Jefferson Securities, Inc.
Information Memorandum

SCANLANKEMPERBARD COMPANIES
Opportunistic Real Estate Investment

The Sunset Tower
Hollywood, California

SKB

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$11,200,000.00

SKB-Sunset, LLC
(a to-be-formed limited liability company)

SKB-Sunset, LLC, is a to-be-formed limited liability company (the “LLC”) whose purpose shall be to acquire, own and operate an office project “The Sunset Tower” in Hollywood, California. Purchasers of membership interests in the LLC will be “Investor Members” under the LLC’s Operating Agreement. ScanlanKemperBard Companies, LLC (“SKB”) will be a “Founding Member” and will be entitled to share in profits of the LLC as described in this Memorandum. The Operating Manager of the LLC will either be SKB or a wholly owned subsidiary of SKB.

May 18, 2004

Information Memorandum No. __________

IN CONSIDERING WHETHER TO PURCHASE MEMBERSHIP INTERESTS IN THE LLC, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW ALL INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM, **PAYING PARTICULAR ATTENTION TO THE RISK FACTORS** SET FORTH IN THE TAB DESIGNATED "RISK FACTORS."

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JEFFERSON SECURITIES, INC.

SCANLANKEMPERBARD COMPANIES

Sunset Tower
Hollywood, California
May 18, 2004

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SCANLANKEMPERBARD COMPANIES
REAL ESTATE INVESTMENT OFFERING: THE SUNSET TOWER
HOLLYWOOD, CALIFORNIA
MAY 18, 2004

Transaction Summary:

ScanlanKemperBard Companies ("SKB") has successfully negotiated to purchase The Sunset Tower ("Sunset Tower"), a 14-story, 198,713 square foot ("SF") Class A office building located on a 1.16 acre site at the center of Hollywood's redevelopment area, and home to CNN's West Coast broadcast studios and the "Larry King Live" show. The property is located on Sunset Boulevard within the Sunset and Vine Retail Corridor, the focus of $1 billion in new retail and residential development and rehabilitation. Sunset Tower is considered a Hollywood landmark with CNN's sign prominently located at the top of the building, and is one of only four Class A office buildings in this submarket. In addition, within the 4.6 million square foot submarket, approximately 130,000 square feet ("SF") is permitted or planned for conversion into retail or residential use, and depending on the local source, anywhere from 300,000 to 400,000 SF of office space is being discussed as potential sites for conversion.

The purchase price is $34,000,000 or $171 per square foot ("PSF"), which equates to a cap rate of 7.89%. Total capital being raised for the acquisition is $36,700,000 including $25,500,000 of new debt and $11,200,000 of equity. This will fund the purchase, transaction expenses and reserves for tenant improvements/leasing commissions ($1,150,000) and capital improvements ($610,000). The new debt is assumed to have a 5.90% fixed rate for seven years with a 30-year amortization; interest only for the first two years. Investor funding is due by **Friday June 11, 2004**.

Projected investor cash-on-cash returns and the IRR for the seven-year holding period are summarized below:

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Avg. Annual Cash-on-Cash*	IRR Through Sale
8.14%	8.15%	8.16%	7.27%	11.14%	15.81%	15.41%	10.58%	16.53%

*Excludes Sale Proceeds

Business Plan:

This investment opportunity is expected to produce attractive returns by stabilizing the asset through the lease-up of vacant space, increasing rental rates as tenants renew and the conversion of ground floor office space to more valuable retail space. Sunset Tower is managed and leased by the seller's own in-house team. SKB intends to hire Cushman & Wakefield ("C&W") to manage and lease up approximately 28,375 SF of space. C&W currently manages three LA area properties for SKB and is very familiar with the market. Additionally, Cushman & Wakefield has represented CNN in its lease negotiations and is familiar with the project. The Hollywood Class A office market was one of the few submarkets within Los Angeles to have positive absorption during the recent recessionary cycle. This can be attributed to the expanding entertainment industry and significant redevelopment in the submarket; trends which are expected to continue during the holding period.

The Hollywood submarket has been the focus of a redevelopment effort by community, government and business alliances, which has increased investment and attention from developers, retailers and local residents over the past three years, resulting in a number of new retail projects and streetscape improvements which are highlighted in the market section of this memorandum. SKB's intent is to capitalize on this trend by restoring the ground floor office space into prime retail space as the existing leases expire in the second and third years of the holding period. Ground-floor market retail is leasing at a premium of $30.00-60.00 PSF NNN (expenses can range from an additional $8.00-$12.00 PSF) compared to the project's in-place ground-floor office rents of $24.07 PSF full service. The projections herein assume 9 months of downtime for each of the spaces, $35.00 PSF in tenant improvements ("TIs") and rental rates of $36.00 PSF NNN for five-year terms. The improvements will be funded by a portion of the $1.15M leasing reserves called for in this offering.

