

**BLACKBURNE & BROWN EQUITY PRESERVATION FUND,
LLC**

\$40,000,000

40,000 Units at \$1,000 per Unit

January 28, 2008

Blackburne & Brown Equity Preservation Fund, LLC (the “**Company**”), is a Delaware limited liability company, registered to do business in the State of California whose sole manager is Blackburne & Brown Mortgage Company, Inc., a California corporation (“**B&B**” or the “**Manager**”). The Company is offering, to accredited investors only, investment opportunities in one or more of a series of classes of membership interests in the Company (each, a “**Class**” or a “**Company Class**”) to be issued for the purpose either: (A) purchasing unimproved land or farm land (“**Appreciation Property**”) for the primary purposes allowing the Class investors to profit from the long term appreciation of the Appreciation Property; or (B) infusing new capital into certain distressed commercial properties or unimproved land (each, a “**Distressed Property**”) and acquiring a direct or indirect ownership interest in the Distressed Property. Investors will acquire membership interests (“**Units**”) in a separate Class, and each Class of membership interests offered hereunder will acquire an interest in a separate Appreciation Property or Distressed Property as described herein. If the property being acquired by the Class is a Distressed Property, the current owner of the Distressed Property (“**Owner**”) is unable to refinance the current loan on the Distressed Property at an interest rate that can be supported by the cash flow generated by the Distressed Property and the Company may either use the cash proceeds of this offering to invest in an entity formed by the Company and the Owner for the purpose of refinancing and owning the Distressed Property (the “**Joint Venture**”), or the Company may purchase the Distressed Property from the Owner, outright. A complete description of the particular Class of units offered hereby, the type of property to be invested in by such Class, the description of the Appreciation Property or the Distressed Property, the proposed terms of the Joint Venture (if any), the refinancing or purchase financing and other terms and conditions relating to the Company’s acquisition of the interest in the Distressed Property or the Appreciation Property attributable to the Class are contained in “Exhibit A – Specifics of the Property Purchase” attached hereto (the “**Investment Package**”).

The objectives of a Company Class purchasing an Appreciation Property is: (i) to acquire the Appreciation Property; (ii) to the extent applicable, operate the Appreciation Property and generate cash flow; and (iii) provide the Class investors with the opportunity to profit from the long term capital appreciation of the Appreciation Property. The objectives of a Company Class purchasing a Distressed Property is to: (i) acquire interest in the Distressed Property through either the purchase of interest in the Joint Venture or a direct purchase of the Distressed Property; (ii) infuse new capital into the Distressed Property and obtain new financing that can be supported by the Property’s current cash flow; and (iii) provide the Class investors with the opportunity to profit from the long term capital appreciation of the Property. There is no assurance that these objectives can be met.

An investment in Class Units is illiquid and subject to restrictions on transfer. (See “Terms of the Offering – Restrictions on Transfer”). Units are being offered to a limited number of “Accredited Investors” as defined herein. (See “Investor Suitability Standards.”) Each class will have separate rights, obligations and powers relating only to the Acquisition Property or Distressed Property of the Class, and the Company’s operating agreement provides that none of the debts, liabilities, and expenses of any Class will be enforceable against any other Class. (See “Description of the Investment.”) The purchase of Units represents an investment only in the specific Class of the Company and the Appreciation Property or Distressed Property described in the Investment Package attached hereto as Exhibit A (sometimes referred to herein as the “Property”).

The Company will be managed by B&B, which will receive various fees and other compensation for acting as the promoter and manager of the Company and may receive additional compensation from the Joint Venture (if any) in connection with acquisition and management of a Distressed Property. (See “Compensation to Manager and its Affiliates.”)

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THIS OFFERING INVOLVES SIGNIFICANT RISKS, DESCRIBED IN DETAIL HEREIN. PROSPECTIVE PURCHASERS OF UNITS SHOULD READ THIS OFFERING CIRCULAR IN ITS ENTIRETY.

THESE SECURITIES ARE BEING OFFERED AND SOLD PURSUANT TO A PERMIT GRANTED BY THE CALIFORNIA COMMISSIONER OF CORPORATIONS. THE COMMISSIONER OF CORPORATIONS DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF THESE SECURITIES, NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OF THE INFORMATION SET FORTH HEREIN.

THE SALE OF UNITS COVERED BY THIS OFFERING CIRCULAR HAS NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), IN RELIANCE UPON THE EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS PROVIDED FOR UNDER SECTION 3(a)(11) OF THE ACT AND RULE 147 THEREUNDER RELATING TO INTRASTATE OFFERINGS AND/OR UNDER SECTION 4(2) OF THE ACT AND REGULATION D THEREUNDER RELATING TO PRIVATE OFFERINGS. ACCORDINGLY, THESE UNITS ARE BEING OFFERED SOLELY TO CERTAIN ACCREDITED INVESTORS WHO MEET THE ADDITIONAL REQUIREMENT SET FORTH IN THIS OFFERING CIRCULAR, AND THE OFFERING CIRCULAR DOES NOT

CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY WITH RESPECT TO ANY OTHER PERSON. (See "Investor Suitability Standards.")

THERE IS NO MARKET FOR UNITS AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE. SUMS INVESTED IN UNITS ARE ALSO SUBJECT TO SUBSTANTIAL RESTRICTIONS ON WITHDRAWAL AND TRANSFER, AND THE SECURITIES OFFERED HEREBY SHOULD BE PURCHASED ONLY BY INVESTORS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR, AND ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON. ANY PROSPECTIVE PURCHASER OF UNITS WHO RECEIVES ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD CONTACT THE MANAGER IMMEDIATELY TO CHECK ITS ACCURACY. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALES HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY OR THE MANAGER SINCE THE DATE HEREOF.

PROSPECTIVE PURCHASERS SHOULD NOT REGARD THE CONTENTS OF THIS OFFERING CIRCULAR OR ANY OTHER COMMUNICATION FROM THE MANAGER OR THE COMPANY AS A SUBSTITUTE FOR CAREFUL AND INDEPENDENT TAX ADVICE AND FINANCIAL PLANNING. LEGAL COUNSEL FOR THE MANAGER AND THE COMPANY DOES NOT REPRESENT THE INTERESTS OF PURCHASERS OF UNITS WITH RESPECT TO THAT INVESTMENT DECISION. EACH POTENTIAL INVESTOR IS ENCOURAGED TO CONSULT WITH HIS OR HER OWN INDEPENDENT LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONAL WITH RESPECT TO THE LEGAL AND TAX ASPECTS OF THIS INVESTMENT AND WITH SPECIFIC REFERENCE TO HIS OR HER OWN TAX SITUATION, PRIOR TO SUBSCRIBING FOR UNITS.

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SUMMARY OF THE OFFERING

The following information is only a brief summary of, and is qualified in its entirety by, the detailed information appearing elsewhere in this Offering Circular. The Manager strongly recommends that each prospective investor thoroughly review the entire Offering Circular. Persons who subscribe for Units in a Company Class offered hereby are referred to herein as the "Investors" or "Capital Members." The Capital Members together with the Manager are collectively referred to as the "Members."

This Offering Circular sets forth general information regarding a series of Classes of membership interests which will be created and issued by the Manager for investment in either Appreciation Properties or Distressed Properties. Each Investor will only acquire an interest in the single Class issued by the Manager to acquire an interest in the single Property (either an Appreciation Property or a Distressed Property) described in the Investment Package attached hereto as Exhibit A. In the case of any inconsistency between the information contained in this Offering Circular and the information contained in the Investment Package, the information contained in the Investment Package shall be controlling.

- Class ObjectivesEach new Class of membership interests in the Company will be created and issued for the purpose of either an Appreciation Property or a Distressed Property. If the Property is an Appreciation Property, the objectives will be to: (i) to the extent applicable, operate the Appreciation Property and generate cash flow; and (ii) provide the Class investors with the opportunity to profit from the long term capital appreciation of the Appreciation Property. The objectives of a Company Class purchasing a Distressed Property will be to: (i) acquire an interest in the Distressed Property through either the purchase of interest in the Joint Venture or a direct purchase of the Distressed Property; (ii) infuse new capital into the Distressed Property and obtain new financing that can be supported by the Property's current cash flow; and (iii) provide the Class investors with the opportunity to profit from the long term capital appreciation of the Property.

- ManagerBlackburne & Brown Mortgage Company, Inc., 4811 Chippendale Drive, Suite 101, Sacramento, California 95814.

- Suitability StandardsUnits in the Company will be sold to "accredited investors," only. (See "Investor Suitability Standards.")

- Capitalization.....The minimum capitalization of each Company Class will depend on the value of the Property, terms of the refinancing or the new financing and other factors and is set forth in

Exhibit A. (See "Investment Package – Minimum Capitalization Amount.")

Investment PropertyThe Investment Property will consist of either an Appreciation Property or a Distressed Property located inside or outside of California as more particularly described herein. (See "Investment Package – Description of Investment Property.")

Compensation to ManagerThe Manager and its affiliates will receive substantial compensation in connection with the syndication, promotion and management of each Company Class and may receive additional compensation from the Joint Venture (if any) for management of the Joint Venture or the Property. (See "Compensation to Manager and Its Affiliates.")

OwnerIf the Property is Distressed Property, the Owner is identified in the Investment Package. The Owner will either (i) contribute the Property to the Joint Venture in exchange for an interest in the Joint Venture (Distressed Property only) or (ii) sell the Property directly to the Company. (See "Investment Package – Description of Owner" and "Summary of Joint Venture Agreement.")

Term of the Class.....A Company Class shall be redeemed without dissolution of the Company upon the sale of all or substantially all of the assets of that Class (i.e., the sale of the Class Property). (See "Summary of Limited Liability Company Agreement – Term of Classes and Company" and "Winding Up.") Anticipated holding periods will vary depending on the type of Property purchased by the Class and on anticipated market conditions. (See "Investment Package – Anticipated Holding Period.")

Term of the CompanyThe Company shall dissolve upon the sale of all or substantially all of the assets of every Company Class or upon the earlier election of the Manager. (See "Summary of Limited Liability Company Agreement – Term of Classes and Company and Winding Up.")

No LiquidityThere is no public market for Units and none is expected to develop in the future. There are also substantial restrictions on transferability of Units and Members have no right to withdraw from the Company. (See "Terms of the Offering – Restrictions on Transfer.")

Reports to MembersAnnual reports and tax returns.

