

Company (the "Priority Liquidation Distributions"). Once all Priority Liquidation Distributions have been made, distributions upon liquidation will be made 50% to the Shareholders and 50% to the Manager. (See "Risk Factors – No Assurance of Return of Invested Capital.")

## DISTRIBUTION OF SECURITIES

### The Offering

The Company is offering (this "Offering") up to 30,995 Shares ("Maximum Funding") for \$1,000 per Share, or an aggregate of \$30,995,000, which if fully subscribed would give the company's maximum of approximately 49,999.93 shares that were issued and outstanding. The Company has the right to accept subscriptions for Shares (each such acceptance, a "Closing") on one or more occasions (i.e., through "Multiple Closings") and need not thereafter receive subscriptions for all of the Shares offered hereby. (See "Risk Factors – Lack of Diversification; Effect of Minimum Funding.")

### Offering Price

The Offering price and the terms of the Shares have been set by the Manager and do not necessarily bear a relationship to the Company's earnings or to other established methods of pricing securities.

### Plan of Distribution

This Offering is being made by the Company itself. The Company will pay sales commissions equal to 4 % of all gross proceeds from sales of the Shares in connection with the distribution of the Shares. The Company will not pay any other commissions or finder's fees except to the extent permitted by applicable law. The Manager has the right to acquire for its own account and/or to permit its affiliates to acquire for their respective own accounts any number of the Shares.

### Suitability

This Offering is limited to natural persons whose principal residence is located in California and to entities organized under the laws of California (collectively, "bona fide California residents") which natural persons and entities either: (i) have a minimum net worth of at least \$250,000, had minimum gross income of \$65,000 during the last tax year, and will have (based on a good faith estimate) minimum gross income of \$65,000 during the current tax year; or (ii) have a minimum net worth of \$500,000. For these purposes, "net worth" excludes homes, home furnishings, and automobiles and is based on assets valued at fair market value.

### Subscription

Shares may be subscribed for until no later than May 6, 2005, unless extended by the Manager, in its sole discretion. The minimum purchase by investors is 10 Shares (\$10,000) unless otherwise agreed to by the Manager. Prospective investors may