CNN is the largest tenant leasing 32,027 SF, or 16.1% of the project. CNN is currently paying $20.77 PSF compared to market rent of $24.00 PSF and receives free after hours HVAC, which in comparable buildings would add an additional $30 per hour per floor, equating to an annual savings to CNN of $5.00 PSF. Its lease expires in December 2007 and has two remaining below-market 5-year options to renew. CNN also has a right to terminate as of December 31, 2005, but SKB has confirmed that CNN is likely to stay due to the favorable renewal terms, its significant investment into this facility, its prominent signage on the building and its ability to broadcast through its antennae on the roof for a nominal fee. It was reported by CNN's leasing broker that relations with the current ownership have been acrimonious. In order to secure the renewal, SKB will need to begin a tenant relations campaign with CNN as soon as the sale is finalized. Please see the Tenant Summary section for the downside scenario should CNN vacate.

Recommendation: This investment is recommended for the following reasons:

- Landmark asset with limited competition in a market with significant barriers to entry including rental rates that cannot justify the high construction costs. Sunset Tower is being purchased at $171 PSF, well below replacement cost of $250 PSF. Additionally, the majority of office space is Class B or third tier, older, tired office buildings, making Sunset Tower one of the most desirable destinations in Hollywood for new office tenants.
- Dominant presence in the Sunset and Vine Retail Corridor, the center of the focus of $1 billion in new retail and residential development and investment including the Sunset and Vine multi-family residential and retail project, the planned conversion of office to luxury residential at the same intersection, the Cinerama Dome Entertainment Complex, and the planned mixed-use project built around a new W Hotel at Vine and Hollywood Blvd.
- Hollywood has posted record positive net absorption over recent years attributed to the continued strength and expansion of the entertainment industries, and limited supply of Class A office space within the submarket. Current submarket vacancy is 19.9% and is expected to decrease to 8% by 2007 with no new office product coming on line according to Reis, a widely used national research firm which tracks national, regional, market & submarket trends.
- Due to recent upgrades to nearly all of the core mechanical systems, the property is physically superior to the majority of the office properties in the greater Hollywood area, limiting capital expenditures during the holding period.
- The project includes a five-story above ground parking structure containing a total of 510 parking stalls yielding one of the highest parking ratios (2.57/1,000 SF) in Hollywood, and generating $84,000 annually in revenue through an evening license agreement to the Sunset Room, a popular upscale cocktail lounge located across the street.
- The property is convenient to the 101 Freeway, has easy access to the Metro Rail, and sits in the Westside market, a highly desired location for executives who reside in the Hollywood Hills, Hancock Park, Westwood, Brentwood and other surrounding upscale residential locations.

Investment Structure:

The proposed transaction calls for the formation of a LLC ("the LLC") to invest $11,200,000 in conjunction with $25,500,000 in new debt to acquire the subject property. The LLC would also hire SKB, through an asset management agreement, to execute the LLC's business plan. The costs of the acquisition, the mortgage and distribution of cash flow are outlined as follows:

Transaction Costs	
Purchase Price	$34,000,000
Jefferson Securities, Inc. and/or other brokers' Placement Fee	$280,000
SKB Acquisition Fee	$280,000
TI/LC Reserves	$1,150,000
Capital Expenditures	$610,000
Closing Costs	$205,000
Third Party Loan Fees	$175,000
Total Transaction Costs	$36,700,000
Less Loan Amount	$25,500,000
Total Equity Required	**$11,200,000**

The LLC would acquire new debt from Archon Financial. The following terms are being discussed and have been assumed:

Loan Summary	
Loan Amount	$25,500,000
Interest Rate	5.9%, fixed
Third Party Loan Fees (0.60%)	$175,000
Amortization	30 years (first two years, interest only)
Term	7 years

Projected Returns	
Year One Cap Rate [1]	7.89%
Year One Return on Cost [2]	6.58%
Leveraged Year One Cash-on-Cash Returns	8.14%
Average Annual Cash-on-Cash over Term of Investment	10.58%
Investor IRR upon Disposition	16.53%

[1] Cap Rate is defined as the projected next 12 months' net operating income divided by initial purchase price.

