specific standards are met. Repeated violations of the same type shall result in termination of the offending contractor's or subcontractors' work.

ARTICLE VIII

ADDITIONAL CONDITIONS

Section 8.1 *Conditions to Issuance of Series 2014 Bonds*. The County and the Developer agree that the receipt by the County of each of the following shall be a condition precedent to the issuance of the Series 2014 Bonds by the County (provided that notwithstanding the satisfaction of these conditions, the County shall not be obligated to issue the Series 2014 Bonds):

(a) An assignment of the Plans and Specifications for the State Public Improvements from the Developer to the State under the PPP Agreement and for all of the Public Improvements to the County under this Agreement;

(b) A market study for the Private Improvements satisfactory to the County;

(c) An appraisal of the property assuming completion of the Public Improvements and the Private Improvements within the Districts providing a value-to-lien ratio of at least two to one;

(d) Certificates of insurance and evidence of payment of premiums, in each case relating to the insurance required by Section 6.1;

(e) The payment and performance bonds required by Section 3.5;

(f) A certificate of estoppel from the State relating to the PPP Agreement and an executed tax certificate from the State relating to the use and operation of the State Public Improvements, in each case, acceptable to the County and Bond Counsel;

(g) Evidence of the settlement on commercial financing in the amount of $16,827,000 obtained by the Developer for the portion of the Actual Costs of the Public Improvements associated with Phase I of the Project that exceed the available moneys in the Improvement Fund from the proceeds of the Series 2014 Bonds, as well as for other Project costs;

(h) An executed Profit Sharing Agreement between the Developer and the County in accordance with the requirements set forth in the Memorandum of Understanding;

(i) The fully executed PPP Agreement naming the County as a third-party beneficiary thereunder so long as the Series 2014 Bonds remain outstanding;

(j) Evidence of conveyance of the Boise Parcel to the Developer;

(k) Evidence of conveyance of the State Property to the Developer;

(l) Evidence of zoning for the Project;

(m) State and County approvals for Phase I of the Project and evidence that the County has approved the issuance of the building permit for the Commuter Parking Garage and that the County will issue the building permit in accordance with its standard administrative processing once the site development plan has been signed by the County;

(n) An executed commitment letter from a commercial lender to finance the construction costs of the Residential Structure;

(o) An executed guaranteed maximum price contract to construct the Public Improvements and an estimate of the hard construction costs for the Residential Structure;

(p) Evidence of the $6,250,000 Developer's equity contribution; and

(q) A Partial Guaranty of Developer's Indemnification Obligations under this Agreement executed by Somerset Savage, LLC in the amount of $250,000 and with a term of five years from the date of issuance of the Series 2014 Bonds or the funding of a cash escrow for the benefit of the County in the amount of $200,000.

To the extent the foregoing conditions require delivery of a document to the County, such document shall be in form and substance satisfactory to the County in its sole discretion.

ARTICLE IX

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 9.1 *Representations, Covenants and Warranties of the Developer.* The Developer represents, covenants and warrants for the benefit of the County as follows:

(a) *Organization*. The Developer is duly organized and validly existing under the laws of the State, is authorized to do business in the State, is in compliance with the laws of the State, and has the power and authority to own its properties and assets and to carry on its business in the State as now being conducted and as hereby contemplated.

(b) *Authority*. The Developer has the power and authority to enter into this Agreement, and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) *Binding Obligation*. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) *Compliance with Laws*. The Developer shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Developer in the Districts or the Public Improvements in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the Districts or the Public Improvements.

(e) *Requests for Payment*. The Developer represents and warrants that (i) it will not request payment from the County for (A) the costs of any improvements that are not part of the Public Improvements or (B) the costs that are not Actual Costs of a Public Improvement, and (ii) it will diligently follow all procedures set forth in this Agreement (including Exhibit C) with respect to Payment Requests.

(f) *Financial Records.* Until the final completion of the Public Improvements, the Developer covenants to maintain proper books of record and account for the construction of the Public Improvements and all costs related thereto. Such accounting books shall be maintained in accordance with tax basis accounting, and shall be available for inspection by the County or its agent at any reasonable time during regular business hours on reasonable notice.

(g) *Plans and Specifications*. The Developer represents that it has or will obtain approval of the Plans and Specifications from all appropriate departments of the County, from any other public entity or public utility from which such approval must be obtained and, with respect to the State Public Improvements, in accordance with the PPP Agreement. The Developer further agrees that the Public Improvements have been, or will be, constructed in substantial compliance with such approved Plans and Specifications and any supplemental agreements thereto (change orders) entered into in accordance with this Agreement or, with respect to the State Public Improvements, the PPP Agreement.

(h) *Litigation.* There are no pending or, to the best of the Developer's knowledge, threatened actions, suits, or proceedings before any court, arbitrator or governmental or administrative body or agency, the adverse determination of which may materially adversely affect the properties, business or condition, financial or otherwise, of the Developer.

(i) *Disclosure to Purchasers*. The Developer agrees that when it sells any land or other interest in real property located within the boundaries of the Districts, the Developer will notify the purchaser(s) in writing of the existence of the Districts and the Special Taxes in connection therewith.

(j) *Tax Certificate*. The County expects to deliver on the date of issuance of the Series 2014 Bonds a certificate (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the "*Tax Certificate*") containing covenants and agreements designed to satisfy the requirements of Sections 103 and 141 through 150, inclusive, of the Code and income tax regulations issued thereunder and that states the County's reasonable expectations as to relevant facts, estimates and circumstances relating to the use of the proceeds of the Series 2014 Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Bond Ordinance or the Indenture or otherwise that may be deemed to be proceeds of the Series 2014 Bonds within the meaning of Section 148 of the Code (collectively, the "*Bond Proceeds*").

The Developer covenants to provide, or cause to be provided, such facts and estimates as the County reasonably considers necessary to enable it to execute and deliver the Tax Certificate. The Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Series 2014 Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of that date, and (ii) the Developer will make reasonable inquiries to ensure such truth, correctness and completeness.

The Developer covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds (including but not limited to, the use of the Public Improvements) that would cause any of the covenants or agreements of the County contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the Series 2014 Bonds for federal or Maryland income tax purposes.

(k) *No Priority Rights.* The Developer covenants that during any period it exercises control over the Public Improvements, to keep the Public Improvements open for access and available for use by members of the general public (subject to customary restrictions for safety purposes during construction) and that no priority rights or preferred benefit as to access or use will be given to any person or group of persons.

(l) *Continuing Disclosure.* The Developer agrees to provide the information required pursuant to the Continuing Disclosure Agreement.

(m) *Title.* The Developer or its Affiliates either own or at Closing will be the owner or owners of the fee simple legal title to, and is lawfully seized and possessed of, all of the real property in the Districts (except for the State Reserved Property), and such real property encompasses all of the property necessary for the Public Improvements and the Project (except that portions of the Public Improvements associated with the State Public Improvements will be located on the State Reserved Property pursuant to the PPP Agreement).

(n) *Completion of Project.* The Developer covenants to complete the Public Improvements no later than three years from the date of the closing on the Series 2014 Bonds and to work diligently to complete the remainder of the Project in accordance with the PPP Agreement and the descriptions thereof set forth in the Limited Offering Memorandum relating to the Series 2014 Bonds.

(o) *Property Tax Credits.* The Project is not eligible for any property tax credits under any property tax credit program. The Developer and any Affiliates shall not seek any property tax credits with respect to the Project.

(p) *Land Sales.* The Developer agrees that it will not transfer title to any property owned by it within the Districts unless, on or before the date of transfer, the County has consented to the transfer; provided, that, consent shall not be required for the transfer of (i) the County Public Improvements to the County or the State Public Improvements to the State, (ii) the parcel on which the Residential Structure will be located to Annapolis Junction Apartment Homes, LLC, (iii) the parcel on which the Retail Structure will be located to Annapolis Junction Retail, LLC, (iv) the parcels on which the Office Structure, the Hotel, the Bank/Restaurant Space and the Kiosk will be located to the purchasers of such parcels; provided, that, until the issuance of a use and occupancy certificate for the Residential Structure, subsequent transfers of the parcel on which the Residential Structure will be located shall require the prior consent of the County.

Section 9.2 *Indemnification and Hold Harmless.* The Developer shall assume the defense of, indemnify and save harmless the County, the County Representative, the County Executive, members of the County Council, officers, employees and agents of the County, and each of them (each an "*Indemnified Party*"), from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from the breach of any provision of this Agreement by the Developer, the Indemnified Party's participation in the financing contemplated herein, the Developer's or any other entity's negligent design, engineering and/or construction of any of the Public Improvements, the Developer's nonpayment under contracts between the Developer and its consultants, engineers, advisors, contractors, subcontractors and suppliers in the provision of the Public Improvements, or any claims of persons employed by the Developer or its agents to construct the Public Improvements. Notwithstanding the foregoing, no indemnification is given hereunder by the Developer with respect to any breach of any provision hereunder which is directly attributable to the intentional acts or gross negligence of any Indemnified Party.

