

March 2009

Dear Clients, Friends and Colleagues,

We're pleased to announce our March update for the firm:

**LRG Capital Funds:**

[LRG Capital Real Estate Partners I Fund Acquires Mathews Building in San Rafael California](#)

[LRG Capital Adds Real Estate Debt Fund to Platform](#)

[LRG III Fund Investment Glasshouse Technologies Provides Storage Consultancy Services to Thomson Reuters](#)

[LRG III Fund Investment Glasshouse Acquires CSSG](#)

[LRG III Fund Investment VirtualScopics Achieves Operating Cash Flow Breakeven in the Fourth Quarter 2008; Reports Record Revenue and Gross Profit](#)

**LRG Capital Group:**

[LRG Capital Corporate Advisory Group Advises Zilog on Sale of Universal Remote Control and Secure Transaction Businesses to Maxim and Universal Electronics](#)

[LRG Capital Report Provides Commentary on the current financial turmoil. This week's title: "The More Things Change The More They Stay The Same. How To Swallow The Poison Pill And Survive."](#)

[LRG Capital's Lawrence Goldfarb is Appointed President and Chairman of the Board of the non-profit 142 Throckmorton Theatre](#)

[LRG Capital Sponsors Tennis Tournament to Benefit Los Cabos Children's Foundation](#)

**LRG Capital Real Estate Partners I Fund Acquires Mathews Building in San Rafael, California**

LRG Capital Real Estate Ventures, a subsidiary of LRG Capital Group, is pleased to announce that the LRG Capital Real Estate Partners I Fund has acquired the Mathews Building at 851 Irwin Street, a commercial office building located in San Rafael, California just off Highway 101 and minutes away from San Francisco. The purchase of the three-story, class A office building was completed at the price of \$246 per square foot. The well-maintained building is 96% occupied and the anchor tenants include Tamalpais Bank and Bradley Real Estate. The three-story structure comprises 27,253 square feet of elevator served offices and 84 parking spaces.

"The purchase of the Mathews Building provided us with the opportunity to acquire a Class A commercial property in a desirable and convenient location at a price well below replacement cost," said Lawrence Goldfarb, CEO and founder of LRG Capital Group. "With its strong creditworthy tenant mix and secure cash flow, we expect this property to enhance the overall performance of our portfolio."

The LRG Capital Real Estate Partners I Fund primarily makes direct, intermediate term equity investments in commercial properties located in or near California's premier cities and, to a lesser extent, development and rehabilitation projects for office, retail, multi-family, industrial and mixed-use properties. The Fund is co-managed by Evan Kraus, Executive Vice President of LRG Capital Group, Lawrence Goldfarb, CEO of LRG Capital Group, Geoffrey Koblick, a seasoned real estate investor who has been active in California commercial real estate for over 23 years, and Richard Hall, a respected commercial real estate manager and investor since 1999.

The Mathews office building joins other commercial, multifamily and mixed-use properties in the LRG Capital Real Estate Partners I Fund's portfolio including 505 A San Marin Drive, Novato, California 18360 Sierra Drive, Sonoma, California, 384 Bel Marin Keys Blvd, Novato, California, 220 Canal Street, San Rafael, California and 125 E. Sir Francis Drake Boulevard, Larkspur, California.

### **LRG Capital Group Adds LRG Capital Real Estate Debt Fund I to Platform**

LRG Capital Real Estate Ventures, a subsidiary of LRG Capital Group, a global investment, banking and advisory boutique, announces the launch of the LRG Capital Real Estate Debt Fund I.

The LRG Capital Real Estate Debt Fund I will focus on commercial financings for office, light industrial and multi-family properties in northern California. The Debt Fund will originate or purchase first mortgage loans, similar to a commercial bank using traditional and conservative lending guidelines. Terms of the Funds' mortgage loans may vary based on credit and financial history, credit enhancements and loan-to-property value ratios.

The LRG Capital Real Estate Partners Debt Fund I is managed by Lawrence Goldfarb, CEO of LRG Capital Group and Evan Kraus, Executive VP of LRG Capital Group. Mr. Goldfarb has over twenty years of investment banking, trading and corporate law experience. Recognized as an expert in making direct investments in private and public companies, he specializes in identifying the financial needs of companies using unique transaction structures that enable businesses to grow and provide investor returns. Mr. Kraus has over twenty years of legal, investment, real estate and financing experience. He launched the merchant bank of LRG Capital Group in 2006 concentrating on commercial financing transactions for real estate developers and business entrepreneurs.

"We formed the LRG Real Estate Debt Fund I to meet the demand for credit in the current market. We are making funds available to qualified borrowers and properties seeking credit," said Mr. Goldfarb, "Our goal is to concentrate on credit quality, as well as attractive and stable properties, while producing consistent income and a positive return for our investors."