- Additional Capital ContributionsUnits are non-assessable, but Members of each Class will have the first right to purchase any additional Units issued for each Class and may receive a priority return from the Company (see below). Members of a Class that decline to purchase additional Units in their Class will suffer a loss of voting rights. (See “Description of the Investment,” “Summary of Limited Liability Company Agreement – Additional Capital Contributions; Sale of Additional Units” and “Risk Factors – Additional Funds from Investors.”)
- Cash Flow from OperationsOperating cash flow will be distributed to Class Members as follows: First, 100% to any holders of Additional Capital Units in the Class until they receive a full return of capital, plus a cumulative, non-compounded return thereon not exceeding 25% per annum; and thereafter 70% to the Capital Members of the Class and 30% to the Manager. (See “Description of the Investment” and “Summary of Limited Liability Company Agreement – Cash Distributions.”)
- Sale or Refinancing ProceedsProceeds from the sale or refinancing of the Property will be distributed: First, 100% to any Additional Capital Members of the Class until such Additional Capital Members have received a full return of all capital paid for Additional Capital Units, plus cumulative, non-compounded return thereon not exceeding 25% per annum; Second, 100% to the Capital Members of the Class until such Capital Members have received a full return of their invested capital, plus a cumulative, non-compounded preferred return of 8% per annum on their invested capital; and thereafter, 70% to the Capital Members of the Class and 30% to the Manager. (See “Description of the Investment” and “Summary of Limited Liability Company Agreement – Cash Distributions.”)
- Class LiabilitiesEach Class of Membership Interests created by the Manager shall be independent from each other Class and will have the rights and obligations attributable to the Property acquired by the Company for that Class, only. Additionally, the debts, liabilities, and obligations arising from the Property relating to a particular Class will be enforceable against the assets of that Class, only, and not against the assets of any other Class or against the Company generally. (See “Description of Investment.”)

INVESTOR SUITABILITY STANDARDS

Units will be sold only to “accredited investors” as defined under Regulation D, adopted by the Securities and Exchange Commission under the Securities Act of 1933 (the “Act”) who also meet the additional income and net worth requirements described herein (“**Accredited Investors**”). All Accredited Investors must be of substantial means with no need for liquidity with regard to this investment and must meet certain eligibility and suitability standards, some of which are set forth below, and must execute a Subscription Agreement in the form attached hereto as Exhibit C (the “**Subscription Agreement**”). By executing the Subscription Agreement, an Investor makes certain representations and warranties upon which the Manager will rely in accepting subscriptions. Read the Subscription Agreement carefully.

In order to qualify as an Accredited Investor, an individual Investor must satisfy the requirements of either paragraph (1) or (2) below and, in addition, must satisfy the requirements of paragraph (3) below:

- (1) The Investor’s net worth, or joint net worth with such investor’s spouse, at the time of purchase must exceed \$1,000,000 (the value of the Investor’s home, furnishings and automobiles may be included for purposes of calculating such investor’s net worth under this paragraph); or
- (2) The Investor’s income exceeded \$200,000 in each of the two most recent years, or joint income with his or her spouse exceeded \$300,000 in each of those years, and the investor has a reasonable expectation of reaching the same income level in the current year; and
- (3) Each Investor must have either: (a) a net worth of at least \$250,000 and an annual gross income of at least \$65,000; or (b) a net worth of at least \$500,000. (the value of the Investor’s home, furnishings and automobiles may *not* be included for the purposes of calculating such Investor’s net worth under this paragraph).

Other standards may apply to investors that are not individuals, such as trusts, partnerships or other entities. Specific questions concerning Accredited Investor status should be directed to the Manager.

All Units may be acquired for investment purposes only, and not with a view to, or for resale in connection with, any distribution thereof. (See “Restrictions on Transfer.”)

TERMS OF THE OFFERING

The Class of Units offered to Investors hereby is set forth in the Investment Package attached as Exhibit A hereto. (See “Investment Package – Class Designation.”) The Unit subscription price to each Investor is \$1,000 per Unit. The minimum investment for each Investor in the specific Company Class is described in the Investment Package, Exhibit A hereto. (See “Investment Package – Minimum Subscription Amount.”) This offering is being made only to “Accredited Investors” who meet the additional suitability standards set forth in this Offering Circular (see “Investor Suitability Standards”) and there is no right of withdrawal. The Units described in this Offering Circular are subject to certain restrictions on resale and transfer, as set forth below, and involves significant risks to Investors. (See “Risk Factors.”)

Subscription Procedures

Prospective Investors can subscribe to purchase Units by completing and delivering to the Manager the Subscription Agreement attached to this Offering Circular at Exhibit C (the “**Subscription Agreement**”) and paying the full purchase price for Units. Subscription Agreements from prospective Investors will be accepted or rejected by the Manager within thirty (30) days after receipt.

The Manager intends to proceed with establishing the Company Class and issuing Units to Investors only if the Minimum Capitalization Amount set forth in Exhibit A is received by the Manager and only if the transaction for the acquisition of the Property, either directly or through the Joint Venture (the “**Purchase Transaction**”), is consummated. The Minimum Capitalization Amount may be the purchase price to be paid by the Class for the Property. (See “Investment Package – Minimum Capitalization Amount” or “Purchase Price.”) The Manager has negotiated the preliminary terms for the Purchase Transaction, which are set forth in Exhibit A (see “Investment Package”); however, these terms and conditions may change prior to closing. By executing and delivering the Subscription Agreement to the Manager an Investor is unconditionally agreeing to become a member of the Class of the Company generally described in the Investment Package and is granting the Manager considerable discretion to negotiate and finalize the terms and conditions of the acquisition of the Class’ interest in the Property and to take all actions necessary to close the Purchase Transaction; provided, however, that the Manager will not enter into any agreement for the acquisition of the Property by the Class or close any Purchase Transaction on terms and conditions that are materially less favorable to the Company on an overall basis than those described in Exhibit A.

Only upon closing of the Purchase Transaction will Units be issued to Investors at the rate of \$1,000 per Unit. Once the Subscription Agreement has been accepted, however, the Investor cannot rescind the investment. There will be some period of time (which could exceed several months but not exceeding two years) between when the Manager accepts subscriptions and when the Purchase Transaction is closed. During this period, proceeds from the sale of Units will be held by the Manager for the account of Class Investors in a non-interest bearing subscription account (the “**Subscription Account**”) until subscription funds are required by the Manager to close the Purchase Transaction. In addition, at any time after receiving or accepting Investor subscriptions for Units, the Manager may return such subscriptions and fully refund any consideration paid for Units, without interest, in its sole and absolute discretion and without any

liability or obligation whatsoever. If subscriptions equal to the Minimum Capitalization Amount are received and the Purchase Transaction is closed, then for the purposes of the 8% Preferred Return to the Investors, each Investor will be deemed to have made his or her Capital Contribution to the Company on the date that the purchase price for Units was received and accepted by the Manager (See “Description of the Investment” and “Summary of Limited Liability Company Agreement – Cash Distributions”).

The Subscription Agreement requires an Investor to warrant that: the Investor received and read this Offering Circular and is familiar with its terms, and is relying on it for his or her investment; the Investor meets the suitability standards set forth herein; the Investor is experienced in investment and business matters and is capable of evaluating the risks and merits of investing in the Units; the Investor is aware the investment is subject to certain risks described herein; there will be no public market for the Units, and the Investor may lose his or her entire investment; the Investor understands the restrictions on transferability and that there is no withdrawal from the Company; and the Investor is making the investment for the Investor’s own account or the Investor’s family or in his or her fiduciary capacity, and not as an agent for another. The purpose of the warranties is to ensure that the Investor fully understands the terms of the offering and the risk of an investment and the Investor has the capacity to enter into an investment in Units. The Manager, on behalf of the Company, intends to rely on the warranties in accepting subscriptions for Units. In any claim or action against the Manager or Company, the Manager or the Company may use these warranties as a defense and as a basis for seeking indemnity from the Investor.

Restrictions on Transfer

As a condition to this offering of Units, restrictions have been placed upon the ability of Investors to resell or otherwise dispose of any Units purchased hereunder, including without limitation the following:

(1) No Member may resell or otherwise transfer any Units without the prior written consent of the Manager, which may be withheld in the Manager’s sole discretion (subject to certain permitted transfers by Members to affiliates or trusts controlled by the Members or by testamentary transfer). Any such transfer additionally may be subject to the satisfaction of certain conditions designed to comply with applicable tax and securities laws. (See “Summary of Limited Liability Company Agreement – Limitations on Transferability.”)

(2) The Units have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided for under Section 3(a)(11) and Rule 147 thereunder or Section 4(2) and Regulation D thereunder and may not be resold or otherwise transferred without registration under the Act, or pursuant to an exemption therefrom.

(3) Units may not be sold or transferred without the prior written consent of the California Commissioner of Corporations, except as permitted in Section 260.141.11 of the Rules of the California Corporations Commissioner. (See “Commissioner’s Rule 260.141.11.”)

(4) During the period that Units are being offered and sold and for a period of nine (9) months from the date of the last sale of Units, no Units may be sold or otherwise transferred to any person who is not a bona fide resident of the State of California.

A purchaser of Units must therefore bear the economic risk of investment for an indefinite period of time. To ensure these conditions are complied with: (i) a legend will be placed upon all instruments evidencing ownership of Units in the Company stating that the Units have not been registered under the Securities Act of 1933, as amended, and setting forth the foregoing limitations on resale; (ii) notations regarding these limitations shall be made in the appropriate records of the Company with respect to all Units offered hereby; and (iii) the Company will not respect or recognize any transfer of Units not in compliance with the terms and conditions of this offering.

The Manager and its Affiliates shall also have the right to acquire Units either in this offering from the Company or at any later time from Capital Members, and shall thereafter have the right to resell such Units in compliance with the foregoing restrictions.

DESCRIPTION OF THE INVESTMENT

Units represent an interest in the Class of Membership Interest of the Company that will be created by the Manager for the purpose of purchasing either an Appreciation Property or a Distressed Property. The Manager is authorized to create and offer to investors additional Classes from time to time which will acquire interests in other Properties on terms and conditions set by the Manager in its discretion. Each Class shall be entirely separate and distinct in all respects from any other Class of the Company, and all rights and powers granted to Members with respect to a Property, including all rights to the profits and losses, Cash Flow from Operations and Sale and Refinancing Proceeds discussed herein shall be attributable to the Class related to such Property, only. Additionally, the debts and liabilities or expenses incurred by a Class will be enforceable against the assets of that Class, only, and not against any other class or the Company generally. (See “Summary of Limited Liability Company Agreement – Membership Classes.”) The Class will only be formed and Units will be issued to Investors only upon receipt of subscriptions equal to the Minimum Capitalization Amount set forth in Exhibit A (see “Investment Package – Minimum Capitalization Amount”) and only if the Purchase Transaction is closed. There will be a significant period of time from the date subscriptions are received and accepted by the Manager and when the Manager closes the Purchase Transaction, during which time the Investors will not earn interest on their Capital Contributions. (See “Terms of the Offering - Subscription Procedures” and “Risk Factors – Investment Delays.”)