No provision of this Agreement shall in any way limit the Developer's responsibility for payment of damages resulting from the operations of the Developer, its agents, employees or its contractors.

Section 9.3 *Enforcement of Remedies.* So long as it owns any property in the Districts, the Developer agrees as follows:

(a) The County may in its discretion provide in the Indenture for the collection of any Special Taxes on any properties owned, optioned or controlled by the Developer or any Affiliate in the Districts by direct billing by the County or an agent thereof to the Developer or such Affiliate, as owner of the property (or to the applicable owner with a copy to the Developer to the extent of parcels optioned or controlled, but not owned, by the Developer).

(b) The Developer acknowledges that the County shall commence proceedings for the collection of delinquent Special Taxes as provided in the Indenture.

(c) In order to reduce the likelihood of any prolonged collection actions, the Developer will provide for facilitated service of process with respect to any collection action in respect of delinquent real property taxes or Special Taxes levied on properties owned by it or its Affiliates in the Districts, and will waive affirmative defenses to any such collection action pertaining to the formation of the Development District or the Special Taxing District and their financing structure, including the methodology for determining the Special Taxes as set forth in the Bond Ordinance, the validity of the Series 2014 Bonds and the priority of the Special Taxing District liens to collect delinquent Special Taxes; provided, however, that the Developer may in a separate legal action (and not as an affirmative defense in any foreclosure action) challenge any levy not made in accordance with the terms of the Bond Ordinance or challenge the assessed value of any tax parcel in the Districts pursuant to the State's applicable tax assessment appeals procedure.

Section 9.4 *No Termination of Memorandum of Understanding*. The Developer confirms that notwithstanding Section 19.2 of the Memorandum of Understanding, the Memorandum of Understanding survives the execution and delivery of this Agreement, survives the issuance and sale of the Series 2014 Bonds, and remains and will remain in full force and effect on and after the date hereof in accordance with its terms, including without limitation, the indemnity obligations contained therein, except to the extent that this Agreement or any other subsequent agreement between the County and the Developer expressly provides that it supersedes the Memorandum of Understanding.

Section 9.5 *No Approval by County.* Nothing contained in this Agreement shall constitute, and may not be deemed to constitute or imply that the County Council, the County Executive, or any department, office or agency of the County has given or will give, any approval, authorization or consent to any action or activity within or required for the development of the Districts, including any land use approval, requirements for the provision of public utilities or services, or any other administrative, judicial, quasi-judicial, or legislative approval, authorization or consent.

ARTICLE X

TERMINATION

Section 10.1 *No Bonds.* If, for any reason, the County does not issue any of the Series 2014 Bonds for the Districts by December 31, 2014, this Agreement shall terminate and be null and void and of no further effect, unless such date shall be extended by mutual consent of the parties to this Agreement.

Section 10.2 *Mutual Consent.* This Agreement may be terminated by the mutual, written consent of the County and the Developer, in which event the County may (but shall not be required to) either execute contracts for or perform any remaining work related to the Public Improvements not otherwise completed and use all or any portion of funds in the Improvement Fund or other amounts transferred to the Improvement Fund under the terms of the Indenture to pay for same or apply such amounts to any other purpose permitted by the Indenture, and the Developer shall have no claim or right to any further payments for the Actual Costs of Public Improvements hereunder, except as otherwise may be provided in such written consent. The County's remedies under this Agreement for completion of the Public Improvements are not exclusive and do not limit the County's rights under any other agreement with the Developer or any payment bond or performance bond posted by the Developer.

Section 10.3 *County Election to Terminate for Cause.* The following events shall constitute grounds for the County, at its option, to terminate this Agreement, without the consent of the Developer:

(a) The Developer or any Affiliate shall voluntarily file for reorganization or other relief under any federal or State bankruptcy or insolvency law.

(b) The Developer or any Affiliate shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of its assets, or shall suffer an attachment or levy of execution to be made against the property it owns within the Districts unless, in any of such cases, such circumstance shall have been terminated or released within 90 days thereafter.

(c) The Developer shall abandon or without reason substantially suspend construction of the Public Improvements, including without limitation abandonment or suspension of construction of the Public Improvements for a period of six consecutive months at a time when such construction is scheduled to occur, other than for a reason specified in Section 10.4 hereof and such abandonment or suspension is not cured or remedied within 90 days after written demand is made on the Developer.

(d) The Developer shall breach any material covenant or default in the performance of any material obligation hereunder, under the Continuing Disclosure Agreement or under the PPP Agreement and such breach or default is not cured as provided below.

(e) The Developer shall have made any material misrepresentation or omission in any written materials furnished in connection with any offering document or bond purchase contract used in connection with the sale of the Series 2014 Bonds.

(f) The Developer or any Affiliate shall at any time challenge the validity of the Development District or the Special Taxing District or any of the Series 2014 Bonds or the levy of any ad valorem property tax, including without limitation, the Special Taxes, within the Special Taxing District, other than on grounds that such levy was not made in accordance with the terms of the Bond Ordinance or that the assessed value upon which such levy was calculated was not correct as expressly permitted by Section 9.3.

If any such event occurs, the County shall give written notice of its knowledge thereof to the Developer (with a copy to the Trustee) and the Developer agrees to meet and confer with the County Representative and other appropriate County staff as to options available to assure timely completion of the Public Improvements. Such options may include, but not be limited to, the termination of this Agreement by the County. If the County proposes to terminate this Agreement, the County shall first notify the Developer (with a copy to the Trustee) of the grounds for such termination and allow the Developer a minimum of 30 days to eliminate or mitigate to the satisfaction of the County the grounds for such termination. Such period may be extended, at the sole discretion of the County, if the Developer, to the satisfaction of the County, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof), as determined solely by the County, the Developer has not eliminated or completely mitigated such grounds to the satisfaction of the County, the County may then terminate this Agreement. The County agrees to provide notice of the termination of this Agreement to the Developer (with a copy to the Trustee); provided, however, that the giving of such notice or the receipt thereof shall not be a condition precedent to such termination. In the event of the termination of this Agreement, the Developer is entitled to reimbursement for work related to the Public Improvements undertaken prior to the termination date of this Agreement solely from the Improvement Fund according to the terms and conditions set forth in this Agreement.

Notwithstanding the foregoing, so long as any event listed in any of clauses (a) through and including (f) above has occurred, notice of which has been given by the County to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the County may in its discretion cease making payments for the Actual Costs of Public Improvements under Article IV hereof.

In the event that this Agreement is terminated by the County for cause, in addition to other remedies available to it, including the redemption of the Series 2014 Bonds under the Indenture, the County may (but shall not be required to) execute contracts for or perform any remaining work related to the Public Improvements not otherwise completed and use all or any portion of the funds in the Improvement Fund or other amounts transferred to the Improvement Fund for such purposes, and the Developer shall have no claim or right to any further payments for the Actual Costs of Public Improvements hereunder, except as otherwise may be provided upon the mutual written consent of the County and the Developer. The County agrees to consult with the Trustee regarding the County's selection of remedies hereunder and under the Indenture.

The Developer acknowledges and agrees that, upon the occurrence of an event described in Section 10.3(a) through (f) hereunder, notice of which has been given by the County to the Developer, which event has not been cured or otherwise eliminated by the Developer within the time permitted hereby, the County may withdraw funds from the Improvement Fund and use such funds to complete the Public Improvements.

Section 10.4 *Force Majeure*. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty, or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused.

ARTICLE XI

MISCELLANEOUS

Section 11.1 *Limited Liability of County.* The Developer agrees that any and all obligations of the County arising out of or related to this Agreement are special obligations of the County, and the County's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Improvement Fund and from no other source. No member of the County Council, the County Executive, the County Representative, or any other County employee, officer or agent shall incur any liability hereunder to the Developer, its Affiliates or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 11.2 *Modifications to Exhibit A.* Upon request of the Developer, the County shall consider modifications of any Public Improvement on Exhibit A attached hereto. Any such modification shall be approved by the County provided that an opinion of Bond Counsel is delivered to the County, at the expense of the Developer, to the effect that such modifications would not adversely affect the tax-exemption of the interest on any Tax-Exempt Bonds and such modifications do not violate any applicable law, regulation or ordinance or any agreement between the Developer and the County.

