



VILLAGEGREEN

Lifestyle for Rent

June 14, 2010

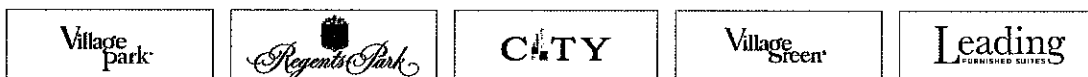
Mayor John Hieftje and City Council
City of Ann Arbor
100 N. Fifth Ave
Ann Arbor, MI 48104

Mayor Hieftje:

First, I want to thank you for the continued support and cooperation of the City as we have diligently worked to progress the development of Ann Arbor City Apartments. When Village Green first began the effort to place the construction loan and the equity required to proceed, the country was experiencing a severe economic downturn and real estate of all types was affected. We appreciate the fact that the City of Ann Arbor has invested the time, effort and confidence in Village Green to allow us to navigate through this difficult economic environment with the goal being to begin construction of Ann Arbor City Apartments.

In spite of the obstacles we have had to overcome, we are pleased to report that we have made real tangible progress in the last few months. We have selected a joint venture equity partner, LaSalle Investment Management, a national institutional investor based in downtown Chicago with an extensive portfolio of real estate and a strong financial standing in the industry. Like many institutional investors, they were reluctant to invest in real estate over the past 18 months due to the turmoil in the economy. Now that they are ready to get back into investing in apartments, they are excited about the opportunity to complete a transaction in the City of Ann Arbor with Village Green. LaSalle has full discretion of a fund that has over \$400MM of equity to invest, so they have the ability to execute in an expeditious and streamlined manner. Their deal team has recently spent time in the Ann Arbor market to walk the site and understand the market. Based on their due diligence, they believe in the Ann Arbor market and in Village Green's ability to successfully develop, construct and lease up Ann Arbor City Apartments. We are currently in the process of negotiating terms and conditions of a partnership agreement with them and they are ready to proceed as soon as we have the necessary municipal approvals, permits and construction financing in place.

As it relates to construction financing, we now have a term sheet from U.S. Bank with whom Village Green has completed 4 other new construction projects in the past eight years. We work with their downtown Chicago office where they understand the Midwest and Ann Arbor markets. Also, we now have a source to provide gap financing in the event that the primary construction lender cannot provide sufficient proceeds. That source is the general contractor, Skanska. They are prepared to contribute to ensure that construction of this project comes to fruition. This type of gap financing is not new to them as they have provided such capital for other projects for which they have been the general contractor. Village Green also has a history with Skanska as they have been the general contractor on three of our previous new apartment developments.



The fact that we have been able to accomplish what we have speaks to Village Green's capabilities. We have been able to bring together this team because of our history, reputation, track record and relationship with financial institutions and our own commitment to putting in substantial equity and corporate and personal guarantees. Village Green is committed to creating union construction jobs, permanent jobs, affordable housing and constructing a green building with the equivalent certification as the LEEDS designation for commercial buildings. Also, a substantial amount of the products that will be installed at Ann Arbor City Apartments will be American made for further creation of American jobs.

In summary, we appreciate the fact that you have patiently and willingly worked with us in this public/private partnership since we first began the effort to develop Ann Arbor City Apartments. Although it has taken longer than anticipated due to circumstances beyond our control, we are now entering the final stage of completing the capital raise to finally begin construction. During the past few weeks we have been in meetings and conferences with City staff and are collaborating on a milestone schedule which will be available within the next couple of weeks. Both Village Green and the City staff want to be certain we have considered and accommodated every department's input, necessary legal documentation and municipal approval and permitting process so that we can mutually agree upon a realistic milestone schedule to present to you.

In order to complete this milestone schedule, I am respectfully requesting that you allow us the time to complete the task with City staff and grant a 45-day extension beyond the current option extension expiration date of June 30, 2010.

Thank you for your anticipated understanding and cooperation. I look forward to seeing you at the City Council meeting on June 21, 2010. In the meantime, please feel free to contact me if you have any questions.

Sincerely,

VILLAGE GREEN



Jonathan Holtzman
Chairman/CEO