If the Property is purchased by the Company directly from the Owner, the proceeds received from Investors who have purchased Class Units, following deduction of the formation and other organizational costs attributable to the Class (including any Acquisition Fee paid to the Manager), will be used for payment of the entire purchase price for the Property or as a down payment for the Purchase Financing. If a Distressed Property will be acquired by a Joint Venture formed between the Company and the Owner, the proceeds from the sale of Class Units, after deduction of the formation and other organizational expenses attributable to the Class (including any Acquisition Fee (as defined below) paid to the Manager), will be used to acquire an interest in the Property indirectly through the Joint Venture. The Manager may also use a portion of the proceeds from the purchase of Class Units to pay third party real estate brokerage fees associated with the purchase of the Property by the Company or the Joint Venture where, in the Manager’s business judgment, such fees are appropriate. (See “Investment Package – Use of Proceeds.”)

The Capital Members may be asked to contribute additional capital to their Class to the extent necessary and appropriate for the operation of the Property held by the Class, as determined by the Manager in its reasonable discretion. In the event the Manager determines that additional capital is necessary or appropriate for the operation of the Company Class, the Manager may create and issue additional Class Units in the Class (“**Additional Capital Units**”) and will notify the Capital Members of the Class in writing of their right to purchase the Additional Capital Units. The Manager may issue Additional Capital Units at a purchase price of more or less than \$1,000 per Unit and may include, in the Manager’s sole discretion, additional preferences and penalties for such Additional Capital Units including: (i) a provision that the failure of a Capital Member to purchase the Additional Capital Units will result in the loss of voting and approval rights; and (ii) a provision that all distributions from Cash Flow of Operations or Sale or Refinance Proceeds shall be made solely to holders of Additional Capital Units in the Class until they have been returned 100% of their additional capital contribution to

the Class plus a preferred, cumulative non-compounded return thereon of up to 25% per annum. In the event any Capital Member fails to purchase Additional Capital Units in the Class, that Capital Member will not be in default but his or her percentage interest in the Class will be subordinated and diluted by the issuance of Additional Capital Units to other persons. (See “Summary of Limited Liability Company Agreement – Additional Capital Contributions; Sale of Additional Units” and “Risk Factors – Additional Funds from Investors.”)

If the Company receives cash derived from the operation of the Property, the Manager may, in its discretion, deem a portion of such cash as available for distribution to the Class Members, taking into account all debts, liabilities and obligations of the Class then due (including any compensation owed by the Class to the Manager) and all amounts that the Manager deems necessary to place into reserves, taking into account actual or potential debts, obligations or liabilities of the Class (such discretionary portion being “**Cash Flow From Operations**”). Cash Flow From Operations, if any, shall be distributed to Class Members at convenient intervals as determined by the Manager as follows: (i) first, 100% to Class Members (if any) holding Additional Capital Units until they have received a full return of all capital paid for applicable Additional Capital Units in the Class, plus any applicable preferred return thereon, and (ii) thereafter, 70% to the Capital Members of the Class and 30% to the Manager. (See “Summary of Limited Liability Company Agreement – Cash Distributions.”) The primary purpose of the Company is to provide the Members of each Class with the opportunity to gain from the long-term capital appreciation of the Property held by the Class, and Investors should not subscribe for any Class Units based on an expectation that there will be any distributions of Cash Flow From Operations during the life of the Company.

Proceeds received by the Company upon the sale and disposition or refinancing of the Property (or the disposition of the Company’s interest in a Joint Venture), if any, shall be distributed to Class Members (subject to the retention of such reserves as the Manager deems prudent) in the following order of priority: (i) first, 100% to Class Members (if any) holding Additional Capital Units in the Class until they have received aggregate distributions (i.e., of both Cash Flow from Operations and Sale or Refinancing Proceeds) sufficient to return all of the capital paid for Additional Capital Units in the Class, plus any applicable preferred return thereon; (ii) second, to the Capital Members of the Class, in proportion to their unreturned capital contributions, until the Capital Members of the Class have received aggregate distributions sufficient to return their entire invested capital; (iii) third, to the Capital Members of the Class until they have received aggregate distributions equal to a cumulative non-compounded return of 8% per annum on initial invested capital in the Class; and (iv) thereafter, 70% to the Capital Members of the Class, and 30% to the Manager. (See “Summary of Limited Liability Company Agreement- Cash Distributions.”)

The Manager will be entitled to an acquisition fee (“**Acquisition Fee**”) in the amount set forth in Exhibit A. (See “Investment Package – Manager Acquisition Fee.”) This Acquisition Fee shall be paid to the Manager as compensation for identifying the Property and the Capital Members, conducting due diligence on the Property and the Owner, negotiating the Joint Venture Agreement (if any), negotiating the Refinancing or Purchase Financing (as applicable) and all actions taken by the Manager to capitalize and close the Purchase Transaction. The Manager expects this Acquisition Fee to average between 8% and 10% of the gross proceeds of the offering of Units in the Class and in no event will such fee exceed 14% of the gross proceeds

of the offering. The Acquisition Fee will be payable to the Manager, in cash, at the time of the closing of the Purchase Transaction and shall directly reduce the proceeds available to the Company Class to acquire the Company's ownership interest in the Property. (See "Conflicts of Interest – Compensation to Manager and Its Affiliates" and "Investment Package – Use of Proceeds.")

The Manager will also be allocated a 30% profits interest in each Company Class upon the creation of the Company Class as a promotional interest and not in exchange for cash (the "**Promotional Interest**"). If the Manager also purchases Units or Additional Capital Units in the Class for cash, the Manager will also become a Capital Member of such Class and will receive an additional percentage interest in the Company Class by reason of such purchase and will be entitled to all of the rights granted to any other Capital Member in the Class, which rights shall be in addition to the rights of the Manager by reason of its Promotional Interest in a Class. Consequently, the Manager may be entitled to distributions in excess of its Promotional Interest. The Manager's Promotional Interest in the Class is also in addition to all other compensation payable to the Manager from the Class and/or the Joint Venture as described elsewhere in this Offering Circular and all compensation payable to the Manager from any other Company Classes. (See "Compensation to Manager and Its Affiliates.")

INVESTMENT STANDARDS AND POLICIES

The following is a general summary of the proposed terms for the investment in the Property. A complete summary of the investment terms, including a description of the type of Property, the current Owner of the Property, the terms of any Refinancing or Purchase Financing and the preliminary terms of the Joint Venture Agreement (if any) with the Owner are contained in the "Investment Package" attached hereto as Exhibit A.

Appreciation Property

Appreciation Property may be farm land, unimproved land or income-producing commercial or residential investment property. If the Property is farm land or unimproved land, the Minimum Capitalization Amount will, in most cases, be the entire purchase price required to obtain the Property and no Purchase Financing will be obtained unless rental or other income from the Property will be sufficient to pay the debt service on any such Purchase Financing. (See "Investment Package – Financing Terms."). The Manager anticipates a holding period for the Property as set forth in the Investment Package (Exhibit A) and thereafter intends to sell the Property and distribute the proceeds of the sale to the Members of the Class. (See "Investment Package – Anticipated Holding Period.") The Manager may, in its sole discretion, sell the Property prior to the Anticipated Holding Period or hold the Property for a period exceeding the Anticipated Holding Period, to the extent the Manager determines, based on local market conditions, that it is in the best interest of the Class to sell the Property early or hold the Property until better market conditions exist.

Distressed Property

If the Property is Distressed Property, it is currently subject to one or more mortgage loans that place a financial burden on the Property. (See "Investment Package – Description of Existing Loan.") The proceeds from the sale of Class Units will be used to infuse capital into the Property and to obtain more favorable financing rates through a Refinancing by the Joint Venture or through more favorable Purchase Financing obtained directly by the Company (collectively, the "**Replacement Financing**"). In the case of improved property, the Company will not acquire an interest in the Property unless the Manager believes, in its discretion, that the net operating income from the Property will be adequate to service the Replacement Financing; however, there is no guaranty that the income from the Property will be able to adequately service the Replacement Financing for the entire term of such Replacement Financing. (See "Risk Factors – Risks of Leverage.") To the extent that the income from the Property is insufficient to service the Replacement Financing, Members may be asked (but are not required) to contribute additional capital to the Class, if in the Manager's discretion, such additional capital contributions are necessary or prudent for the Class' continued ownership and operation of the Company. (See "Summary of Limited Liability Company Agreement – Additional Capital Contributions; Sale of Additional Units" and "Risk Factors – Additional Funds from Investors.")

Purchase Terms

The Manager has negotiated terms for either (i) the outright purchase of the Property from the Owner directly by the Company, or (ii) in the case of a Distressed Property, an indirect

interest in the Property through the formation of a Joint Venture with the Owner whereby the Owner will contribute the Property to the Joint Venture. (See “Investment Package – Summary of Specific Investment”, “Purchase Price” and “Summary of Joint Venture Agreement.”) If the Company is acquiring an interest in the Property through a Joint Venture with the Owner, the Manager has negotiated the preliminary terms of the agreement that will govern the Joint Venture (the “Joint Venture Agreement”), which basic terms are set forth in Exhibit A hereto. (See “Investment Package – Summary of Joint Venture Agreement.”) The Joint Venture will be formed as either a limited partnership or a limited liability company, and funds received from Investors for the purchase of Units in the Company Class will be used by the Company to acquire a limited partnership interest or membership interest in the Joint Venture.

The Manager will not create the Company Class and will not purchase the Property or enter into the Joint Venture Agreement (if any) unless and until subscriptions in an amount equal to the Minimum Capitalization (which may be the total purchase price of the Property) have been received by the Manager and final terms, acceptable to the Manager in its discretion, have been reached with the Owner regarding the Company’s investment in the Property. Accordingly, there will be some period of time between when the Manager receives and accepts subscriptions for the purchase of Class Units and when the Class will be created and the Company acquires its interest in the Property. During this period, subscriptions are irrevocable. By submitting a subscription agreement to the Manager, an Investor is consenting to such delays and is granting the Manager the discretion to finalize the terms and conditions of the acquisition of the Property by the Company. (See “Terms of the Offering” – “Subscription Procedures” and “Risk Factors – Investment Delays.”)