Section 11.3 *Audit.* The County Representative or its designee shall have the right, during normal business hours and upon the giving of prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Public Improvements and any bids taken or received for the construction thereof or materials therefor.

Section 11.4 *Notices.* Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered, with signed receipt, sent by commercial overnight courier which requires a signed receipt upon delivery, or transmitted by telecopy, electronic mail or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission), as follows:

County:	Howard County, Maryland George Howard Building 3430 Courthouse Drive Ellicott City, Maryland 21043 Attention: Director of Finance Email: smilesky@howardcountymd.gov Fax: (410) 313-4433
With a copy to:	Howard County Office of Law Carroll Building 3450 Courthouse Drive Ellicott City, Maryland 21043 Attention: Assistant County Solicitor Email: aowens@howardcountymd.gov Fax: (410) 313-3292
Developer	Annapolis Junction Town Center, LLC c/o Somerset Construction Company 4816 Del Ray Avenue Bethesda, Maryland 20814 Attention: Neil Greenberg Email: ngreenberg@somersetconstruction.com Fax: (301) 657-4849

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

Section 11.5 *Severability.* If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 11.6 *Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto. Prior to the completion of the Public Improvements, this Agreement shall not be assigned by the Developer and no Change of Control (as defined in the PPP Agreement) shall occur without the prior written consent of the County, which consent shall not be unreasonably withheld or delayed. In connection with any such consent of the County, the County may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee's express assumption of all obligations of the Developer hereunder and/or upon any other reasonable factor which the County deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned and shall not be effective until approved by the County. Neither an assignment of this Agreement nor any change in the ownership of the Developer shall relieve the Developer of its obligations hereunder and the Developer shall remain liable for all of the Developer's obligations under this Agreement.

Section 11.7 *Other Agreements.* The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the Districts. Nothing herein shall be construed as affecting the County's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations or subdivision requirements relating to the development of the lands in the Districts. This Agreement shall not confer any additional rights, or waive any rights given, by either party hereto under any development or other agreement to which they are a party.

Section 11.8 *Waiver.* Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

Section 11.9 *Merger.* No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 11.10 *Parties in Interest.* Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the County and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the County or the Developer shall be for the sole and exclusive benefit of the County and the Developer.

Section 11.11 *Amendment.* This Agreement may be amended, from time to time as provided in the Indenture, in a manner consistent with the Acts and the Authorizing Legislation, by written Supplement hereto and executed by both the County and the Developer.

Section 11.12 *Counterparts.* This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

Section 11.13 *Continuing Obligations.* The obligations of the Developer under Sections 9.1(i), (k), (l), (n), (o) and (p), 9.2, 9.3, 9.4 and 11.3 shall survive the termination of this Agreement.

Section 11.14 *Governing Law*. This Agreement shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State without regard to principles of conflicts-of-laws.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

ATTEST/WITNESS: HOWARD COUNTY, MARYLAND

______________________________ By: ____

Chief Administrative Officer County Executive

(SEAL)

By: ____

Director of Finance

ANNAPOLIS JUNCTION TOWN CENTER, LLC,
a Maryland limited liability company

______________________________ By: ____

Name:

Title:

APPROVED AS TO FORM AND LEGAL SUFFICIENCY
THIS ____ DAY OF _____________, 2014:

____

Margaret Ann Nolan
County Solicitor

REVIEWING ATTORNEY:

____

Allyson Harris Owens
Assistant County Solicitor

Exhibits:

A – Description of Public Improvements
B – Form of Payment Request
C – Additional Procedures Regarding Payment Requests

EXHIBIT A

DESCRIPTION OF PUBLIC IMPROVEMENTS

	BUDGETED COSTS
Section A. Fees and Costs for State and County Public Improvements	**$1,900,000**
Planning and Design Engineering Permits and Fees Testing Inspections Consultants and Experts	
Section B. Construction of Commuter Parking Garage and Related Public Improvements[1]	**$9,019,130**
Garage Structure Site work including but not limited to erosion and sediment control, grading, stormwater management, storm drainage, water and sewer, dry utilities Hardscaping and landscaping Contingency	

[1] The Guaranteed Maximum Price is detailed on A-3 under the first two columns named Garage Structure and Garage Sitework.

Section C. MARC Station Improvements[2] $400,000

MARC Station Improvements:
- Pedestrian Bridge
- Elevator
- Stairwell
- Canopy
- Platform Modifications

Public Water
Public Sewer
Public Stormwater Management
Public Storm Drainage
Erosion & Sediment Controls and Grading for Public Infrastructure
Contingency

Section D. County Public Improvements[3] **$3,293,309**

Dorsey Run Road Widening and Improvements
Henkels Lane Improvements
Junction Drive Construction
Public Water
Public Sewer
Public Stormwater Management
Public Storm Drainage
Erosion & Sediment Controls and Grading for Public Infrastructure
Relocation and/or Demolition of Existing Dry Utilities or Other Improvements in the Way of the Work for the Installation of Public Improvements
Contingency

TOTAL BUDGETED COSTS **$14,612,439**

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[2] The Developer is only responsible for the first $400,000 of hard costs of construction while the State is responsible for all costs in excess of the first $400,000 of hard costs.

[3] The Guaranteed Maximum Price is detailed on A-3 under the column named Public Sitework.

Attachment "A"
Annapolis Junction Town Center
Guaranteed Maximum Price ("GMP")
Public Improvements

AJTC: Savage MARC Commuter Garage & Public Improvements — 12/11/13

Annapolis Junction, MD

SIZE: 698 space	Garage Structure	Garate Sitework	Public Sitework	TOTAL
General Requirements	$ 41,104	$ 31,120	$ 62,240	$ 134,464
Div 2 - Sitework/Demolition	$ 41,910	$ 858,663	$ 2,303,550	$ 3,204,122
Div 3 - Concrete	$ 4,712,750	$ 119,901	$ 107,550	$ 4,940,201
Div 4 - Masonry	$ 72,500	$ 81,700	$ -	$ 154,200
Div 5 - Metals	$ 163,135	$ 36,356	$ 3,000	$ 202,491
Div 6 - Woods & Plastics	$ 7,140	$ 34,500	$ -	$ 41,640
Div 7 - Thermal & Moisture	$ 147,255	$ -	$ -	$ 147,255
Div 8 - Doors & Windows	$ 19,604	$ -	$ -	$ 19,604
Div 9 - Finishes	$ 35,205	$ -	$ -	$ 35,205
Div 10 - Specialties	$ 57,945	$ -	$ -	$ 57,945
Div 11 - Equipment	$ -	$ -	$ -	$ -
Div 12 - Furnishings	$ -	$ 59,400	$ -	$ 59,400
Div 13 - Special Construction	$ 57,900	$ 57,000	$ -	$ 114,900
Div 14 - Conveying Systems	$ 221,030	$ -	$ -	$ 221,030
Div 15 - Mechanical	$ 161,500	-	-	$ 161,500
Div 16 - Electrical	$ 687,877	$ 133,780	$ 411,800	$ 1,233,457
Permits/Fees/Services	$ 4,320	$ 15,400	$ 32,020	$ 51,740
SUBTOTAL	$ 6,431,175	$ 1,427,820	$ 2,920,160	$ 10,779,154
Contingency (Construction)	$ 174,134	$ 74,091	$ 151,408	$ 399,633
Special Taxes, Fees, etc.	$ 10,000	$ -	$ -	$ 10,000
General Conditions	$ 534,175	$ 54,002	$ 108,004	$ 696,181
Builder's Risk Insurance	$ 10,724	$ 2,334	$ 4,769	$ 17,827
P & P Bond (W-T only)	$ 48,045	$ 10,023	$ 20,482	$ 78,551
General Liability Insurance	$ 54,062	$ 11,762	$ 24,035	$ 89,859
Const Management Fee	$ 145,246	$ 31,599	$ 64,575	$ 241,420
BUDGET TOTAL	$ 7,407,561	$ 1,611,569	$ 3,293,309	$ 12,312,439

EXHIBIT B

FORM OF PAYMENT REQUEST

PAYMENT REQUEST NO. ____

ANNAPOLIS JUNCTION TOWN CENTER, LLC (the "Developer"), by its duly authorized representative, hereby certifies, in connection with this Payment Request (this "Payment Request") under the Funding Agreement dated as of February __, 2014 (the "Funding Agreement") between Howard County, Maryland (the "County") and the Developer, that:

1. Terms used herein and not otherwise defined herein shall have the meanings given such terms in the Funding Agreement or the Indenture of Trust dated as of March 1, 2014 (the "Indenture") between the County and Manufacturers and Traders Trust Company.

