

CENTERPOINT CONDOMINIUMS

Contact: Andrea Kalmanovitz, Director of Public Relations
Avenue Communities, LLC
Office: 480.294.6333
Mobile: 602.980.2040
Email: akalmanovitz@avenuecommunities.com

FOR IMMEDIATE RELEASE

CENTERPOINT CONDOMINIUMS TO FILE LAWSUIT TOMORROW AGAINST MORTGAGES LTD. AND PROJECT INVESTORS FOR DEFAULTING ON LOAN OBLIGATIONS

Damages in Tens of Millions of Dollars Sought

TEMPE, ARIZONA. December 4, 2008. Avenue Communities, LLC (ownership entity “Tempe Land Company, LLC”), developer of luxury, high-rise mixed-use development Centerpoint Condominiums, plans to file a lawsuit tomorrow against Mortgages Ltd., Arizona’s largest private lender who filed Chapter 11 in U.S. Bankruptcy Court on June 23, and its investors in this condominium project (“Mortgages Ltd”), claiming Mortgages Ltd. and the investors defaulted on an approximately \$150 million loan agreement.

According to litigation documents, Mortgages Ltd. defaulted on funding obligations in late 2007 by failing to fund loan draws in full and ultimately ceasing funding all together. After several weeks of negotiations between the parties and the replacement financing lenders, Centerpoint entered into an additional loan agreement with Mortgages Ltd. that was intended to be curative of Mortgages Ltd.’s breach of the initial funding obligations, however, Mortgages Ltd. defaulted on the new agreement almost immediately. Since May of this year, there has been no funding on Centerpoint, aside from a portion of the \$2.8 million financing granted on September 2 through Mortgages Ltd’s bankruptcy.

“Mortgages Ltd.’s default on its funding obligations has already cost us tens of millions of dollars in damages,” says Ken Losch, principal of Avenue Communities. “We have been harmed since last year when Mortgages Ltd. delayed and then stopped providing sufficient funds per the terms of the loan agreement.”

-more-

Losch continues, “We have been very patient and very proactive in our negotiations and now it’s time we take action on our own. For the sake of a spectacular project in an extraordinary location and community, we are left with no choice. We need to be compensated for the incredible damages we have suffered by Mortgages Ltd.”

According to a notice of pending lawsuit submitted to Mortgages Ltd. in July by Centerpoint Condominium developers, Centerpoint has been prepared to file suit since May; yet agreed to work toward a resolution with the new Mortgages Ltd. management team established after the late CEO Scott Coles’ death.

“It is my impression that all parties – Mortgages’ Executive Management Team, Radical Bunny and the Official Investor’s Committee – have their own interests and agendas,” says Losch. “We see no direction with Mortgages Ltd.’s business plan, we have made no progress on our Settlement Agreement, and our hearings continue to be delayed time and time again. Most important, there has been no progress towards completion of our project, which is in everyone’s best interests. Patience is a virtue, but not this much patience. Mortgages Ltd. is in default with us; yet they are not working toward a resolution. Whether or not they realize it, Centerpoint’s completion is in the best interest of Mortgages Ltd. and its investors.”

Centerpoint has been under construction since 2005 and, until late 2007 when Mortgages Ltd. began defaulting on its funding obligations, was proceeding successfully having procured \$22 million in pre-sale commitments for condominium homes. Losch expects to move forward on construction of the project and aims to open Tower One this Spring and the retail plaza level this Summer, one year later than planned due to Mortgages Ltd. loan default.

Copies of the lawsuit are available upon request tomorrow. For more information, please contact Andrea Kalmanovitz, Director of Public Relations for Avenue Communities at akalmanovitz@avenuecommunities.com or 480.294.6333 or visit the Web site at www.centerpointaz.com.

About Centerpoint Condominiums

Centerpoint Condominiums is a luxury, high-rise mixed-use development located in Tempe’s Mill Avenue District, a sophisticated, urban setting that promotes walkable urbanity and social connectivity.

Tower One is nearly 25% sold; with a growing interest list since March of over 250 people waiting to view model homes. Combined, Tower One at 22-stories and Tower Two at 30-stories comprise 375 homes with prices starting in the low \$300,000s.

In partnership with Valley celebrity chef, Michael DeMaria, Centerpoint will feature a 180-seat contemporary Italian restaurant, Trattoria M, and accompanying market-caffé, Aroma. Aroma will be a highly unique destination; offering artisan foods, locally grown, natural and organic whenever possible, in-house bakery, house made gelato, coffee barista, floral shop and a world-wide selection of cheeses and vintages. Residents of Centerpoint will also enjoy their own private “backyard” at the approximately 23,000 square-foot 7th level Great Room complete with a white sand beach pool with cabanas, poolside food and beverage service and an upscale fitness center with a Yoga and Pilates studio, among many other offerings. Centerpoint is likely the most innovative and exciting mixed-use destination to hit the Valley.

###