[2] Return on Cost is defined as the projected next 12 months' net cash flow before debt service divided by all costs associated with closing the transaction, including placement fees, reserved capital expenditures, and closing costs.

Investment Structure Terms:

The LLC will enter into an Asset Management Agreement with SKB. The LLC will retain absolute control over the economic decisions that arise when managing the property. The investment structure terms are defined as follows:

Investment Structure Summary	
Placement Fee to Jefferson Securities, Inc.	$280,000
Acquisition Fee to SKB	$280,000
LLC Preferred Return (After Debt Service)	10.0% per annum, cumulative and annually compounded on the investors' equity.
Cash Flow Distribution Priorities	1. 100% to the LLC (Investor) based on pro-rata ownership until cumulative Preferred Return is paid; 2. Then, 75% to the LLC (Investor) and 25% to SKB.
Sale or Refinancing Proceeds Priorities	1. Debt Repayment; 2. Then, 100% to the LLC (Investor) until return of capital plus Preferred Return; 3. Then, 75% to the LLC (Investor) and 25% to SKB up to a 20% IRR; 4. Finally, above a 20% IRR, 60% to the LLC (Investor) and 40% to SKB.
Control/Decision Making	LLC manager will have the right to make all economic decisions regarding scheduled capital contributions, sales, or refinancing. Any unscheduled capital contributions, sales, or refinancing must be approved by the members of the LLC. All decisions regarding leasing, management and operations must be approved by the LLC manager.
Asset Management	As asset manager, SKB will receive an annual asset management fee equal to 1.5% of Equity, which will be paid as follows: 1.0% paid monthly, and the remaining 0.5% paid upon sale or refinance and subordinate to a 10.0% IRR to the investor. This fee is in addition to third party property management fees that will be charged to the property. Upon acquisition, the LLC manager will initially contract out these property management services to third parties. SKB, as asset manager, also will receive 1% of the total lease consideration for the first five years of new and renewing leases. If the property is sold or refinanced, SKB, as asset manager, will receive a ½ of 1% fee for facilitating the sale or recapitalization.

Property Overview:

The Sunset Tower, located at the corner of Sunset and Cahuenga Boulevards, is a 14-story, steel-frame building with reinforced concrete flooring and a façade of contrasting single-pane glass set in aluminum-framed curtain walls completed in 1968. The lobby, which is accessible from Sunset Blvd. and from the parking structure, has a contemporary appearance featuring polished stone covered walls, tiled floors and recessed lighting. The lobby's functional layout allows for efficient commercial/retail trade as assumed in the projections, with aluminum-framed, floor-to-ceiling storefronts. According to a Phase I report and Certificate of Completion, Sunset Tower was properly abated of asbestos containing materials in 1994 with the exception of the uninhabitable areas of the building.

The building provides four passenger elevator cabs updated with new control panels and refurbished in 2004 with new wall, ceiling and floor finishes and recessed lighting. One of the elevators serves as a convertible freight elevator. The HVAC system was retrofitted in 1997 with a new chiller and two new boilers installed in 2002. The roof consists of a built-up composition system over plywood sheathing. The roofing membrane is composed of fiberglass reinforced PVC sheeting. The pro forma assumes the roof will be replaced in year five of the holding period at the recommendation of a third party consultant.

The property includes a five-story free-standing parking structure which sits immediately south of the building and contains 510 parking stalls providing a parking ratio of 2.57 spaces per 1,000 SF. The parking stalls are leased on a monthly basis to tenants and on a daily basis to transient parkers. Additionally, the popular lounge known as the Sunset Room has a license agreement to park 240 cars in the structure in the evening. The property is within walking-distance of the Los Angeles regional rail system via the Metro Rail Red Line, connecting to the San Fernando Valley, Central Los Angeles, Pasadena, Long Beach and the LAX Corridor. A number of major retailers are within walking distance of the property including Bed Bath and Beyond, Borders Books and Music at the new Sunset and Vine mixed-use project, and a 50,000 SF state-of-the-art 24-Hour Fitness and the mega-retailer Amoeba Records located at the Cineramadome/Arclight Theater complex.

Tenant Summary:

Please refer to the Rent Roll for a detail of lease expirations.