Property Management

If the Property is purchased directly by the Company, the Property will be managed by the Manager or its affiliate or a third party property manager retained by the Manager. If the Property is purchased through a Joint Venture with the Owner, the property may be managed by the Manager, the Owner, jointly by the Manager and the Owner, or by a third party property manager retained by the Joint Venture. (See “Investment Package – Property Management.”) The Manager will negotiate the terms of the Joint Venture Agreement and may be entitled to compensation from the Joint Venture or the Company for the management of the Property. (See “Compensation to Manager.”) All compensation payable with respect to a Property shall be borne entirely by the Members of the Class created for that Property.

FIDUCIARY RESPONSIBILITY OF THE MANAGER

The Manager is accountable to the Company as a fiduciary, which means that a Manager is required to exercise good faith and integrity with respect to Company affairs and the safekeeping and use of all funds and assets of the Company. This is in addition to the several duties and obligations of, and limitations on, the Manager set forth in the Limited Liability Company Agreement.

The Manager must, on demand, give to any Member or his legal representative true and full information concerning all Company affairs and each Member or his legal representative may inspect and copy the Company books and records at any time during normal business hours.

No rebates or give-ups may be received by the Manager nor may the Manager participate in any reciprocal business arrangements which would circumvent these restrictions.

The Limited Liability Company Agreement provides that the Manager shall have no liability to the Company or any Class thereof for losses resulting from errors in judgment or other acts or omissions, unless the Manager is guilty of gross negligence, fraud, bad faith or gross misconduct. The Limited Liability Company Agreement also provides that the Company shall indemnify the Manager against liability and related expense (including reasonable attorneys' fees) incurred in dealing with the Company, Members or third parties, so long as no gross negligence, fraud, bad faith or gross misconduct is involved. Therefore, Members may have a more limited right of action than they would have absent these provisions in the Limited Liability Company Agreement. A successful indemnification of the Manager could deplete the assets of the Company or a Company Class. Members who believe that a breach of the Manager's fiduciary duty has occurred should consult with their own counsel.

OPERATIONS TO DATE

As of December 31, 2007, the Manager has created nine Company Classes all of which have invested in Appreciation Property. A brief description of the outstanding Company Classes and their investment properties are set forth below.

Class: 2007-1. 60 Acres of Corn Farm Land Located in Akron, Indiana. Class 2007-1 was formed by the Manager to purchase 60 acres of farm land in Akron, Indiana (the “**Class 1 Property**”). The Class 1 Property was purchased for all cash for a purchase price of \$148,000 and was completely subscribed at the time of purchase. The Class 1 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 1 Property at the initial rental amount of \$75 per acre or \$4,500 per annum. The anticipated holding period for the Class 1 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 1 Property over such period.

Class: 2007-2. 75 Acres of Corn Farm Land Located in Walkerton, Indiana. Class 2007-2 was formed by the Manager to purchase 75 acres of farm land in Walkerton, Indiana (the “**Class 2 Property**”). The Class 2 Property was purchased for all cash for a purchase price of \$200,000 and was completely subscribed at the time of purchase. The Class 2 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 2 Property at the initial rental amount of \$6,375 per annum. The anticipated holding period for the Class 2 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 2 Property over such period.

Class: 2007-3. 74 Acres of Corn Farm Land Located in North Judson, Indiana. Class 2007-3 was formed by the Manager to purchase 74 acres of farm land in North Judson, Indiana (the “**Class 3 Property**”). The Class 3 Property was purchased for all cash for a purchase price of \$198,500 and was completely subscribed at the time of purchase. The Class 3 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 3 Property at the initial rental amount of \$6,290 per annum. The anticipated holding period for the Class 3 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 3 Property over such period.

Class: 2007-4. 35 Acres of Corn Farm Land Located in Culver, Indiana. Class 2007-3 was formed by the Manager to purchase 35 acres of farm land in Culver, Indiana (the “**Class 4 Property**”). The Class 4 Property was purchased for all cash for a purchase price of \$86,000 and was completely subscribed at the time of purchase. The Class 4 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 4 Property at the initial rental amount \$2,139 per annum. The anticipated holding period for the Class 4 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 4 Property over such period.

Class: 2007-5. 48.6 Acres of Corn Farm Land Located in Akron, Indiana. Class 2007-5 was formed by the Manager to purchase 48.6 acres of farm land in Akron, Indiana (the “**Class 5 Property**”). The Class 5 Property was purchased for all cash for a purchase price of \$157,000 and was completely subscribed at the time of purchase. The Class 5 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 5 Property at the initial rental amount \$4,014 per annum. The anticipated holding period for the Class 5 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 5 Property over such period.

Classes 2007-6 through 2007-8 did not complete a purchase of a Property and are not existing Classes of the Fund.

Class: 2007-9. 34.8 Acres of Corn Farm Land Located in Knox, Indiana. Class 2007-9 was formed by the Manager to purchase 34.8 acres of farm land in Knox, Indiana (the “**Class 9 Property**”). The Class 9 Property was purchased for all cash for a purchase price of \$88,000 and was completely subscribed at the time of purchase. The Class 9 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 9 Property at the initial rental amount of 3,270 per annum. The anticipated holding period for the Class 9 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 9 Property over such period.

Class: 2007-10. 96 Acres of Corn Farm Land Located in Warren, Indiana. Class 2007-210 was formed by the Manager to purchase 96 acres of farm land in Warren, Indiana (the “**Class 10 Property**”). The Class 10 Property was purchased for all cash for a purchase price of \$278,400 and was completely subscribed at the time of purchase. The Class 10 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 10 Property at the initial rental amount of \$8,100 per annum. The anticipated holding period for the Class 10 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 10 Property over such period.

Class 2007-11 did not complete the purchase of a Property and is not an existing Class of the Fund.

Class: 2007-12. 35 Acres of Corn Farm Land Located in Knox, Indiana. Class 2007-12 was formed by the Manager to purchase 35 acres of farm land in Knox, Indiana (the “**Class 12 Property**”). The Class 12 Property was purchased for all cash for a purchase price of \$102,000 and was completely subscribed at the time of purchase. The Class 12 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 12 Property at the initial rental amount of \$3,500 per annum. The anticipated holding period for the Class 12 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 12 Property over such period.

Class 2007-13 did not complete the purchase of a Property and is not an existing Class of the Fund.

Class: 2007-14. 103.45 Acres of Corn Farm Land Located in Winamac, Indiana. Class 2007-14 was formed by the Manager to purchase 103.45 acres of farm land in Winamac, Indiana (the “**Class 14 Property**”). The Class 14 Property was purchased for all cash for a purchase price of \$336,000 and was completely subscribed at the time of purchase. The Class 14 Property is currently being rented to a local farmer who intends to alternate farming corn and soybeans on the Class 14 Property at the initial rental amount of \$10,345 per annum. The anticipated holding period for the Class 14 Property is 3.5 years and the Manager expects that the increased demand for corn resulting from its use in ethanol to allow for substantial appreciation in the value of the Class 14 Property over such period.

THE MANAGER AND ITS AFFILIATES

Blackburne & Brown Mortgage Company, Inc. ("**B&B**") is a California corporation licensed to do business as a real estate broker in the State of California. B&B was formed in 1980 for the purpose of originating loans that are secured by first and second deeds of trust on income-producing real property located in California. These loans are marketed to individual investors and employee benefit plans and are fully serviced by B&B. B&B has experienced steady, controlled growth over the past 25 years and now services a loan portfolio of approximately \$47 million. B&B currently offers fractional Interests in trust deed investments to California residents only pursuant to a permit issued by the California Commissioner of Corporations (DOC File No. 505-7512) B&B also brokers larger loan requests to selected financial institutions. George Blackburne, III is the sole shareholder and director of B&B.

Blackburne & Brown Mortgage Fund I, LP: B&B is the sole General Partner of Blackburne & Brown Mortgage Fund I, ("**Fund I**"), a mortgage fund that has operated since 1991. Fund I has grown from a capitalization of \$100,000 in 1991 to a capitalization of over \$24,646,476 as of December 31, 2007 and has provided a net investment return on invested capital to investors in Fund I of 8.330% per annum through that time. Fund I continues to offer limited partnership interests to California residents, only, pursuant to a permit issued by the California Commissioner of Corporations (DOC File No. 505-3976).

Blackburne & Brown Mortgage Fund II, LP: B&B is the sole General Partner of Blackburne & Brown Mortgage Fund II, ("**Fund II**"), a mortgage fund that has operated since 2001, pursuant to a permit issued by the California Commissioner of Corporations (DOC File No. 506-2260). As of December 31, 2007 Fund II has invested in no mortgage loans.

George Blackburne, III (age 54) George Blackburne is the founder and President of B&B and is licensed as an attorney in California and Indiana. Mr. Blackburne is a graduate of the University of Santa Clara where he majored in finance. In 1982 he received his M.B.A. from the University of Santa Clara, with an emphasis in finance. He graduated with honors from the University of Northern California School of Law in May of 1991 and was admitted to the California State Bar in November 1991. As President of B&B, he is responsible for supervising all aspects of its business operations.

COMPENSATION TO MANAGER AND ITS AFFILIATES

The following discussion summarizes the forms of compensation to be received by the Manager (B&B) and its Affiliates. All of such compensation shall be payable to B&B from each Class of the Company with respect to the services attributable to the Property held by such Class. Except for the Manager's share of the Company's cash distributions derived from Cash Flow from Operations or Sales or Refinancing Proceeds, the Manager's compensation will be received regardless of the success or profitability of the Company or any Class thereof. None of the following compensation was determined by arm's length negotiations with the Capital Members of any Class of the Company. The Manager retains the right to terminate all or any portion of its business relationship with the Company at any time, in which event the Company would seek to retain one or more other firms to perform the various services to be rendered by the Manager as described below. Removal and replacement of B&B as the Manager of the Company for any reason will not affect the Manager's right to receive all compensation accrued through the date of such replacement. Moreover, the Manager's status as a Member and its Promotional Interest in Cash Flow From Operations and Sales or Refinancing Proceeds for each Class shall survive any such removal and replacement of the Manager, whether for cause or otherwise.