2. The amount requested to be disbursed by this Payment Request: (a) is a portion of a category of the Actual Costs of Public Improvements authorized for funding under the Funding Agreement, (b) is either (i) the lesser of (A) the Actual Cost of such category, and (B) the amount that, when added to the total payments previously requested by Developer with respect to such category, is equal to the Budgeted Costs for such category as set forth in Exhibit A of the Funding Agreement, or (ii) if such amount, when added to the total payments previously requested by Developer with respect to such category, exceeds the Budgeted Costs for such category as set forth in Exhibit A to the Funding Agreement, ____ there are sufficient funds available to fund the remaining aggregate costs of such Public Improvement (see attached supporting documentation), or _____ approval of the County Representative is hereby requested in accordance with Section 4.3(a)(ii) of the Funding Agreement, and (c) includes only payments for work, materials, equipment and other property that have been incorporated into the Public Improvements.

3. The total amount requested to be disbursed pursuant to this Payment Request is $______. As set forth in Schedule I attached hereto, of the total amount of such disbursement:

(a) $________ is to be paid on a joint basis to the Developer and a contractor or supplier of materials with respect to an expense previously incurred; and/or

(b) $________ is to be paid directly to the Developer.

In each case, the amounts set forth herein and in Schedule I attached hereto are supported by the attached copies of invoices.

4. Attached to this Payment Request is an appropriately completed and executed AIA form of requisition.

5. The category of the Actual Costs of Public Improvements for which funding is being requested by this Payment Request and a cumulative summary of payments by category to

date by reference to the categories provided in Exhibit A of the Funding Agreement are set forth in Schedule II attached hereto.

6. The Developer is not in default under (a) the Funding Agreement, (b) the Continuing Disclosure Agreement or (c) any Construction Contract pertaining to the Public Improvements for which the Developer is seeking payment of Actual Costs with this Payment Request.

7. All governmental approvals, permits and inspections required in connection with the construction of the Public Improvements which has been completed to the date of this Payment Request have been received or approved, as applicable.

8. Accompanying this Payment Request are:

(a) lien waivers from any contractor or supplier of materials which received payment pursuant to Payment Request No. ____ submitted to the County immediately prior to this Payment Request; and

(b) if this Payment Request is for Actual Costs of a Public Improvement attributable to costs under a Construction Contract, the approval of the Engineer and Inspector.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Payment Request has been duly executed by the Developer by its duly authorized representative this ____ day of __________, 20__.

ANNAPOLIS JUNCTION TOWN CENTER, LLC,
a Maryland limited liability company

By: ____________________________
Name:
Title:

APPROVED:

GUTSCHICK, LITTLE & WEBER, P.A.,
as Engineer

By:_________________________________
Name:
Title:

Schedule I
To Payment Request

REIMBURSEMENT AND THIRD-PARTY PAYMENTS

(1) Total amount of disbursement: $_____________

(2) Joint Payments to Developer and Vendor(s): $_____________

Vendor	Description of Expense	Date of Payment	Amount
1.			$
2.			
3.			
TOTAL			$

(3) Payments to Developer: $_____________

Vendor	Description of Expense	Date of Payment	Amount
1.			$
2.			
3.			
TOTAL			$

All costs listed above are supported by attached copies of invoices.

Schedule II
To Payment Request

PUBLIC IMPROVEMENT COSTS

Category of Actual Cost	Amount Budgeted	Amount previously spent from Improvement Fund	Amount to be spent pursuant to this Payment Request	Remaining Unspent Balance
	$	$	$	$
TOTAL	$	$	$	$

CERTIFICATE AND APPROVAL OF INSPECTOR

I, ___________________, hereby certify that I hold the position designated beneath my signature and that I have all authority necessary to execute this certificate on behalf of the Howard County Department of Public Works, as Inspector under the Funding Agreement dated as of February __, 2014 (the "*Funding Agreement*") between Howard County, Maryland (the "*County*") and Annapolis Junction Town Center, LLC (the "*Developer*"), and I hereby certify for and on behalf of the Inspector:

Terms used herein and not otherwise defined herein shall have the meaning given such terms in the Funding Agreement.

1. I have conducted a site visit on __________, 20__ to ascertain the portion of the work completed on the Public Improvement identified in Payment Request No. ___ and such site visit, together with a review of the Payment Request and such supporting materials as we deem appropriate to make the certifications herein set forth, is the basis as to the certifications set forth herein.

2. The portion of the work with respect to the Public Improvement identified in the foregoing Payment Request No. ___ has been completed.

3. All governmental approvals, permits and inspections required in connection with the construction of such Public Improvement which has been completed to the date of such Payment Request have been received or approved, as applicable.

4. In reliance upon quality control testing conducted by ______________ (the "*Engineer*") and certifications provided by the Engineer, such work was completed in accordance with (i) the Plans and Specifications, (ii) the terms of the Funding Agreement and (iii) all applicable governmental permits.

5. The costs of the Public Improvement being requested for payment are the Actual Costs of such work specified in such Payment Request.

6. Payment Request No. ___ is hereby approved.

IN WITNESS WHEREOF, I have executed this Certificate and Approval of Inspector on behalf of the Inspector this ____ day of _________, 20__.

HOWARD COUNTY, MARYLAND,
By the Department of Public Works

By:___________________________________
Name:
Title:

EXHIBIT C

ADDITIONAL PROCEDURES REGARDING PAYMENT REQUESTS

I. PROGRESS PAYMENTS OR PROCESSING PAYMENTS

(a) Within 10 calendar days after the issuance of the Series 2014 Bonds and prior to commencing work, the Developer shall submit a breakdown of all lump sum items (a "*Schedule of Values*") within the Public Improvements for review and approval by the Inspector. Any off-site construction costs shall be included in the Schedule of Values, including out-of-state off-site construction costs. Payment for stored materials will follow the SHA Standard Specifications for Construction Materials, Section TC-7.02. No partial payments will be made for lump sum items if the Developer fails to provide a Schedule of Values. If the Inspector does not approve the Schedule of Values submitted by the Developer, within 10 days of receipt of written notice of disapproval, the Developer shall submit a revised breakdown for review and approval. The Developer will submit three copies of the payment requests to John Seefried, Chief of Construction Inspection, 9250 Bendix Road, Columbia, Maryland 21045. The Developer will also submit two copies of the payment request to the Howard County Director of Finance, 3450 Court House Drive, Ellicott City, Maryland 21043. Field review and payment preparation will occur simultaneously.

(b) **Monthly Estimates.** Unless otherwise reduced in the discretion of the Inspector, any final retainage required pursuant to Section 4.3(d) of the Funding Agreement will not be released until final payment has been made for a Public Improvement and such Public Improvement has been accepted by the County. Current estimates will be based upon the Inspector's estimate of quantity (including materials and equipment complete in place) satisfactorily performed for each item contained in the Developer's approved Schedule of Values. In the instance of lump sum items, the Inspector's estimate shall be the proper fraction of the lump sum items satisfactorily performed during the preceding month. All quantities, estimates and fractions will be reasonably accurate approximations and are subject to correction (i) in subsequent current estimates, (ii) in any semi-final estimate and (iii) in final payment. Should either the Inspector or the Developer be of the opinion that any estimates, quantities and/or fractions (either as to an individual current estimate or accumulations thereof) do not represent a reasonably accurate approximation of actual work, then details questioned shall be reviewed and then any corrections adjusted for in the next current estimate.

(c) The Inspector may decline to approve a Payment Request and may withhold its semi-final approval in whole or in part, to the extent reasonably necessary to protect the County from loss because of: (i) defective work not remedied; (ii) third party claims filed or reasonable evidence indicating the probability of filing of such claims; (iii) failure of the Developer to make payments properly to subcontractors or for labor, materials or equipment; (iv) damage to another contractor; (v) reasonable indication that the work will not be completed within three years from the date of issuance of the Series 2014 Bonds; or (vi) unsatisfactory prosecution of the work by the Developer.

(d) The Developer shall, within seven days of the receipt of a payment, make payment to all subcontractors in the amount for which payment has been received by the Developer for the portion of the Public Improvements performed by the subcontractor as reflected on the Payment Request. The Developer shall require all subcontractors to make payment to any further subcontractors within seven days of the subcontractor's receipt of payment from the Developer for the portion of the Public Improvements performed by the lower tier subcontractor. The parties expressly intend for all subcontractors to be third party beneficiaries of this provision and all subcontractors can enforce this provision in any appropriate proceedings.

