

From: Koutouvides, Ari [akoutouv@lehman.com].
To: Barsanti, Anthony [abarsant@lehman.com].
Cc: Demartino, Chad [chad.demartino@lehman.com].
Bcc: .
Subject: FW: Little Tokyo.

Sent: 5/16/2008 5:55 PM.

Let me know when you will have time to discuss (see below) over the weekend and issues I have with Jim Hill.

Thanks

From: Southerland, John [mailto:jsoutherland@trimontrea.com]
Sent: Friday, May 16, 2008 5:32 PM
To: Koutouvides, Ari
Subject: FW: Little Tokyo

From: Shiota, Christopher
Sent: Wednesday, May 14, 2008 1:02 PM
To: Southerland, John
Cc: Hendrix, Carol
Subject: Little Tokyo

JJ,

This trip to Little Tokyo was very helpful. The project is in good condition, but there are remaining issues that need to be completed by the contractor Fassberg. The project was delayed because of the issues with Fassberg but the issue has been resolved, and the Fassberg settlement has been paid in full. There are 45 units remaining unsold, and 12 units with contracts that can only be closed if equity is returned to these buyers in the form of profit (they were equity investors).

The problem at the project is that it was not being correctly marketed. 90% of the contact made to the brokers didn't know it was senior living. Originally, when Concord Realty took over the project and began closing units last July, there were 60-70 tours from referred buyers, who knew it was assisted living and were Japanese. Contracts never materialized. The pricing was between 550-600 psf which are even above pricing at The South Projects. Buyers to date have closed at below market prices of \$400 psf. I believe it would be near impossible to sell to buyers at \$550-600 psf who are referrals from buyers who bought at \$390 psf. We successfully got them agree to price cuts and a discount program.

Leaving the meeting, Steward Myers from Troxler is looking into a marketing group to help broaden the marketing base. The brokers are going back to the temples and the referral buyers at a heavily discounted \$500 psf. Lastly, a condo of the month program is being implemented on less attractive units down to \$450 psf. This is heavy price changes, although there is one buyer who has lowered his pricing down as far as \$475 psf with a courtyard view, so pricing potentially needs to go lower. In the status report I have pricing at \$350 psf, which is conservative compared to current pricing and may need to be adjusted upwards slightly, but further I believe further price cuts will be necessary.

This is a basic summary of the project. I believe Rick and Ed might give you further updates.

Chris

Chris Shiota | Associate

TriMont Real Estate Advisors

2 Park Plaza, Suite 850

Irvine, CA 92614

Phone (949) 955-1821 Ext.301

Fax (949) 955-1252

Cell (949) 922-8030

cshiota@trimontrea.com