

May 14, 2009

To: The R.E Reno, LLC Members

From: Barney Ng

RE: One South Lake Street (Loan No. S0238-LL) – Interest Payments

First and foremost, I apologize for not being more responsive to the concerns that many of you have voiced regarding the non-payment of the interest on the loan in which you are invested. Although known as "One South Lake Street," the Loan is secured by the Siena Hotel Spa & Casino.

Many of you may not be aware, but I have been personally debt-servicing the One South Lake Street Loan since its inception. For reasons which I will explain below, the Siena has never been able to generate the capital necessary to debt-service this Loan. To date I have paid over \$35,000,000.00 of my own personal funds to service this Loan, and until the recent economic downturn and pervasive market illiquidity, I have not missed a payment. I had anticipated being able to bring the loan payments current upon receipt of a payoff of another loan that I have. However, this still has not come to fruition, and I have no other resources with which to make the payments. Like everything else, this loan payoff seems to be affected by the universal illiquidity in the market. Nonetheless, I want to reassure you that I have made it my highest priority to begin making the interest payments and I am doing everything possible to close this transaction so as to accomplish this goal.

As investor-members in R.E. Reno, LLC, many of you probably do not know the complete history of the Siena Hotel. Since the Hotel's opening in July of 2001, there have been many significant legal and operational challenges that I have personally had to confront. The Hotel opened in July of 2001. 9/11 occurred weeks after the opening, and 9/11 created many issues for the hospitality industry in general and the Hotel in particular which were difficult to overcome. Shortly after opening we also discovered that the casino management software which we had purchased was faulty, or that certain components were simply not provided at all. Basically, and in addition to other serious flaws, the software was incapable of communicating with the slot machines and perpetually produced inaccurate or aberrant data which severely and negatively impacted the Casino's operations. I have litigated against the software provider to successful resolution. In addition, the Hotel was sold faulty and untested slot machines by International Gaming Technology ("IGT"), a major slot machine manufacturer. The introduction of these games into the casino floor has similarly negatively impacted the Casino's operations. We have been litigating against IGT for over four years. The matter finally proceeded to trial in August of 2007. During trial a witness for IGT testified that the Siena was damaged in the sum of \$160,000,000 dollars. However, before the case was allowed to go to the jury for deliberation, the judge inexplicably dismissed the jury and summarily decided the case in favor of IGT. Upon motion for re-trial, the judge admitted that he abused his discretion in deciding the case against us and granted our motion for a new trial. However, IGT has appealed this order and we are now proceeding to the Nevada Supreme Court to argue the appeal.

As a result of the persistent problems associated with the faulty equipment, the Siena has been materially disadvantaged since its opening and has never been able to operate as a fully functioning Casino. The net effect of this is that the Siena has never been able to generate the projected profits necessary to debt-service the loan made to it by R.E. Reno, LLC. This is why I have been personally making the interest payments on the One South Lake Street Loan.

We are confident in our case against IGT and should there be a successful outcome, whether by winning at trial or through settlement, it is my intent to use the funds obtained from one of these outcomes to pay down or payoff the One South Lake Street Loan.

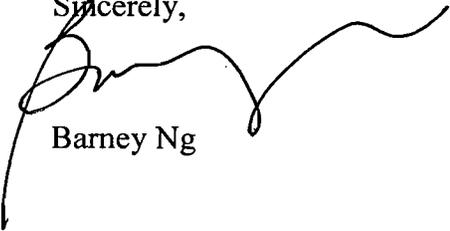
With regard to the operational state of the Hotel, fortunately it has weathered the storm caused by the prevailing economic downturn. In spite of many challenges, the Hotel remains open for business. By way of comparison, within the last 9 months approximately half a dozen hotels and casinos in the Reno area have closed their doors or have filed for bankruptcy. Now that we are entering the busy season the outlook for the Hotel is very encouraging.

What's more, as Reno's only boutique business-class hotel, the Siena is well positioned to take advantage of the higher-end clientele that frequents Reno. For example, the Hilton Foundation (of Hilton Hotel fame) is scheduled to stay with us this month for a retreat and business seminar. No other hotel in Reno offers to businesses the level of accommodation than the Siena does and we are confident in the Hotel's long-term viability.

I recognize and appreciate the trust that you as an investor have placed in me in originally providing this Loan to the Siena, and because of this I am committed to the pay-off of the loan. Again, I apologize for the missed interest payments. I realize that this may have an adverse affect for many of you and I am deeply embarrassed that due to the circumstances that these payments have not been made. I would like to reiterate however that I am doing everything possible to rectify this problem as soon as possible.

Thank you for your patience.

Sincerely,



Barney Ng