<u>Form of Compensation</u>	<u>Estimated Amount or Method of Compensation</u>
Acquisition Fee	Up to 14% of the total capital contributions of the Capital Members of each Class, payable to the Manager at the closing of each Purchase Transaction. (See "Investment Package – Manager Acquisition Fee" and "Use of Proceeds.")
Cash Flow from Operations	30% of Cash Flow from Operations after Additional Capital Members of the Class (if any) have received a full return of all capital paid for Additional Capital Units in the Class, together with any applicable preferred return thereon.
Sale or Refinancing Proceeds	30% of Sale or Refinancing Proceeds <u>after</u> additional Capital Members of the Class (if any) have received a full return of all capital paid for Additional Capital Units in the Class, plus any applicable preferred return thereon, and Capital Members of the Class have received the full return of their invested capital in the Class, plus a cumulative non-compounded 8% annual return thereon.

Interest in Taxable Profits of Company	The Manager will ultimately be allocated a share of the Company's taxable profit equal to its 30% Promotional Interest in cash distributions from a Class, as described above, although it is anticipated that (due to depreciation and other tax deductions by the Company) such profit allocations will occur in years after cash distributions are made.
Management of the Joint Venture..	If the Company enters into a Joint Venture Agreement with the Owner regarding the ownership and management of the Property held by the Class, the Manager or one of its Affiliates may serve as the manager of the Joint Venture or as a co-manager of the Joint Venture together with the Owner. If so, the Manager may be entitled to compensation for acting as the manager or co-manager in amounts to be determined by negotiation between the Manager and the Owner. (See "Investment Package – Summary of Joint Venture Agreement.")
Reimbursement of Expenses.....	Reimbursement for all actual out of pocket costs and expenses incurred by Manager in the course of conducting due diligence investigations with respect to the Property, acquiring the Property, forming the Company and the Company Class, preparing this Offering Circular, preparing the Limited Liability Company Agreement, admitting new Members to the Company and conducting and operating the Company business.
Property Management Fees and Leasing Commissions	The Manager or its Affiliates will be entitled to receive property management fees anticipated to be approximately 4% to 5% of gross revenues from Property operations with a minimum property management fee of \$1,500 per month. Such property management fees may be increased by the Manager in its discretion, but in no event shall they exceed market rates prevailing where the Property is located for the same type, level and quality of services. In addition, the Manager or its Affiliates may receive leasing commissions at rates no greater than prevailing market rates. Such property management fees and leasing commissions may be payable to the Manager from the Company Class holding the Property or the Joint Venture. (See "Investment Package – Property Management.")

Interests in Units The Manager and/or its Affiliates may also purchase Units in one or more Classes of the Company on the same terms as other Investors, in which event it and will receive allocations and distributions of profits and cash flow on the same terms and conditions as other Capital Members of such Classes.

Other Services and Reimbursements..... The Manager or its Affiliates may render such other services to the Company or its Affiliates as the Manager deems appropriate and may be compensated for such services at the prevailing rate in the geographical area where the Property is located for such services rendered by third parties.

CONFLICTS OF INTEREST

The following is a list of the important areas in which the interests of the Manager will conflict with those of the Company. The Member must rely on the general fiduciary standards which apply to a Manager of a limited liability company to prevent unfairness by the Manager in a transaction with the Company. (See “Fiduciary Responsibility of the Manager.”)

Compensation to Manager and Affiliates

None of the compensation set forth under the “Compensation to Manager and Affiliates” section was determined by arms’ length negotiations with the Capital Members of the Company, including the Acquisition Fee and the Manager’s interest in the Cash Flow From Operations, the Sale or Refinancing Proceeds, and the Property Management Fees, Leasing Commissions and Joint Venture Management Fees (if any).

The Acquisition Fee paid to the Manager will result in a direct reduction of the proceeds of this offering available for the Company Class to acquire its interest in the Property and is directly adverse to the interests of the Capital Members of each Class. (See “Investment Package – Manager Acquisition Fee” and “Use of Proceeds.”) The Manager’s 30% Promotional Interest in each Class results in the reduction of each Capital Member’s return on his or her investment in the Class and is also directly adverse to the interests of the Capital Members.

If the Manager is entitled to Property Management Fees, Leasing Commissions, and/or Joint Venture Management Fees, all such fees must be paid to the Manager prior to any cash distributions to the Company Class from the Joint Venture and/or from the Company to the Capital Members of the Class, including distributions of Cash Flow From Operations or Sale or Refinancing Proceeds. Moreover, to the extent the income from the Property is insufficient to pay all fees due to the Manager, such fees will accrue in favor of the Manager. As such, such charges and any increase in such charges will have a direct, adverse effect upon the interests of the Company and the Capital Members. See Exhibit A, “Investment Package – Joint Venture Agreement” and “Property Management,” for a complete description of the fees (if any) payable to the Manager associated with the management of the Property and/or the Joint Venture.

Other Classes, Companies or Businesses

The Manager will be the Manager of each Company Class and may act as the sponsor for other companies formed to conduct businesses or make investments similar to that of the Company. The Manager or its principals may engage for their own account, or for the account of others, in other business ventures, similar to that of the Company or otherwise, and neither the Company nor any Member shall be entitled to any interest therein.

The Company and each class thereof will not have independent management and it will rely on the Manager for the operation of the Company and each Class. The Manager will devote only so much time to the business of the Company and shall allocate its time among the Classes as is reasonably required. The Manager will have conflicts of interest in allocating management time, services and functions between the various classes, its existing business interests other than the Company, the Company, and any future business entities which it may organize, as well as other business ventures in which it may be involved.

Lack of Independent Representation

The Company has not been represented by independent legal counsel to date. The use by the Manager and the Company of the same counsel in the preparation of this Offering Circular, the organization of the Company, the creation of each Class, and the organization of the Joint Venture may result in the lack of independent review. Counsel to the Manager does not and will not represent the Capital Members or their interests in any respect. Accordingly, Capital Members should consult with their own counsel regarding this investment. (See “Legal Matters.”)

Conflicts of Manager

The Manager and its Affiliates may, in the day-to-day management of the Company or in the making of investment decisions, experience conflicts between their duties and responsibilities to the Capital Members and their own personal interests as Members or other Company Classes or the Manager of the Company (or the Joint Venture if applicable), the nature and extent of which are not known at this time. The Manager and its Affiliates may purchase Units in one or more Classes for the same price and upon the same terms as other investors and, in such event, be admitted to the Class as Capital Members. Therefore, the Manager may experience conflicts between its interests as a Capital Member, the Manager of the Company or other Company Classes, the Manager of the Joint Venture (if applicable) and its fiduciary duties and obligations to the Capital Members.

Indemnification of Manager

The Limited Liability Company Agreement provides that the Manager shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member, unless the loss or damage shall have been the result of gross negligence, fraud, deceit, reckless or gross misconduct, or a knowing violation of law by the Manager. The Limited Liability Company Agreement also provides that, to the fullest extent permitted by applicable law, the Company shall indemnify any individual or entity made or threatened to be made a party to any action, suit or proceeding by reason of the fact that such individual or entity is or was a Manager, officer, employee or other agent of the Company.

RISK FACTORS

The purchase of Units involves risk. In addition to the general investment risks described throughout this Offering Circular, including but not limited to those set forth in the section entitled "Conflicts of Interest," prospective purchasers of Units should carefully consider the following risks prior to making a decision to invest.

It should be recognized that the risk factors set forth below are those which, at the date of this Offering Circular, are believed by the Manager to be the most likely to be significant. Prospective purchasers of Units should realize, however, that factors other than those set forth below may ultimately affect the investment offered pursuant to this Offering Circular in a manner and to a degree that cannot be foreseen at this time.

Return on Investment

No assurance can be given that a purchaser of Units will realize a substantial return on his or her investment, or any return at all, or that he or she will not lose their investment. For this reason, each prospective investor should read this Offering Circular and all exhibits carefully and should consult with his or her own personal attorney, accountant, or business advisor prior to making an investment decision.

Illiquid Investment; Limited Transferability

There is no public or private market for Units and it is not anticipated that any will develop. There are also significant restrictions on the subsequent resale or assignment of Units. (See "Terms of the Offering – Restrictions on Transfer.")

Future Operations

The Property may be occupied by one or more commercial or residential tenants. There is no assurance that the Property will maintain a satisfactory occupancy level and revenue stream during the term of the Company. Any predictions about possible future events must be considered to be speculative. In the event the Property fails to maintain projected occupancy levels and revenue streams, the Company could experience lower operating profits than are anticipated, which would affect overall investment results. The loss of one or more tenants will reduce the Company's profits (or cause losses) until one or more satisfactory replacement tenants can be found. Declines in net operating income due to loss of tenants, declining rental values or other causes could also render the Company unable to meet its loan obligations.

General Risks of Investing in Real Estate

The Company's investment in the Property will be subject to the risks generally incident to the ownership of commercial real property, including changes in general or local economic conditions, area values, interest rates, competition from other properties, availability of mortgage funds, real estate tax rates, occupancy rates, governmental rules and fiscal policies (including rent control legislation), increased operating costs, environmental liabilities, acts of God including earthquake, and flood, and other factors which are beyond the control of the Manager. To the extent the Company's investment is in farm land being used to produce certain crops,

there is the additional risk that acts of God and external forces not affecting the Property directly could affect the price payable for the type of crops grown on the Property which could adversely affect the value of the Property.

Risks of Leverage

The Class of the Company purchasing the Property may intent to incur mortgage indebtedness in connection with its acquisition of the Property. This is sometimes referred to as “leveraging” which, while it increases the monies available for investment, also represents an additional element of risk. If the cash flow of the Property is insufficient to service the mortgage debt, and the Members of the Class are unwilling or unable to provide additional capital, the Company’s equity in the property attributable to such Class could be reduced or eliminated through foreclosure, in which case investors in the Class could lose all or substantially all of their investment.

Sale of Property

There is no present intention to sell the Property at any particular time. Accordingly, the purchase of Units must be viewed as a long-term investment. (See “Risk Factors – Illiquid Investment; Limited Transferability.”) The Manager may, however, decide to sell the Property at any time as market conditions dictate. Accordingly, investors should not base their decision to invest upon any assumption as to the duration of the investment.

Uninsured Losses

The Manager will arrange for comprehensive insurance, including such liability, fire and extended coverage on the Property as is customarily obtained for similar properties in the same geographic locale. However, there are certain types of coverage (generally against losses of a catastrophic nature, such as earthquakes, hurricane and tropical storm, floods and wars) which are either unobtainable or prohibitively expensive. Should loss occur to the Property that is not covered by insurance, the Company could lose both its invested capital and anticipated profits.