Major Tenant Descriptions:

CNN
32,027 SF
16.1% of total
http://www.cnn.com

A unit of Time Warner's Turner Broadcasting, CNN News Group operates 36 news bureaus worldwide (11 in the U.S.) and employs some 4,000 news staff (including talk show host Larry King and network news anchor/talk show host Paula Zahn). In addition to its all-news channels, CNN Headline News and CNN International, the company operates financial channel CNNfn. CNN News Group also operates a number of Internet sites. Broadcasting pioneer Ted Turner braved criticism when he created the channel in 1980; but with the start of the first Gulf War, CNN's groundbreaking 24-hour coverage from inside Baghdad catapulted the network to the international prominence it enjoys today. CNN houses its West Coast broadcasting studios in The Sunset Tower.

During a tenant-commissioned building security survey after September 11, 2001, visible mold was discovered in condensation pans beneath the air handler units on its floors. The tenant hired a mold-abatement specialist who drafted a report suggesting several cleaning and abatement procedures be performed throughout the building. In response, the seller had commissioned an environmental consultant to perform testing in several areas in the tenant's space and in mechanical rooms on each of its floors and confirmed that there was mold in the condensation pans, but mold levels in the air tested to be less than the air outside and within acceptable levels inside the building. It also suggested cleaning of the drip pans, replacement and/or cleaning of insulation within the cold air ducts of the HVAC system and other minor, regular maintenance to prevent systemic growth throughout the building. The consultant also suggested that because the tenant is running its HVAC system 24 hours a day, 7 days a week, excessive condensation would be a normal response and that regular maintenance and monitoring of the system would keep the issue in check. From this point forward, the tenant and the seller have disputed the presence of “smelly air” and its potential sources. At one point, it was suggested by a second consultant of the seller that the tenant’s 15-year-old carpet (CNN has chosen not to replace it), and the excessive moisture left from regular carpet cleaning performed by its own janitorial company was the source of the odor. The seller has performed the recommended maintenance and repairs to the HVAC system, suggested to the tenant that the carpet be removed and replaced and agreed to let CNN have a third environmental consultant conduct a “post-remediation” study to confirm that the air is not contaminated and that the air handlers have been properly cleaned.

As part of its due diligence, SKB hired a mold consultant who confirmed the methodology, recommendations and interpretation of data from each of the seller’s reports, as well as vouched for the credibility of the firms and their scientists. Additionally, a Cushman & Wakefield engineering representative visited the building with a vendor specializing in duct cleaning to inspect the ducts and air handlers on floors throughout the building. It was determined that for $160,000 the ducts should be cleaned and resealed and other minor repairs made to prevent the chillers from working so hard to distribute cool air. According to the specialist, the cost of the repairs would result in a 15% annual savings in utilities and be fully recovered in just one year. The pro forma projections assume both the expense and a savings of 12.5% in utility costs.

The local CNN representative has expressed to the Seller that due to the size of the company, its course of action is a necessary response to such findings in order to prevent any legal action from its employees against the corporation. The consultants, the seller and SKB are confident that this final report and the preventative measures SKB is committing to perform will resolve the issue.

SKB has run a risk analysis in the event that CNN chooses not to renew its lease in 2007, which is believed very unlikely given its investment in the building, its significant savings in rent and cost of keeping its offices running around the clock. SKB has run a risk analysis in the event that CNN does not renew. In this scenario, the space is released within 18 months and applying market assumptions, the effect on the IRR is immaterial given that CNN is paying substantially below-market rents, not participating in expense pass-throughs, and utilizing after-hour utility services at no extra cost.

BLT & Associates
29,325 SF 14.8% of total http://www.bltomato.com

BLT & Associates is a privately held firm specializing in print advertising campaign designs and retail packaging for some of the hottest films and television shows produced by industry leaders such as Warner Bros., Paramount Pictures, New Line Cinema, ABC, HBO, 20th Century Fox, MGM and Columbia Pictures. Retail packaging, for instance, includes movie posters and trailers for almost every mainstream major motion picture as well as print advertisements for prime time ABC programming. The firm’s cutting edge designs and dedication to excellence have made it an industry leader. Due to continued success and growth, BLT & Associates doubled its tenancy at Sunset Tower in late 2003. According to Dun & Bradstreet, the tenant’s annual sales are over $17 million, its credit rating is good and has very favorable credit, risk and payment scores.

Childrens Hospital Los Angeles/Pediatric Management Group
21,562 SF
10.9% of total
http://www.childrenshospitalla.org/

Founded in 1901, Childrens Hospital Los Angeles has been treating the most seriously ill and injured children in Los Angeles for more than a century, and it is acknowledged throughout the United States and around the world for its leadership in pediatric and adolescent health.