II. SUBSTANTIAL COMPLETION AND FINAL PAYMENT

(a) Verification of Final Quantities

(1) When the Developer has completed a Public Improvement, and it has been accepted as substantially complete, the Inspector will proceed to:

- (A) make any necessary final inspections;
- (B) complete any necessary computation of quantities or costs; and
- (C) submit to the Developer, within 30 days after final completion and acceptance of a Public Improvement by the Inspector for maintenance, for its consideration, a tabulation of the proposed final quantities or costs.

(2) All prior partial estimates and payments shall be subject to correction at the time of acceptance and final payment and if the Developer has been previously overpaid, the amount of such overpayment shall be set forth in the final payment forms and the Developer hereby agrees that it will reimburse the County for such overpayment within 30 days of receipt of such advice.

(3) Payment for the final Actual Costs of a Public Improvement shall become due and payable to the Developer within ninety (90) days after determination of final quantities or costs under this Section. As a condition precedent to final payment, the Developer shall be required to execute a general release of all claims against the County arising out of, or in any way connected with, this Agreement.

(b) Substantial Completion

(1) Substantial completion is the stage in the progress of a Public Improvement when the Public Improvement or designated portion thereof is sufficiently complete in accordance with this Agreement so the County or public can occupy or utilize the Public Improvement for its intended use.

(2) When the Developer considers that a Public Improvement, or a portion thereof which the County agrees to accept separately, is substantially complete, the Inspector shall prepare and submit to the Developer a comprehensive list of items to be completed or corrected. The Developer shall proceed promptly to complete and correct items on the list. Failure to include an item on such list does not alter the responsibility of the Developer to complete the Public Improvement in accordance with the Plans and Specifications. Upon receipt of the Developer's list, the Inspector will make an inspection to determine whether the Public Improvement or designated portion thereof is substantially complete. If the inspection discloses any item, whether or not included on the Developer's list, which is not in accordance with the requirements of the

Plans and Specifications, the Developer shall, before issuance of the Certificate of Substantial Completion, complete or correct such item upon notification by the Inspector. The Developer shall then submit a request for another inspection by the Inspector to determine Substantial Completion. When the Public Improvement or designated portion thereof is substantially complete, the Inspector will prepare a Certificate of Substantial Completion which shall establish the date of Substantial Completion, shall establish responsibilities of the County and Developer for security, maintenance, heat, utilities, damage to the Public Improvements and insurance, and shall fix the time within which the Developer shall finish all items on the list accompanying the Certificate.

(3) Upon issuance of the Certificate of Substantial Completion, the Inspector shall determine a reasonable sum of money for completion of the items on the list accompanying the Certificate. The County, upon application by the Developer for a substantial completion payment for the apparent estimated final value of the Public Improvements, deducting the total of all amounts previously paid to the Developer as current estimates and sums deemed chargeable against the Developer properly deductible, including liquidated damages and the amount determined by the Inspector as a reasonable cost of completing the items on the list accompanying the Certificate of Substantial Completion, and as a retained percentage a sum not less than 5% of the total Actual Costs of the Public Improvements.

(c) Final Completion, Final Acceptance and Final Payment

(1) Upon receipt of written notice that a Public Improvement is ready for final inspection and acceptance and upon receipt of a final Payment Request, the Inspector will promptly make such inspection and, when the Inspector finds the Public Improvement acceptable under this Plans and Specifications, the Inspector will promptly issue a Certificate of Final Completion stating that to the best of the Inspector's knowledge, information and belief, the Public Improvement has been completed in accordance with terms and conditions of the Plans and Specifications. After the Certificate of Final Completion has been issued by the Inspector, the County will assume responsibility for maintenance of the County Public Improvements except as expressly provided elsewhere in this Agreement. The Developer shall then submit a final Payment Request to the Inspector, along with the items set forth in subparagraph (c)(2) below.

(2) Neither final payment nor any remaining retained percentage shall become due until the Developer submits to the Inspector (1) an affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Public Improvements have been paid or otherwise satisfied, (2) a certificate evidencing that insurance required by this Agreement to remain in force after final payment is currently in effect and will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the County, (3) a written statement that the Developer knows of no substantial reason that the insurance will not be renewable to cover the period required by this Agreement, (4) consent of surety, if any, to final payment and (5) if required by the County, other data establishing payment or satisfaction of obligations, such as receipts, releases and waivers of liens, claims, security interests or encumbrances arising out of this Agreement, to the extent and in such form as may be designated by the County.

(3) If, after Substantial Completion of the Work, final completion thereof is materially delayed through no fault of the Developer or by issuance of Change Orders affecting final completion, and the Inspector so confirms, the County shall, upon application by the Developer and certification by the Inspector, and without terminating this Agreement, make payment of the balance due for that portion of the Public Improvements fully completed and accepted. If the remaining balance for the Public Improvements not fully completed or corrected is less than retained percentage stipulated in this Agreement, and if bonds have been furnished, the written consent of any surety to payment of the balance due for that portion of the Public Improvements fully completed and accepted shall be submitted by the Developer to the Inspector prior to certification of such payment. Such payment shall be made under terms and conditions governing final payment, except that it shall not constitute a waiver of claims.

(d) The making of final payment shall constitute a waiver of all claims by the County except those arising from:
(1) any indemnity obligations of the Developer and/or its Affiliates;
(2) faulty or defective Public Improvements appearing after Substantial Completion;
(3) failure of the Public Improvements to comply with the requirements of this Agreement;
(4) terms of any special guarantees required by this Agreement; or
(5) failure of the Developer to procure or maintain any insurance required by the this Agreement.

(e) The requisition for and acceptance of final payment shall constitute a waiver of all claims by the Developer.

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APPENDIX H

Proposed Form of Bond Counsel Opinion

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(Letterhead of McGuireWoods LLP)

[Closing Date]

County Executive and County Council
of Howard County, Maryland
Ellicott City, Maryland

$17,000,000
Howard County, Maryland
Special Obligation Bonds
(Annapolis Junction Town Center Project),
2014 Series

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Howard County, Maryland (the "County") of its $17,000,000 Howard County, Maryland Special Obligation Bonds (Annapolis Junction Town Center Project), 2014 Series (the "Bonds"). The Bonds are being issued under and pursuant to (i) Sections 12-201 through 12-213, inclusive, of the Economic Development Article of the Annotated Code of Maryland, as amended (the "Tax Increment Financing Act"); (ii) Sections 21-501 through 21-523, inclusive, of the Local Government Article of the Annotated Code of Maryland (the "Special Taxing District Act" and together with the Tax Increment Financing Act, the "Acts"); (iii) Resolution No. 14-2009 adopted by the County Council of Howard County, Maryland (the "County Council") on May 4, 2009, as amended by Resolution No. 40-2011 adopted on May 2, 2011 and as further amended by Resolution No. 10- adopted on February 4, 2013 (the "Resolution"); (iv) Council Bill No. 21-2009 enacted by the County Council on May 4, 2009, as amended by Council Bill No. 14-2011 enacted on May 2, 2011, and as further amended by Council Bill No. 5-2013 enacted on February 4, 2013 (the "Ordinance," and together with the Resolution, the "Authorizing Legislation"); and (v) an Indenture of Trust dated as of March 1, 2014 (the "Indenture") by and between the County and Manufacturers and Traders Trust Company, as trustee (the "Trustee"). The Bonds mature, bear interest and contain such other terms and conditions as set forth in the Bonds.

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

As to questions of fact material to our opinion, we have relied upon (i) representations of the County and the Developer contained in the Indenture and the Tax Compliance Agreement dated the date hereof and delivered by the County and the Developer in connection with the issuance and sale of the Bonds (the "Tax Compliance Agreement"), (ii) representations of the Maryland Department of Transportation, the Maryland Transit Administration and the Maryland Transportation Authority (the "State Agencies") in the Tax Compliance Certificate dated the date hereof and delivered by the State Agencies in connection with the issuance and sale of the Bonds (the "Tax Certificate"), and (iii) the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities, and we have not independently verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the conformity to original documents of all documents submitted to us as certified or photo static copies and the authenticity of the originals of such latter documents.

We are qualified to practice law in the State of Maryland, and we do not purport to be experts on, or to express any opinion herein concerning, any law other than the law of the State of Maryland and the federal law of the United States of America.

We have not examined, and express no opinion as to, the existence of or title to real or personal property and, except as expressly stated herein, we express no opinion as to the creation, validity or priority of any lien upon, assignment of, pledge of or security interest in real or personal property.

Based on our examination and subject to the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The County is a validly created and existing body politic and corporate and a political subdivision of the State of Maryland, possessing the authority under the Acts and the Authorizing Legislation to issue the Bonds.