Income Tax

Each investor should consult with his or her own tax advisors to review this investment with respect to applicable federal and state income tax consequences. Any decisions to purchase Units should be based solely on the possible economic return, without giving effect to any tax benefits other than the expected treatment of the Company as a partnership for tax purposes. (See “Federal and State Income Tax Considerations.”)

Conflicts of Interest

The Company will be subject to various conflicts of interest on the part of the Manager and its Affiliates, which could adversely affect the profitability of the Company or any Class thereof, and each Capital Members’ return on his or her investment. (See “Conflicts of Interest.”)

Risks of Litigation

The Manager will act in good faith and use reasonable judgment in managing the Company and each Class thereof and will manage the Property directly or will oversee its management. However, the Company and each Class thereof is exposed to the risk of litigation for any allegations by tenants or various other parties (warranted or otherwise) regarding the Property. It is impossible for the Manager to foresee what allegations may be brought by a specific tenant or other party and the Manager will use its best efforts to avoid litigation if, in the Manager's judgment, the circumstances warrant an alternative resolution. If a claim is brought and/or litigation is commenced against the Manager, a third party property manager or the Joint Venture, the Company may be named as a defendant in any such litigation and could incur legal fees and costs to respond to the allegations and to defend any resulting litigation. Additionally, the Manager will comply with Section 18-215 of the Delaware Limited Liability Company Act in order to ensure that the liabilities of any Class shall be enforceable only against the assets of that Class, and not against assets of any other Class of the Company. If a claim is brought and/or litigation is commenced against another Class, or the Manager, a third party property manager or the Joint Venture for acts relating to such Class, the Company generally will be named as a defendant in such litigation. In such circumstances, the Class to which the claims relate will incur additional legal fees and costs to respond to the allegations or defend the assets of the remaining Classes in any resulting litigation.

Lack of Diversity

If an Investor owns Units in only one Class, there will be no diversification of risk because the Class will invest all of the Investor's funds in a single Property.

Reliance on Information Provided by Others

While the Manager will make an investigation regarding the Property and the Owner, it will rely to some extent on third parties such as credit agencies, appraisers, brokers and the Owner itself to provide the information upon which the Manager will base its decision to invest in the Property. There is no guarantee that this information will be accurate. Individual prospective Investors may request and will be given an opportunity to review any information obtained by the Manager with respect to the Property, the Owner, or the Joint Venture (if any) in order to assess for themselves the reliability of that information.

Reliance on the Manager to Manage the Company and/or Joint Venture

Unless and until the Investors remove the Manager as manager of the Company for "cause" (as defined in the Company's operating agreement) by a vote of a majority-in-interest, they must rely on the Manager to manage the Company. Moreover, the Manager may also serve as the manager or co-manager of the Joint Venture and may act as the property manager for a Property. As such, the success of each Class will depend, to a significant extent on the expertise and abilities of the Manager. While the Manager believes it has adequate financial resources and personnel to manage the Properties and/or the Joint Ventures, it is possible that over the term of the Company the Manager's resources could deteriorate. If that were to occur and the Members desired to replace the Manager, the Members could find it difficult to find someone willing to

replace the Manager as the manager or property manager, and such new manager or property manager might require compensation in excess of that paid to the Manager, which would in any event retain its Promotional Interest in Cash Flow from Operations and Sale or Refinancing Proceeds.

Additional Funds from Investors

There is no guaranty that the income from the Property will be sufficient to service the operational costs associated with the Property, including servicing the loan on the Property obtained through the Refinancing or the Purchase Financing. As such, additional capital may be required to continue the operation of a Company Class and to keep the Property from foreclosure. The Manager is under no obligation to contribute any additional capital to any Company Class and the Manager may, in its reasonable discretion, issue Additional Capital Units in any Class and request the Capital Members of such Class to contribute additional capital to the Class by purchasing such Additional Capital Units. To the extent that any Capital Members of the Class fail to purchase the Additional Capital Units in the amount requested by the Manager, such capital member's rights will be adversely affected. (See "Summary of Limited Liability Company Agreement – Additional Capital Contributions.")

Investment Delays

There will be a delay between the time the Manager accepts an Investor's subscription and the time the Purchase Transaction is closed and Class Units are issued to the Investors. During this period, all Investors' funds will be held in a non-interest bearing account on behalf of the Investors. Only if the Minimum Capitalization Amount is received by the Manager and the Purchase Transaction is closed will the Investor be issued Class Units and become a Capital Member of the Company. (See "Investment Package – Minimum Capitalization Amount.") In such cases, each Capital Member's 8% return will accrue as of the date such Capital Member's subscription funds were received by the Manager. If the Purchase Transaction does not close for any reason within 120 days after the subscription is received by the Manager, Investors' funds will be returned without interest. While the Manger will try to minimize the delay between the time when Investor's subscription funds are received and the Purchase Transaction closes, this delay could exceed several months. During this time an Investor's subscription for Units is irrevocable and Investors will earn no interest on their Subscription Funds.

Unimproved Land

Unimproved land tends to be more susceptible to variations in value, as compared to income-producing property. The value of unimproved land is highly dependent on zoning, the proximity of transportation, sewage and other properties and entitlements to improve the property, factors which are not in the Company's control. Also, unimproved land may be more susceptible to a claim of eminent domain by a governmental authority.

FEDERAL AND STATE INCOME TAX CONSIDERATIONS

Introduction

The following is a summary of certain tax considerations which may be relevant to the Company and to a prospective Member. It is impracticable, however, to present a detailed explanation of all aspects of the federal, state and local tax laws which may affect the Company or all aspects of the tax consequences to a Member. This Memorandum makes no representations as to state and local income tax consequences. No assurances are given that any deductions or other federal income tax advantages that are described, or that prospective Members may contemplate, will be available.

The following discussion is based on the provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), the applicable Treasury Regulations (the "**Regulations**") and proposed Treasury Regulations (the "**Proposed Regulations**") adopted thereunder, current administrative rulings, and judicial opinions, all existing as of the date hereof. It must be emphasized that all of these authorities are subject to modification at any time by legislative, judicial, or administrative action and that any such modification could be applied on a retroactive basis. Future tax reform proposals may have a material adverse effect on the potential tax benefits that may be expected to be realized by prospective Member from an investment in Units.

The Company's legal Counsel will not prepare or review the Company's income tax information return, which will be prepared by the Manager and independent accountants for the Company. The Company will make a number of decisions on tax matters, often with the advice of independent accountants retained by the Company, that will usually not be reviewed with legal counsel.

EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT WITH, AND RELY ON THE ADVICE OF, HIS, HER OR ITS PERSONAL TAX ADVISOR WITH RESPECT TO THE SUITABILITY FOR THE INVESTOR OF AN INVESTMENT IN UNITS WITH RESPECT TO FEDERAL, STATE, FOREIGN AND LOCAL TAXATION.

General Overview

The Manager expects the Company, as a limited liability company, to be treated as a partnership for federal and state income tax purposes. As such, the Company's income, expenses, deductions and credits are "passed through" to each holder of Units in proportion to their percentage interest in each Class of the Company. Each Member will have a capital sub-account for each Class of Units purchased by a Member that is adjusted to the extent the Member receives distributions or allocations of tax losses for each Class (capital account is reduced) and is credited with a capital contributions and an allocable share of the Company's income for each Class (capital account is increased). Each Member will receive a Schedule K-1 for each tax year that summarizes this information. Each Member will need to pay tax on such Member's share of taxable income for each Class of the Company in which the Member holds an interest – the Company will not "withhold" the Member's taxes and will not make distributions for taxes prior to the sale of the Property.

The tax basis of each Member's Membership Interest in a Class of the Company is initially the purchase price for the Units purchased in such Class. The basis is adjusted downward for distributions and losses and upward for allocated taxable profits. Upon the resale of any Units of a Class by a Member, the selling Member will have to pay income tax on any gain realized by the Member.

Taxation of the Members

If, as expected, the Company is treated for federal income tax purposes as a partnership and not as an association taxable as a corporation, it will file an annual informational income tax return but will not be subject as an entity to the payment of federal income tax. Each Member will be required to report such Member's share of income or loss without regard to the amount, if any, of cash or other distributions made to it. Thus, each Member will be taxed on such Member's share of income even though the amount of cash distributed to it may be less than the resulting tax liability. Subject to various limitations referred to herein, each Member may deduct such Member's share of losses for each Company Class, if any, to the extent of such Member's tax basis in such Member's Units for the Class. Any losses in excess of basis may be carried forward indefinitely to offset future taxable income of the Class. In computing income or losses for a Class, the Company will include appropriate deductions for non-capital costs and the cost recovery portion of capital costs. If distributions in any Class in any one year exceed the taxable income of the Class (whether in liquidation or otherwise), the amount of such excess will be treated as a return of capital reducing the tax basis of each Member in the Class. Any cash distributions in a Class in excess of the recipient's basis are treated as a sale or exchange of an interest in the Company resulting in taxable income to the recipient.

Allocation of Profits and Losses

The net profits and net losses of the Company will be allocated as set forth in the Limited Liability Company Agreement attached hereto as Exhibit B. Section 704(b) of the Code provides that, for federal income tax purposes, each partner's distributive share of a partnership's income or loss, and of specific items of income, gain, loss, deductions and credits, is determined by reference to the partnership agreement, i.e., the Limited Liability Company Agreement. The allocations provided in a partnership agreement will control unless such allocations do not have "substantial economic effect." If an allocation provision of a partnership agreement is found to lack "substantial economic effect" partnership items will be allocated in accordance with a partner's interest in the partnership based on all the facts and circumstances.

The Service has promulgated Regulations under Section 704(b), designed to implement the provisions of the Tax Reform Act of 1976 dealing with substantial economic effect. Extremely complex, these Regulations set forth three alternative tests, one of which must be met in order for an allocation to be valid under Section 704(b). Allocations are valid if: (i) the allocation has substantial economic effect; or (ii) the partners can show that, taking into account all facts and circumstances, the allocation is in accordance with the partners' interests in the partnership; or (iii) the allocation can be deemed to be in accordance with the partners' interests in the partnership in accordance with special rules set forth in the Regulations. In order for an allocation to have "substantial economic effect," it must have both "economic" effect and "substantial" economic effect. Generally, an allocation can have economic effect only if (i) the

allocation is reflected as an appropriate increase or decrease in the partners' capital accounts, maintained in accordance with the proposed regulations; (ii) liquidation proceeds are, throughout the term of the partnership, distributed in accordance with the partners' capital account balances; and (iii) any partner (including any limited partner) with a deficit in his capital account following the distribution of liquidation proceeds is required to restore the amount of such deficit to the partnership, which amount is distributed to partners in accordance with their positive capital account balances or paid to creditors.