Childrens Hospital Los Angeles is the only hospital in Greater Los Angeles affiliated with the Children's Miracle Network, an international non-profit organization dedicated to helping children by raising funds and awareness for pediatric hospitals throughout North America.

Childrens Hospital Los Angeles treats more than 55,000 patients a year in its Emergency Department. It admits more than 11,750 children a year to the hospital, and nearly 50 percent of those admissions are children under four years of age. There are more than 282,000 visits per year to its 29 outpatient clinics and laboratories and more than 10,500 visits at community sites through its Division of Adolescent Medicine. Childrens Hospital Los Angeles is able to offer the optimum in multidisciplinary care, with 33 pediatric subspecialties and dozens of special services for children and families. The office in Sunset Tower provides administrative services including physician billing. Dun & Bradstreet indicates that the tenant has good to average credit, financial stress and risk factor scores.

Raw Entertainment
14,472 SF
7.3% of total
http://www.rawent.com

RAW (Recognizing the Artist Within) Entertainment specializes in the production of feature film and television projects as well as music videos and commercials. RAW Progressive is currently in production of a number of film/TV and music video projects. In addition to music videos and commercials, RAW's team has directed features such as "Doctor Doolittle", "Daddy Day Care" and "A Man Apart." Currently, RAW is in pre-production on a number of features.

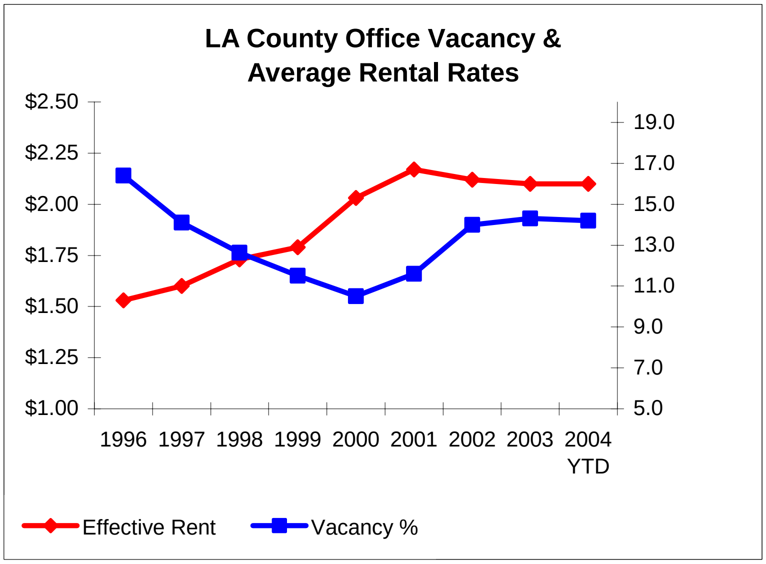
The balance of the tenants are smaller tenants each representing less than 5% of the total rentable square footage.

Los Angeles Area Economy:

Los Angeles County has the largest population, 9.8 million people, of any county in the nation, and a larger population than 42 states. The county represents 30 percent of California's population. According to the California Department of Finance, Los Angeles is the second largest city in the nation with a population of 3.9 million, and is one of the most ethnically diverse cities in the world. The county and city's population have increased 1.7%, and 1.6%, respectively over 2002. The county's seasonally adjusted unemployment rate as of the first quarter 2004 is 6.4%, down from 6.9% the previous quarter. According to state economists, Los Angeles County is expecting a 1.7% gain in total employment in 2004 to 502,300 from 493,700 in 2003.

Los Angeles is the global center of the entertainment industry, comprising the largest television and radio broadcast markets in the country. All the major studios and television networks including larger cable networks have headquarters and/or production facilities in LA County, many of which are located in Hollywood. Most major record labels have a significant presence, if not headquarters, within the LA area. As a result, according to the Los Angeles County Economic Development Corporation, the entertainment industry is now ranked as the fifth largest employer in Los Angeles County.