2. The County has full power and authority under the Acts to adopt the Authorizing Legislation and to perform its obligations thereunder. The Authorizing Legislation has been duly adopted, has not been modified, amended or rescinded and is in full force and effect.

3. The Indenture has been duly authorized, executed and delivered by the County and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes

the valid and binding obligation of the County, enforceable against the County in accordance with its terms.

4. The Bonds have been duly authorized and legally issued in accordance with the Acts and the Authorizing Legislation. The Bonds have been duly executed and delivered by the County and, assuming their due and proper authentication by the Trustee, are valid and binding special obligations of the County, payable solely from the Tax Increment Revenues, Pledged BRAC Revenues, if any, and Special Tax Revenues (collectively, the "Revenues") and certain other assets and revenues of the Districts pledged by the County under the Indenture, to the extent provided in the Indenture, including amounts deposited in certain funds and accounts held by the Trustee and the County under the Indenture.

6. As provided in the Acts, the Bonds do not constitute a general obligation debt of the County or a pledge of the County's full faith and credit or taxing power. The Bonds are not an indebtedness of the County within the meaning of the County's Charter. Except for the Revenues, no other taxes or assessments are pledged to the payment of the Bonds.

7. Under existing laws, regulations, rulings and judicial decisions, the interest on the Bonds, (a) is excludable from gross income of the owners thereof for federal income tax purposes, and (b) is not an enumerated item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations, and may be subject to the branch profits tax imposed on foreign corporations engaged in a trade or business in the United States.

8. Under existing law of the State of Maryland, the principal amount of the Bonds, the interest payable on the Bonds, their transfer, and any income from the Bonds, including any profit made in the sale or transfer thereof, are exempt from state and local taxes in the State of Maryland; however, the law of the State of Maryland does not expressly refer to, and no opinion is expressed concerning, estate or inheritance taxes, or any other taxes not levied directly on the Bonds or the interest thereon.

The opinions set forth in the paragraph numbered 7 above assume, and are subject to, continuing compliance by the County, the Developer and the State Agencies with the covenants regarding federal tax law set forth in the Indenture, the Tax Compliance Agreement and the Tax Certificate. Failure to comply with such covenants could cause interest on the Bonds to be included in the gross income of the holders of the Bonds retroactive to the date of issue of the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S Corporations and foreign corporations operating branches in the United States), property and casualty insurance companies, banks, thrifts or other financial institutions, recipients of Social Security or Railroad Retirement Benefits or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations such as the Bonds, should consult their tax advisors concerning their tax consequences of purchasing and holding the Bonds.

It is to be understood that the rights of any holder of the Bonds and the enforceability of the Indenture and the Bonds may be subject to (a) bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable, (b) the valid exercise of the constitutional powers of the United States of America and of the sovereign police and taxing powers of state or other governmental units having jurisdiction, and (c) the exercise of judicial discretion in accordance with general principles of equity (whether applied in a court of law or a court of equity).

Very truly yours,

McGuireWoods LLP

APPENDIX I

Proposed Form of Developer's Continuing Disclosure Agreement

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DEVELOPER CONTINUING DISCLOSURE AGREEMENT

This Developer Continuing Disclosure Agreement (this "Agreement") by and between Annapolis Junction Town Center, LLC, a Maryland limited liability company (the "Developer") and MuniCap, Inc. (the "Administrator"), dated as of March 1, 2014, is being entered into in connection with the issuance of $17,000,000 aggregate principal amount of Howard County, Maryland Special Obligation Bonds (Annapolis Junction Town Center Project) 2014 Series (the "Bonds"). The Bonds were issued pursuant to an Indenture of Trust dated as of March 1, 2014 (the "Indenture") between Manufacturers and Traders Trust Company, as Trustee (the "Trustee") and Howard County, Maryland (the "County").

The Developer and the Administrator hereby covenant and agree as follows:

Section 1. ***Purpose of the Developer Continuing Disclosure Agreement***. This Agreement is being executed and delivered by the Developer and the Administrator for the benefit of the Bondholders and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in voluntarily complying with the Rule (as defined below).

Section 2. ***Definitions***. Terms not otherwise defined herein shall have the meanings set forth in the Limited Offering Memorandum (defined below).

"Affiliate" as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, partnership interests, membership interests or by contract or otherwise.

"Credit Facility" means any financing arrangement entered into (other than the Bonds) to finance the construction of the Development.

"County's Continuing Disclosure Agreement" shall mean the County Continuing Disclosure Agreement of an even date herewith by and among the Trustee, the Administrator and the County.

"Limited Offering Memorandum" means the Limited Offering Memorandum with respect to the Bonds dated _________, 2014.

"Owners" means, collectively, the Developer, Annapolis Junction Apartment Homes, LLC and Annapolis Junction Retail, LLC.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated.

"Person" means an individual, estate, trust, corporation, partnership, limited liability company or any other organization or entity (whether governmental or private).

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effect date of this Agreement which are applicable to this Agreement.

Section 3. ***Provision of Information***. The Developer shall, within thirty (30) days of the end of each calendar quarter, commencing with the calendar quarter ending June 31, 2014, provide the Administrator with the following information, and the Administrator shall cause said information to be provided to the County within fifteen (15) days of receipt.

(i) A statement as to the status of the completion of the Development and the Project described in the following section of the Limited Offering Memorandum: "PROPOSED DEVELOPMENT OF ANNAPOLIS JUNCTION TOWN CENTER", including, but not limited to, (a) percentage of completion of public improvements in the Development; (b) percentage of completion for the residential, retail, office, and hotel components of the Development; (c) the amount of square footage by building type for which an occupancy certificate has been issued; (d) material changes by the Developer in the make-up or composition of the residential, retail, office and hotel components of the Development; (e) general construction contracts entered into for construction of the public improvements, retail and residential components of the Development; and (f) any expected material delays in the construction or absorption schedule for the Development;

(ii) (A) the percentage of the Owner's retail space under lease in the District and the percentage of revenues represented by the Owner's retail leases expiring by year in the District, (B) the occupancy rate for rental apartments in the District, and (C) sales of any property within the District by development type;

(iii) Information regarding changes to the Development necessary, as determined by the Administrator, to calculate changes to the Required Maximum Special Tax (as defined in the Indenture) as shall be required by the County;

(iv) (a) A statement as to the status of obtaining a Credit Facility for the construction of the remainder of the public improvements and the residential and retail components of the Development not funded with the proceeds of the Bonds, (b) any increase or decrease in the loan amount under any such Credit Facility, (c) a report of current loan balances under any Credit Facility, (d) any delay in meeting funding thresholds under any such Credit Facility or rejection or refusal by the lender thereunder to fund draws other than for administrative reasons, and (e) any failure or refusal by the lender under any such Credit Facility to extend the term of such Credit Facility beyond the maturity date as permitted under the terms of such Credit Facility;

(v) A statement as to material changes, if any, in the form, organization or ownership of the Developer or the Owners;

(vi) A statement as to the existence of any legislative, administrative or judicial challenges to the construction of a material portion of the Project or the Development or the validity of any public approvals for a material portion of the Development;

(vii) Any material amendment or supplement to the Funding Agreement or the PPP Agreement;

(viii) A statement as to any default under the Funding Agreement or the PPP Agreement;

(ix) A statement or statements as to the status of any adverse litigation (A) against the Developer, the Owners or any other Affiliate which would materially adversely affect such party's ability to perform its obligations under its respective Developer Documents or (B) against the Developer, the Owners or any other Affiliates with claim for damages in excess of $500,000 and which may materially adversely affect the completion of the Development;

(x) Any tax assessment appeals by the Developer, the Owners or any other Affiliate; and

(xi) Any changes to zoning within the Development.

Section 4. ***Reporting of Significant Events***. Whenever the Developer obtains actual knowledge of the occurrence of one or more of the following events, the Developer shall immediately report such event to the County as set forth herein:

(i) failure to pay any real property taxes or Special Taxes levied on a parcel in the District owned by the Developer, the Owners or any Affiliate thereof;

(ii) any appeal the Developer, the Owners or an Affiliate thereof of any real property taxes or Special Taxes levied on a parcel in the District owned by the Developer, the Owners or any Affiliate thereof;

(iii) material damage to or destruction of any development or improvements within the District;

(iv) an Event of Default on any loan (as defined thereunder) by the Developer or the Owners with respect to the construction or permanent financing of the Development or which is otherwise secured by property within the Development;

(v) the filing by or against the Developer, the Owners or any Affiliate of a bankruptcy petition or any determination that the Developer, the Owners or any Affiliate thereof that owns property within the District, is unable to pay its debts as they become due;

(vi) the filing of any lawsuit against either the Developer, the Owners or any other Affiliate with claim for damages in excess of $500,000 and which may materially adversely affect the completion of the Development; and

(vii) any Transfer as set forth in Section 14 hereof.