Furthermore, the allocations' economic effect must be "substantial." The partners' allocations will be substantial if there is a reasonable possibility that the allocations will affect substantially the dollar amounts to be received by the partners independent of tax consequences. Nevertheless, substantiality will be lacking when (1) the after-tax consequences to one partner (on a present value basis) is enhanced and (2) there is a strong likelihood that no partner's present value after-tax consequences will suffer a concomitant diminution in value. Finally, to the extent the allocations provide for "shifting" tax consequences or "transitory" allocations, the allocations cannot be substantial.

There can be no assurance that the Service will not successfully challenge the allocations of profits, losses and credits under the Limited Liability Company Agreement. For example, the Service might contend that the fees payable to the Manager should be treated as distributions to a Member rather than as fees and that the allocation of profits and losses for tax purposes and credits among the Members should be modified to reflect the increase in the Manager's overall interest in the Company that would arise from such re-characterization. Since the test of whether an allocation has "substantial economic effect" or is in accordance with Members' interests in the Company is in part a question of fact, and, in part, the interpretation of relatively recent and complex regulations, no assurance can be given that the Service may not challenge one or more allocations in the Limited Liability Company Agreement. Furthermore, if a challenge were made, no assurance can be given that a court would not sustain the challenge. If the allocations made by the Limited Liability Company Agreement are set aside, a Member's share of any item of income, gain, loss, deduction or credit will be determined considering all facts and circumstances.

Tax Basis for the Interest in the Company

A Member's adjusted tax basis in the Company for federal income tax purposes includes the cost of the Member's interest therein. A Member's basis will be increased by any subsequent cash contribution it makes to the Company by its distributive share of the Company's taxable income, by any income exempt from taxation, and by the Member's share, equal to the Member's proportionate share of the Company profits, of non-recourse loans (i.e., neither the Manager nor Members are personally liable for the repayment of the loan) made to the Company. A Member's basis will be decreased (but not below zero) by actual cash distributions from the Company, by a Member's distributive share of the Company's losses, by an actual or deemed decrease in its share of the Company's non-recourse borrowings, and by its share of nondeductible expenses of the Company, which are not properly chargeable to its capital account or any sub-account relating to Units held in a particular Class. In the event that cash distributions to a Member exceed the adjusted basis of the Member, a Member must recognize

gain equal to such excess. The basis of a Member's interest in the Company will be computed without regard to the "at-risk" limitation discussed below.

Application of At Risk Limitations

Section 465 of the Code provides that the amount of any losses (otherwise allowable for the year in question) that may be deducted by an individual, an S corporation, or a "closely held corporation" (i.e., one in which 5 or fewer shareholders directly or indirectly own more than 50% of the stock) other than a leasing company, in connection with activities that are part of a trade or business or that are engaged in for the production of income, cannot exceed the aggregate amount with respect to which such taxpayer is "at risk" in such activity at the close of the tax year. In the case of a partnership engaged in such activities, the limitations apply to each partner who is an individual, S corporation, or "closely held corporation." A partner generally will be considered "at risk" to the extent of the cash and adjusted basis of other property contributed to the partnership, as well as any borrowed amounts contributed to the partnership with respect to which such partner has personal liability for payment from his own assets. If at the end of a taxable year a partner's amount "at risk" has been reduced below zero, the deficit amount "at risk" is recaptured and must be included in gross income in that year. The amount recaptured is treated in future years as if it were a deduction suspended by the "at risk" provisions. To the extent that partner's amount "at risk" is increased above zero in a subsequent year, this additional deduction may be allowable at such time.

Limitations on Losses and Credits from Passive Activities

Code Section 469 limits taxpayers use of losses and credits from so-called "passive activities" in offsetting taxable income and tax liability arising from non-passive sources. A passive activity includes (a) one which involves the conduct of a trade or business in which the taxpayer does not materially participate, or (b) any rental activity. With certain limited exceptions, a limited partner will not be treated as materially participating in a limited partnership's activities. Generally, a taxpayer's deductions and credits from passive activities may be used to reduce his tax liability in a given taxable year only to the extent that such liability arises from passive activities. Potential Members are urged to consult their personal tax advisor regarding the impact of federal taxes upon an investment in the Company.

Tax Returns and Audit

The Company will furnish annually to the Members sufficient information from the Company's tax return for the Members to prepare their own federal, state and local tax returns. The Company's tax returns will be prepared by accountants to be selected by the Manager.

In the event that any of the tax returns of the Company are audited, it is possible that substantial legal and accounting fees will have to be paid to substantiate the position of the Company and the Manager and such fees would reduce the cash flow otherwise distributable to the Members. Also, such an audit may result in adjustments to the Company tax returns and this, at a minimum, would require an adjustment to each Member's personal return. An audit of a Member's tax returns may also result in an audit of non-partnership items on each Member's tax returns, which in turn could result in adjustments to such items.

State and Local Taxes

In addition to the federal income tax consequences described above, prospective Members may be subject to state and local tax consequences by reason of investment in the Company. Any distributions made to a Member generally will be required to be included in determining his reportable income for state or local income tax purposes in the jurisdiction in which such Member is a resident. Investors are urged to consult their personal tax advisor regarding the impact of state and local taxes upon an investment in the Company. A discussion of state and local tax law is beyond the scope of this Offering Circular.

SUMMARY OF LIMITED LIABILITY COMPANY AGREEMENT

The Manager is granted a special power of attorney in the Subscription Agreement for the purpose of executing the Limited Liability Company Agreement on behalf of the Capital Members. The following is a summary of the Limited Liability Company Agreement for the Company and is qualified in its entirety by the terms of the Limited Liability Company Agreement itself. Potential Investors are urged to read the entire Limited Liability Company Agreement, which is set forth as Exhibit B to this Offering Circular. Unless otherwise defined in this Offering Circular, capitalized terms set forth below shall have the meanings set forth in the Limited Liability Company Agreement.

Rights and Liabilities of Members

The rights, duties and powers of Members are governed by the Limited Liability Company Agreement and the Delaware limited liability company act set forth in Title 6 of the Delaware Code, Annotated, Sections 18-101 *et seq.* (the "Act") and the discussion herein of such rights, duties and powers is qualified in its entirety by reference to such Agreement and Act.

Investors who become Capital Members in a Company Class in the manner set forth herein will not be responsible for the obligations of the Company or the obligations of any other Class of which they are not Members and will be liable only to the extent of their agreed upon capital contributions to a Class. Any cash distributed to Members may constitute, wholly or in part, a return of capital. Accordingly, Members may be liable to repay to the Company some or all of such cash distribution, as a return of capital plus interest, to the extent necessary to discharge liabilities existing at the time of such return.

Capital Members will have no control over the management of the Company except that a Majority Interest of the Capital Members shall have the following rights: (1) without the Manager's concurrence to remove the Manager with or without cause and admit a successor Manager; or (2) with the Manager's concurrence approve any amendment of the Limited Liability Company Agreement (except for the purpose of establishing new Classes and admitting new Capital Members pursuant to the Agreement). Members representing 10% of the Membership Interests entitled to vote on a matter may call a meeting of such Members as outlined in the Limited Liability Company Agreement.

If the Manager or its Affiliates purchase and hold Units as Capital Members of any Class, they may vote their Units, in their sole discretion, the same as any other Capital Member.

Membership Classes

The Manager in its sole discretion may establish, from time to time, separate Classes for the purpose of acquiring an interest in a Property (either by direct purchase of the Property or the purchase of an interest in a Joint Venture formed to own the Property). Units in the Company represent a Membership Interest in a designated Class, only, and all of the rights, powers, obligations and liabilities of a Member under the Limited Liability Company Agreement shall relate only to the Property interest held by such Class. Separate and distinct records shall be maintained by the Manager for each Class and the Property and related assets associated with the Class shall be held and accounted for separately from the other Classes and the assets of the

Company generally. The debts and liabilities and obligations incurred, contracted for or otherwise existing with respect to any Class shall be enforceable against the assets of such Class only, and not against the assets of the Company generally or any other Class and none of the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the Company generally or any other Class shall be enforceable against the assets of such Class; provided, however, that the first five Classes created by the Manager shall each pay 1/5th of the organizational and syndication expenses associated with the preparation of this Offering Circular and the initial qualification of the offer and sale of Units. All other general operating expenses of the Company that are not specifically attributable to a particular Property or Class (such as tax return preparations, securities permit renewal costs and franchise taxes) will be allocated evenly among the number of Classes in existence at the end of the Fiscal Year in which such expenses are incurred. (See "Investment Package – Use of Proceeds.") Notice of the limitations on liabilities of each Class shall, for the life of the Company, be set forth in the Certificate on file with the Delaware Secretary of State as required by Section 18-215 of the Act.

Capital Contributions

Interests in each Company Class will be sold in Units of \$1,000 each, and no person may acquire less than the Minimum Subscription Amount set forth in Exhibit A hereto. (See "Investment Package – Minimum Subscription Amount.") (For purposes of calculating this Minimum Subscription Amount, a person may cumulate Units he/she purchases individually with Units purchased by his or her spouse.) To purchase Units an investor must deliver to the Company a completed and signed Subscription Agreement in the form attached to this Offering Circular as Exhibit C, together with a check for the full purchase price of Units subscribed. (See "Terms of the Offering – Subscription Procedures.")

Additional Capital Contributions; Sale of Additional Units

The Manager may, in its discretion, request that the Capital Members of a Class contribute additional capital to the Company by purchasing Additional Capital Units to the extent necessary or appropriate for the operation of a Property owned by a Class. In the event the Manager determines that additional capital is necessary, the Manager will notify the Capital Members of that Class, in writing, and shall set forth the reason for the necessity of the additional capital, the amount of additional capital required, the purchase price for the Additional Capital Units being offered (which price may be more or less than \$1,000 per Unit), and the amount of additional capital requested from each Capital Member of the Class based upon the pro rata number of Units in the Class owned by each Capital Member. To the extent that any Capital Members in the Class fail to purchase the Additional Capital Units in the amount requested by the Manager, other Capital Members of that Class may purchase the Additional Capital Units or the Manager may sell additional Units and admit additional Capital Members to fund the additional capital contributions required. Additional Capital Units of each Class may be senior to Units of the same Class (i.e., will be repaid before any distributions of that Class with respect to such Units) and may also provide for a cumulative, non-compounded return of up to 25% prior or senior to existing Capital Members of the Class. If Additional Capital Units are issued, the profit interests of Capital Members of the Class who do not purchase Additional Capital Units will also be diluted proportionately. Additionally, the Manager may also provide that the failure of a Capital Member to purchase Additional Capital Units, as requested by the

Manager, will result in the loss of all such Capital Member's voting and approval rights under the Limited Liability Company Agreement.

