

Vicki Howard

HOBRON HOTEL, L.L.C.

July 9, 2007

Mr. Corey Y. S. Park
Paul Johnson Park & Niles
ASB Tower, Suite 1300
1001 Bishop Street
Honolulu, HI 96813

Re: Metropolitan Properties/Oaktree Renegotiation

Dear Mr. Park:

This letter is in reply to your letter of April 16, 2007 which was in response to my letter of March 23, 2007 exploring the possibility of an early renegotiation of the next scheduled rent increase.

Enclosed is an Appraisal Report prepared by The Hallstrom Group Inc., arriving at an appraised value of \$1,260,000 as of May 15, 2007.

Subject to entering into a lease modification agreement satisfactory to both parties, we propose an increase in the annual rent to \$75,600 (\$1,260,000 times 6%), or \$6,300.00 per month plus GET of \$76.36 (\$6,300 times 1.212%) per month for a total monthly amount of \$6,376.36. The rent increase would be effective upon entering into such an agreement with the next scheduled rent renegotiation to be effective January 1, 2020.

Please advise us if the above is satisfactory to your client; if so, we will have our counsel, Nicholas Dreher of Cades Schutte LLP prepare a draft of a lease modification agreement for review by you and your client.

Sincerely,

Hobron Hotel, L.L.C.

Larry Hansen
mhg

Larry Hansen

Enclosure