Section 5. ***Termination of Reporting Obligation***. The obligations of the Developer under this Agreement, or any transferee under this Agreement assumed pursuant to Section 14 hereof, shall terminate at such time as the Bonds are no longer Outstanding.

Section 6. ***Rights of Bondholders to Enforce Agreement***. In the event of a failure by the Administrator or the Developer to comply with any provision contained herein, any holder of Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause compliance with the obligations hereunder.

Section 7. ***Limited Liability of Developer and the Administrator***. No person shall have any claim against the Developer, the Administrator, or any of their officers, officials, agent or employees for damages suffered as a result of the failure of the Developer or the Administrator to perform in any respect any covenant, undertaking, or obligation under this Agreement provided, however, that nothing contained herein shall be construed to preclude any action or proceeding in any court against the Developer, the Administrator or any of their officers, officials, agent or employees to specifically enforce the provisions of this Agreement pursuant to Section 6 of this Agreement.

Section 8. ***Notices***. Any notice or communications to or among any of the beneficiaries to this Agreement must be given as follows:

If to the Trustee:	Manufacturers and Traders Trust Company 25 South Charles Street Baltimore, Maryland 21201 Attention: Corporate Trust Administration
If to Developer:	Annapolis Junction Town Center, LLC c/o Somerset Construction Company 4816 Del Ray Avenue Bethesda, Maryland 20814 Attention: Neil Greenberg
If to the County:	Howard County Office of Law Carroll Building 3430 Courthouse Drive Ellicott City, Maryland 21043 Attention: Director of Finance
With a copy to:	Howard County Office of Law Carroll Building 3450 Courthouse Drive Ellicott City, Maryland 21043 Attention: County Solicitor
If to the Administrator:	MuniCap Inc. 8965 Guilford Road Suite 210 Columbia, MD 21046 Attention: Keenan Rice

Section 9. ***Limitation on Forum***. Any suit or other proceeding seeking redress with regard to any claimed failure by the Developer to perform their obligations under this Agreement must be filed in the State of Maryland.

Section 10. ***Amendment; Waiver***. Notwithstanding any other provision of this Agreement, the Administrator and the Developer may amend this Agreement and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds (assuming the Rule applied), after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Developer shall cause the Administrator to describe such amendment in the next report provided pursuant to Section 3 of this Agreement, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of information being presented by Developer.

Section 11. ***Beneficiaries***. This Agreement shall inure solely to the benefit of the Developer, the County, the Administrator and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 12. ***Governing Law***. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

Section 13. ***Counterparts***. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. ***Reporting Obligations Upon a Transfer***. If property ("Transferred Property") within the District is conveyed to a person or entity other than an Affiliate of the Developer (a "Transfer"), then the Developer shall provide to the County notice of such Transfer (which notice shall include information with respect to the Transferred Property and the subsequent owner thereof). Notwithstanding anything to the contrary in this Agreement, upon the occurrence of a Transfer, the Developer shall only be responsible for reporting the information and events with respect to such Transferred Property as set forth below, in each case solely to the extent the Developer has actual knowledge thereof:

(a) The Developer shall continue to provide, with respect to any Transferred Property, the information set forth in Section 3(i) hereof (in the same time and manner set forth therein) with respect to the status of the completion of the construction of the

Development on the Transferred Property until the time such construction is complete and the County has issued a certificate occupancy with respect to such Transferred Property (as reported by the County pursuant to Section 4(xii) of the County's Continuing Disclosure Agreement).

(b) The Developer shall continue to provide, with respect to any Transferred Property (and the subsequent owner thereof), the information and reports set forth in Sections 3(vi), (ix), (x), (xi) and Section 4 hereof (in the same time and manner set forth therein).

Section 15. ***Reporting Obligations With Respect to Owners.*** Notwithstanding anything to the contrary in this Agreement, the Developer shall only be responsible for reporting the information and events with respect to the Owners as set forth in this Agreement to the extent the Developer has actual knowledge thereof.

Section 16. ***Administrator***. Initially, MuniCap, Inc. has been hired to perform the duties and obligations of the Administrator.

[Signature Page Follows]

ANNAPOLIS JUNCTION TOWN CENTER, LLC, a Maryland limited liability company

By: ____________________________________
Name:
Title:

MUNICAP, INC., as Administrator

By: ____________________________________
Name:
Title:

ACKNOWLEDGED:

HOWARD COUNTY, MARYLAND

By: ____________________________________
Name:
Title:

[SIGNATURE PAGE TO DEVELOPER CONTINUING DISCLOSURE AGREEMENT]

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APPENDIX J

Proposed Form of County's Continuing Disclosure Agreement

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COUNTY CONTINUING DISCLOSURE AGREEMENT

This County Continuing Disclosure Agreement (this "Agreement") by and among Howard County, Maryland, a body corporate and politic and a political subdivision of the State of Maryland (the "County"), MuniCap, Inc. (the "Administrator") and Manufacturers and Traders Trust Company, as Trustee (the "Trustee") on behalf of the owners of the Bonds (defined below), dated as of March 1, 2014, is being entered into in connection with the issuance of $17,000,000 aggregate principal amount of Howard County, Maryland Special Obligation Bonds (Annapolis Junction Town Center Project) 2014 Series (the "Bonds"). The Bonds were issued pursuant to an Indenture of Trust dated as of March 1, 2014 (the "Indenture") between the Trustee and the County.

The Trustee, the Administrator and the County hereby covenant and agree as follows:

Section 1. ***Purpose of the County Continuing Disclosure Agreement***. This Agreement is being executed and delivered by the County, the Administrator and the Trustee for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in voluntarily complying with the Rule (as defined below).

Section 2. ***Definitions***. Terms not otherwise defined herein shall have the meanings set forth in the Limited Offering Memorandum (defined below).

"Administrator" shall mean MuniCap, Inc., or any successor appointed by the County hereunder.

"Affiliate" as applied to any Person, means any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, partnership interests, membership interests or by contract or otherwise.

"Annual Report" shall mean the annual report prepared and disseminated to the MSRB containing the information set forth in Section 3(a) of this Agreement.

"Developer's Continuing Disclosure Agreement" shall mean the Developer Continuing Disclosure Agreement of even date herewith by and among the Administrator and the Developer.

"Listed Events" shall mean any of the events listed in Section 4 of this Agreement.

"Limited Offering Memorandum" means the Limited Offering Memorandum with respect to the Bonds dated _______, 2014.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated.

"Person" means an individual, estate, trust, corporation, partnership, limited liability company or any other organization or entity (whether governmental or private).

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

Section 3. ***Provision of Information***. (a) The Administrator shall not later than February 1 of each year, commencing February 1, 2015, provide an Annual Report to the County containing or incorporating by reference the information set forth below (as of January 1 of such year) and the County shall not later than March 1 of such year, commencing March 1, 2015, provide such Annual Report to the MSRB:

(i) The balance of the funds and accounts created under the Indenture;

(ii) Any changes to the Rate and Method since the report of the previous year;

(iii) Any changes in the tax rates or the assessment methodology utilized for the levy of ad valorem real property taxes for the County;

(iv) Special Tax roll for all taxable parcels within the District, including a breakdown showing: (i) the current taxable parcels in the District; (ii) the Special Tax levied and assessed for each taxable parcel, including any adjustments to the Special Taxes as provided for in the Rate and Method; (iii) any prepayments of the Special Tax as provided for in the Rate and Method; and (iv) any termination of the Special Tax as provided for in the Rate and Method;

(v) Any reclassification of property within the District from Undeveloped Property to Developed Property;

(vi) The total assessed valuations of land by Undeveloped Property and Developed Property classification;

(vii) The amount of any pending appeals of assessed valuations of land within the Development;

(viii) The current ad valorem real property tax rate applicable to property within the Development;

(ix) The amount of the tax increment for property within the District;

(x) Update on all tax bill delinquencies and collections of past due tax bills with respect to property in the District;

(xi) Any tax certificate sales of property in the District by affected tax parcel, building type, square footage and delinquency amount;

(xii) Calculation of debt service coverage with respect to the Bonds;

(xiii) Whether there are any defaults under the Indenture, the Funding Agreement or the PPP Agreement which have resulted in mediation or litigation of which the Administrator has actual knowledge;

(xiv) Any significant legal challenges to the construction of the Project or the Development of which the Administrator has actual knowledge;

(xv) Any changes in the types of infrastructure that comprise the Project from those stated in the Limited Offering Memorandum, the status of the completion of the public improvements which constitute the Project constructed with the proceeds of the Bonds and the overall status of the Development since the report of the previous year of which the Administrator has actual knowledge; and

(xiv) Appointment of a successor or additional trustee or the change of name of the trustee, if material.