In addition to the LRG Real Estate Debt Fund, LRG Real Estate Ventures also manages the LRG Capital Real Estate Partners I Fund which makes direct, intermediate term (7 years) equity investments in commercial properties located in or near California's premier cities and, to a lesser extent, development and rehabilitation projects for office, retail, multi-family, industrial and mixed-use properties.

### **LRG III Fund Investment GlassHouse Technologies Provides Storage Consultancy Services to Thomson Reuters**

LRG III Fund's investment GlassHouse Technologies, a leading independent IT infrastructure consulting and services firm, has agreed to provide consultancy services to Thomson Reuters, the world's leading source of intelligent information for businesses and professionals, in an effort to find opportunities to improve storage capabilities and customer service. For more information please visit [www.glasshouse.com](http://www.glasshouse.com).

### **LRG III Fund Investment GlassHouse Technologies Acquires CSSG**

LRG III Fund's investment GlassHouse Technologies announced it has acquired Chicago-based security services consulting company CSSG. The acquisition extends GlassHouse's offerings into data security services, including assessments, optimization and policy framework development. As a result, GlassHouse customers will benefit from deeper infrastructure management services and consulting throughout their organizations. For more information please visit [www.glasshouse.com](http://www.glasshouse.com).

### **LRG III Fund Investment VirtualScopics Achieves Operating Cash Flow Breakeven in the Fourth Quarter 2008; Reports Record Revenue and Gross Profit**

LRG III Fund's investment VirtualScopics, Inc. (NASDAQ: VSCP), a leading provider of quantitative imaging for clinical trials, announced today that revenues for the fourth quarter of 2008 were over \$1.9 million, a 33% increase over prior year's fourth quarter. Revenues for the year ended December 31, 2008 were approximately \$7.1 million compared to \$5.6 million in the comparable period in 2007. The gross profit for the fourth quarter of 2008 was \$973,522 compared to \$513,361 in the fourth quarter of 2007, representing a 90% increase. Gross margin increased to 50%, in the fourth quarter ended December 31, 2008 compared to 35% in the fourth quarter of 2007, a 43% improvement. The Company's operating loss for the quarter ended December 31, 2008 was reduced by \$828,536, or 73%, to \$313,915 compared to \$1,142,451 for the prior year's comparable period.

**LRG Capital Corporate Advisory Group Advised Zilog, Inc on Sale of Universal Remote Control and Secure Transaction Businesses to Maxim and Universal Electronics**

Zilog, Inc (NASDAQ: ZILG) announced the sale of technology, intellectual property and assets for its universal remote control hardware and secure transaction business to Maxim Integrated Products, Inc. (NASDAQ: MXIM) and technology, intellectual property and assets of its remote control and universal infrared (IR) database solution to Universal Electronics (UEI) (NASDAQ: UEIC). LRG Capital Corporate Advisory Group acted as financial advisor to Zilog in these transactions.

**LRG Capital Report Provides Commentary on Current Financial Turmoil**

To visit the LRG Capital Report, please click [here](#) or visit [www.lrgcapitalreport.com](http://www.lrgcapitalreport.com). This week's post is titled: "The More Things Change, The More They Stay The Same: How to Swallow the Poison Pill and Survive"

**LRG Capital's CEO Lawrence Goldfarb is Appointed President and Chairman of the Board of the non-profit 142 Throckmorton Theatre**

LRG Capital CEO Larry Goldfarb was voted President and Chairman of the Board of the 142 Throckmorton Theatre, a non-profit theatre dedicated to bringing theatre, music, dance, film, poetry, visual and related arts to the community.

"I am thrilled to support such a top quality organization as the 142 Throckmorton Theatre. The impact they have had on the community is immeasurable and I am proud to be a part of that," said Goldfarb.

**LRG Capital Sponsors Tennis Tournament to Benefit Los Cabos Children's Foundation**

LRG Capital has signed on to sponsor The Del Mar Development Champions Cup Tennis Tournament on March 18-22 at the Palmilla Tennis Club in San Jose Del Cabo, Mexico. The tournament which features tennis champs Pete Sampras, Patrick Rafter, Mats Wilander and Jim Courier, is a benefit for Los Cabos Children's Foundation an organization that provides medical, education and humanitarian assistance to the children, their family and supportive organizations of the Los Cabos area.

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For more information, visit [www.lrgcapital.com](http://www.lrgcapital.com) or contact Alexis Banducci at: [abanducci@lrgcap.com](mailto:abanducci@lrgcap.com) or 415.834.4664

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