Rights, Powers and Duties of Manager

Subject to the right of the Capital Members to vote on specified matters (see above), the Manager will have complete charge of the business of the Company. The Manager is not required to devote its full time to Company affairs or to devote any portion of its time to any particular Class but only such time as is reasonably required for the conduct of such business. The Manager acting alone, through any one of its authorized officers, has the power and authority to act for and bind the Company.

Cash Distributions

Cash distributions will be made by the Company to the Members of a Class (after payment of all Company expenses attributable to the Class, including all accrued unpaid fees and compensation to the Manager (See "Compensation to Manager and Its Affiliates") as either (1) Cash Flow from Operations or (2) Sale or Refinancing Proceeds.

(1) Cash Flow from Operations shall be distributed (i) first, 100% to the Additional Capital Members of the Class (if any) until they have received a full return of all capital paid for Additional Capital Units in the Class plus any applicable preferred return thereon; and (ii) thereafter, 70% to the Class Capital Members in accordance with their percentage interests and 30% to the Manager.

(2) Sale or Refinancing Proceeds shall be distributed as follows: (i) first, 100% to Additional Capital Members of the Class (if any) until they have received aggregate distributions of any kind (whether from Cash Flow from Operations or Sale or Refinancing Proceeds) during the term of the Company sufficient to return all capital paid for Additional Capital Units in the Class plus any applicable preferred return thereon; (ii) second, to the Capital Members in the Class until they have received aggregate distributions sufficient to return their entire invested capital in the Class, plus a cumulative non-compounded return of 8% per annum on such invested capital; and (iii) thereafter, 70% to the Class Capital Members in accordance with their percentage interests and 30% to the Manager.

Profits and Losses

Profits and losses for income tax purposes will be allocated in substantially the same manner as cash distributions (other than sums representing a return of capital), although the year in which such allocations occur will probably be different from the year in which corresponding cash distributions are made.

Upon transfer of Units (if permitted under the Limited Liability Company Agreement and applicable law), taxable profit and loss will be allocated to the transferee beginning with the next succeeding calendar month.

Accounting and Reports

The Manager shall provide to the Members, within 90 days after the end of the year, such detailed information as is reasonably necessary to enable them to complete their own tax returns. Any Members may inspect the books and records of the Company at reasonable times.

Amendment of the Agreement

The Limited Liability Company Agreement may be amended by the Manager alone with respect to the creation of new membership Classes and the admission of additional Members. Any other amendment requires the consent of a Majority Interest of the Capital Members of each Class that is materially affected by the proposed amendment.

No Withdrawal from Company

A Member has no right to withdraw from the Company or to obtain the return of all or any portion of sums paid for the purchase of Units, until dissolution and termination of such Member's Class or the Company.

Limitations on Transferability

The Limited Liability Company Agreement places substantial limitations upon transferability of Units. No Unit may be transferred, and a transferee may not become a substituted Member without the consent of the Manager, which may be granted or withheld in the Manager's sole and absolute discretion. (See "Terms of the Offering – Restrictions on Transfer.") Sale or transfer of Units is also restricted by applicable state and federal securities laws.

Term of Classes and Company

Each Class will continue until the Property relating to that Class is sold or otherwise disposed of by the Company, at which time all Units of that Class will be redeemed and terminated. The term of the Company will continue until dissolved upon the earliest of: (i) the sale of all or substantially all of the Company assets and termination of all Classes; (ii) the election of the Manager; or (iii) entry of a decree of judicial dissolution.

Winding Up

Neither the Company or any Class thereof will be terminated upon the occurrence of an event of dissolution, but shall continue until its affairs have been wound up. Upon dissolution of the Company or a Class of the Company, the Manager will wind up its affairs by liquidating its remaining assets as promptly as is consistent with obtaining the fair current value thereof. All funds received by the Company shall be applied and promptly distributed in accordance with the Limited Liability Company Agreement and the Act.

PLAN OF DISTRIBUTION

The Units will be offered and sold by the Company on a “best efforts” basis, with respect to which no commissions or fees will be paid to the Manager or its Affiliates. There is no firm commitment to purchase any Units, and there is no assurance that the full amount of this offering will be received in the form of cash subscriptions.

LEGAL MATTERS

The Manager has retained Stein & Lubin LLP of San Francisco, California to advise it in connection with the preparation of this Offering Circular, the Limited Liability Company Agreement, as well as the offer and sale of the Units offered hereby. Stein & Lubin LLP may also be retained to provide legal services in connection with the purchase of the Property, the negotiation or closing of the Purchase Transaction and the negotiation and documentation of the Joint Venture Agreements (if any). Stein & Lubin LLP has not represented the interests of Investors or Capital Members in connection with the Units offered hereby. Investors purchasing Units that wish to obtain the benefit of review by legal counsel on their behalf must retain their own attorneys to do so.

ADDITIONAL INFORMATION AND UNDERTAKINGS

The Manager undertakes to make available to each offeree every opportunity to obtain any additional information from the Company or the Manager necessary to verify the accuracy of the information contained in this Offering Circular, to the extent that they possess such information or can acquire it without unreasonable effort or expense. This additional information includes, without limitation, all the organizational documents of the Company and all other documents or instruments relating to the operation and business of the Company and material to this offering and the transactions contemplated and described in this Offering Circular.

COMMISSIONER'S RULE 260.141.11

In addition to the various restrictions on the transfer of Fractional Interests imposed by state and federal securities laws generally, no Fractional Interest may be sold or transferred or any consideration received therefor without the prior written consent of the California Commissioner of Corporations, except as provided in the Commissioner's Rules. A copy of Commissioner's Rule 260.141.11 is attached hereto.

260.141.11 Restriction on Transfer.

(a) The issuer of any security upon which a restriction on transfer has been imposed pursuant to Sections 260.141.10 or 260.534 shall cause a copy of this section to be delivered to each issuee or transferee of such security at the time that the certificate evidencing the security is delivered to the issuee or transferee.

(b) It is unlawful for the holder of any such security to consummate a sale or transfer of such security, or any interest therein, without the prior written consent of the Commissioner (until this condition is removed pursuant to Section 260.141.12 of these rules), except:

- (1) to the issuer;
- (2) pursuant to the order or process of any court;
- (3) to any person described in Subdivision (i) of Section 25102 of the Code or Section 260.105.14 of these rules;
- (4) to the transferor's ancestors, descendants or spouse, or any custodian or trustee for the account of the transferor or the transferor's ancestors, descendants, or spouse; or to a transferee by a trustee or custodian for the account of the transferee or the transferee's ancestors, descendants or spouse;
- (5) to holders of securities of the same class of the same issuer;
- (6) by way of gift or donation inter vivos or on death;
- (7) by or through a broker-dealer licensed under the Code (either acting as such or as a finder) to a resident of a foreign state, territory or country who is neither domiciled in this state to the knowledge of the broker-dealer, nor actually present in this state if the sale of such securities is not in violation of any securities law of the foreign state, territory or country concerned;
- (8) to a broker-dealer licensed under the Code in a principal transaction, or as an underwriter or member of an underwriting syndicate or group;
- (9) if the interest sold or transferred is a pledge or other lien given by the purchaser to the seller upon a sale of the security for which the Commissioner's written consent is obtained or under this rule not required;

(10) by way of a sale qualified under Sections 25111, 25112, 25113, or 25121 of the Code, of the securities to be transferred, provided that no order under Section 25140 or Subdivision (a) of Section 25143 is in effect with respect to such qualification;

(11) by a corporation to a wholly owned subsidiary of such corporation, or by a wholly owned subsidiary of a corporation to such corporation;

(12) by way of an exchange qualified under Section 25111, 25112, or 25113 of the Code, provided that no order under Section 25140 or Subdivision (a) of Section 25143 is in effect with respect to such qualification;

(13) between residents of foreign states, territories or countries who are neither domiciled nor actually present in this state;

(14) to the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state;

(15) by the State Controller pursuant to the Unclaimed Property Law or to the administrator of the unclaimed property law of another state if, in either such case, such person (i) discloses to potential purchasers at the sale that transfer of the securities is restricted under this rule, (ii) delivers to each purchaser a copy of this rule, and (iii) advises the Commissioner of the name of each purchaser;

(16) by a trustee to a successor trustee when such transfer does not involve a change in the beneficial ownership of the securities; or

(17) by way of an offer and sale of outstanding securities in an issuer transaction that is subject to the qualification requirement of Section 25110 of the Code but exempt from that qualification requirement by subdivision (f) of Section 25102; provided that any such transfer is on the condition that any certificate evidencing the security issued to such transferee shall contain the legend required by this section.

(c) The certificates representing all such securities subject to such a restriction on transfer, whether upon initial issuance or upon any transfer thereof, shall bear on their face a legend, prominently stamped or printed thereon in capital letters of not less than 10-point size, reading as follows:

“IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THIS SECURITY, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER'S RULES.”

EXHIBIT A

INVESTMENT PACKAGE

Class Designation: _____

Minimum Capitalization Amount: _____

Minimum Subscription Amount: \$ _____ (____ Units) per Investor

Manager Acquisition Fee: \$ _____

Summary of Specific Investment

Use of Proceeds: \$

	Purchase Price	Estimated Expenses of Offering	Manager Acquisition Fee	Net Proceeds Available
Per Unit	\$1,000	\$ _____	\$ _____	\$ _____
Minimum Capitalization	\$ _____	\$ _____	\$ _____	\$ _____
Total Offering	\$ _____	\$ _____	\$ _____	\$ _____

Use of Net Proceeds Available:

Description of Investment Property

Property Address: _____

Property Description:

Tenant Analysis and Rent Roll:

Property Lease and Resale Market:

Appraisal, if any:

Net Operating Income:

Description of Owner

Name of Owner: _____

Summary of Joint Venture Agreement (if applicable)

Description of Proposed Refinancing or Purchase Financing

Property Management

EXHIBIT B

Limited Liability Company Agreement

EXHIBIT C

Subscription Agreement