(b) The County shall provide documentation to the Developer, the Administrator and the Trustee certifying that the Annual Report has been provided to the MSRB pursuant to this Agreement and stating the date it was provided.

(c) In addition to the Annual Report, the County shall promptly provide to the MSRB such continuing disclosure information provided to the County by the Trustee or the Administrator pursuant to Section 4 below and by the Developer as more particularly set forth in the Developer's Continuing Disclosure Agreement.

(d) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Market Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org. All notices, documents and information provided to the MSRB shall be in an electronic format as prescribed by the MSRB.

Section 4. ***Reporting of Significant Events***. The County shall promptly file with the MSRB a notice of the occurrence of any of the following Listed Events (i) of which the County has received notice from the Administrator or the Trustee or (ii) of which the County has actual knowledge:

(i) Delinquency in payment when due of any principal of or interest on the Bonds;

(ii) Occurrence of any default under the Indenture;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Any unscheduled draws on any credit enhancement reflecting financial difficulties;

(v) Any change or substitution in any credit or liquidity providers, if any, or their failure to perform;

(vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) Amendment to the Indenture modifying the rights of the Holders of the Bonds in any material respect;

(viii) Optional or unscheduled redemption of the Bonds, or any portion thereof;

(ix) Defeasance of Bonds or any portion thereof;

(x) The release, substitution or sale of property securing repayment of the Bonds that results in a reduction of security for the Bonds;

(xi) Any change in the rating, if any, on the Bonds;

(xii) Any failure of the County to transfer the Tax Increment Revenues or the Special Tax Revenues to the Trustee as required by the Indenture;

(xiii) The issuance by the County with respect to any Transferred Property (as defined in the Developer's Continuing Disclosure Agreement) of construction permits and approvals and the final certificate of occupancy; and

(xiv) The continuing disclosure event notices provided to the Administrator by the Developer as more particularly set forth in the Developer's Continuing Disclosure Agreement.

The Administrator and the Trustee shall promptly provide the County with notice of the occurrence of any of the Listed Events of which the Administrator or the Trustee, as applicable, has actual knowledge. For purposes of this section, "actual knowledge" of the Administrator or the Trustee of the occurrence of such Listed Events shall mean actual knowledge by an officer of the Administrator or the Trustee with responsibility for matters regarding the District or the Indenture, as applicable, or actual knowledge by an authorized representative of the Administrator or the Trustee with responsibilities for matters contained herein. Actual knowledge of the Listed Events specified by clause (vi) of this Section, shall mean receipt by an officer of the Trustee or the Administrator with responsibility for matters regarding the District or the Indenture or for the matters contained herein of a letter of Bond Counsel addressed to the Trustee and/or the Administrator, as applicable, explicitly pertaining to the Bonds, and providing such opinion or specifying such event and its effect on such tax status.

Section 5. ***Limitation on Remedies***. The County and the Administrator shall be given written notice at the addresses set forth in Section 10 below of any claimed failure by the County or the Administrator (as the case may be) to perform its obligations under this Agreement, and the County or the Administrator (as the case may be) shall be given 15 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the County or the Administrator (as the case may be) shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. If the Developer fails to provide the County with the continuing disclosure event notices required under the Developer's Continuing Disclosure Agreement, then the County shall pursue any remedies available under such agreement.

Section 6. *Limitation on Forum*. Any suit or other proceeding seeking redress with regard to any claimed failure by the County to perform its obligations under this Agreement must be filed in the State of Maryland.

Section 7. *Limited Liability of County*. Any and all obligations of the County arising out of, or related to, this Agreement are special obligations of the County and may not constitute a general obligation debt of the County or a pledge of the County's full faith and credit, and the County's obligations to make any payments hereunder, including any and all payments to the Administrator, are restricted entirely to the Tax Increment Revenues and Special Tax Revenues or from the proceeds of the Bonds and from no other source. No person, including any holder of a Bond, shall have any claim against the County or any of its officers, officials, agents or employees for damages suffered as a result of the County's failure to perform in any respect any covenant, undertaking, or obligation under this Agreement, the Bonds or any other agreement, document, instrument or certificate executed, delivered or approved in connection with the issuance, sale and delivery of the Bonds (collectively, the "Bond Documents") or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim is properly payable from the Tax Increment Revenues and the Special Tax Revenues pursuant to the Bond Documents, provided however, that, subject to Sections 5 and 6 above, nothing contained herein shall be construed to preclude any action or proceeding in any court or before any governmental body, agency or instrumentality against the County or any of its officers, officials, agents or employees to enforce the provisions of this Agreement or any of the Bond Documents, and, provided, further, that the limitation on liability of the County set forth in this Section 7 shall in no way supercede the limitations on remedies in Section 5 above.

Section 8. *Nature and Obligation of County*. (a) The County agrees (i) to use commercially reasonable efforts to hire and retain the Administrator or another competent individual or entity to perform the duties and obligations of the Administrator relating to the continuing disclosure as set forth in Sections 3 and 4 and (ii) to require the Administrator, or such other competent individual or entity, to perform its obligations hereunder.

(b) If, despite commercially reasonable efforts, the County is unable to hire or retain the Administrator or another competent individual or entity to perform the duties and obligations of the Administrator as described in paragraph (a) above, the County agrees it will still provide or cause to be provided the information described in clauses (i), (ii) and (iii) of Section 3 and in Section 4 to the MSRB as required by such Sections.

(c) If the County is performing the duties and obligations of the Administrator as described in paragraph (b) above, the County shall be entitled to be reimbursed for any and all reasonable costs and expenditures associated with its performance of such duties and obligations.

(d) It is hereby acknowledged by the parties to this Agreement that any and all (i) fees or costs necessary to hire and retain the services of the Administrator or (ii) costs and expenditures of the County associated with its performance of the duties and obligations of the Administrator constitute Administrative Expenses as provided in the Indenture.

Section 9. ***Termination of Reporting Obligation***. The Administrator's and the County's obligations under this Agreement shall terminate at such time that the Bonds are no longer Outstanding under the Indenture.

Section 10. ***Notices***. Any notice or communications to or among any of the beneficiaries to this Agreement must be given as follows:

If to the Trustee:	Manufacturers and Traders Trust Company 25 South Charles Street, 11th Floor Mail Code MD2-CS58 Baltimore, Maryland 21201 Attention: Corporate Trust Administration
If to Developer:	Annapolis Junction Town Center, LLC c/o Somerset Construction Company 4816 Del Ray Avenue Bethesda, Maryland 20814 Attention: Neil Greenberg
If to the County:	Howard County Office of Law Carroll Building 3430 Courthouse Drive Ellicott City, Maryland 21043 Attention: Director of Finance
With a copy to:	Howard County Office of Law Carroll Building 3450 Courthouse Drive Ellicott City, Maryland 21043 Attention: County Solicitor
If to the Administrator:	MuniCap Inc. 8965 Guilford Road Suite 210 Columbia, MD 21046 Attention: Keenan Rice

Section 11. ***Amendment; Waiver***. Notwithstanding any other provision of this Agreement, the County, the Administrator and the Trustee may amend this Agreement (and the Administrator and the Trustee shall each agree to any amendment so requested by the County which does not impose any greater duties, nor greater risk of liability or, on the Administrator

and Trustee, respectively) and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds (assuming the Rule applied), after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Holders, or (ii) does not, in the opinion of nationally recognized bond counsel satisfactory to the County, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Administrator shall describe any such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of information being presented by the County.

Section 12. ***Default***. In the event of a failure of the County or the Administrator to comply with any provision of this Agreement, (i) the Trustee, at the written request of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or if it has been otherwise indemnified to its satisfaction from and against any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys), or (ii) any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Administrator, as the case may be, to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the County or the Administrator to comply with this Agreement shall be an action to compel performance.

Section 13. ***Beneficiaries***. This Agreement shall inure solely to the benefit of the County, the Administrator, the Trustee and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. ***Governing Law***. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

Section 15. ***Counterparts***. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature Page Follows]

MUNICAP, INC., as Administrator

By: ___________________________________
Name:
Title:

MANUFACTURERS AND TRADERS TRUST COMPANY, as Trustee

By: ___________________________________
Name:
Title:

HOWARD COUNTY, MARYLAND

By: ___________________________________
Name:
Title:

[SIGNATURE PAGE TO COUNTY CONTINUING DISCLOSURE AGREEMENT]