The outlook for the industry remains strong as a result of increased spending in the film industry, decreasing costs of production, and the growth of sub sectors such as animation and video game development, all of which are expected to result in increased office and technical space expansions namely in Hollywood, Burbank and the Westside. According to the Entertainment Industry Development Corporation, there are 88 soundstage complexes in the Los Angeles area, totaling 4.2 million SF. Approximately 73 individual studios totaling 1.3 million SF are located within 10-minutes of Hollywood. Most of these studios cannot maintain all office support and parking

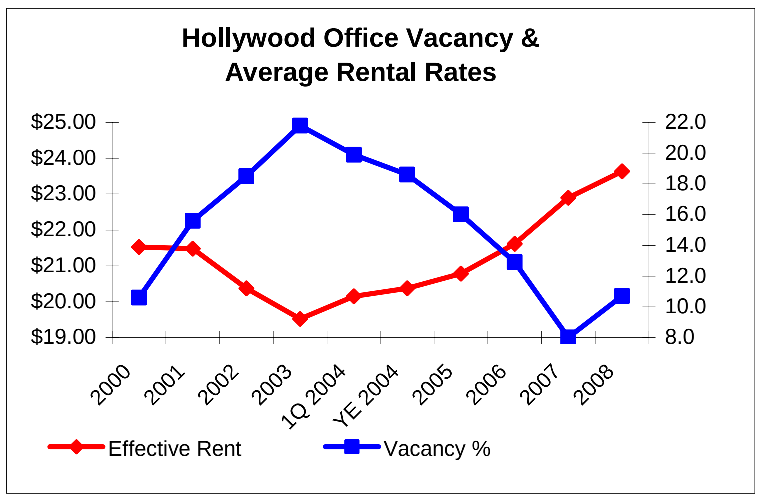


Source: CB Richard Ellis

needs on-site, which has stimulated occupancy in the Westside LA office market to accommodate sales, marketing and post-production needs.

L.A.'s office market continued to show signs of recovery in 2003 as vacancy rates stabilized and the county showed positive net absorption. The overall vacancy rate dropped slightly to 14.2% in the first quarter of 2004 with net absorption of 755,125 SF. The county's total office market is approximately 178 million SF with average asking lease rates of $2.10 PSF per month. Forecasters, including the Los Angeles Economic Development Corporation, predict that positive job growth within the services sector in 2004 will push vacancy rates down, creating an opportunity for rents to grow in the latter half of the year.

Hollywood Overview:



Source: REIS Reports

The Hollywood office market is comprised of 4.6 million SF with a vacancy rate of 19.9% and average asking lease rates of $20.15 PSF per year. Of the 4.6 million SF, 130,000 SF of office is permitted or in the planning phase for conversion into residential or retail, and another 300,000 to 400,000 SF is rumored to be potential candidates for conversion, further tightening the market. According to Reis, a national research firm which tracks national, regional, market & submarket trends of supply, demand, rent and vacancy rates for 80 markets across the country, Hollywood will experience a steep decline in vacancies and rents will continue to rise. Reis' numbers do not reflect a confirmed or a speculated reduction in inventory, which would only improve the outlook on submarket vacancy and projected rents. Local economists and brokerage firms concur with this positive outlook based on the strength and growth of the entertainment industry and the transformation of Hollywood into "the place to be" by entertainment businesses, residents and shoppers.

Hollywood is home to 6 major film studios including Paramount, Warner Hollywood and Nickelodeon, and another 10 major studios, including Sony, Fox, NBC and Universal Studios are just 15 minutes away. Capitol Records/EMI is headquartered in Hollywood and all of the major record labels, including Warner Music Group, Virgin & BMG, Sony/Columbia and Universal/MCA Records are located within a short drive. Additionally, while Hollywood has been an evening destination to West LA's prominent residents because of its vibrant nightlife, public agencies have been actively pursuing investment dollars for residential and retail development in order to attract residents and others. This, in turn, grows the labor pool supporting the entertainment-related and financial service businesses quartered in the Hollywood area. These businesses not only include production, but also the marketing, retail, animation, sound, public relations, advertising, distribution and other services that bring music and film from conception to completion. A number of these types of services are not housed at the studios, which are typically large cavernous buildings with stages, sets and sound rooms, but need to be near the heart of the action.

Following are highlights of some of the recent developments, in progress or completed, which are attracting new residents, businesses and consumers:

Hollywood & Highland
Opened Nov. 2001
1.3 M SF Retail and Hotel/Theaters

Trizec Properties completed this retail destination in November 2001 less than a half mile from the subject property. The company claims that this project cost a total of $560 million to develop. The project features the 3,300 seat Kodak Theatre, the home of the Academy Awards, the BET Awards and several other events, a 6-screen multiplex theatre, the 640-room, four-star Renaissance Hollywood Hotel, and over 1.3 million SF of restaurants and retail space including Coach, Fendi, Aveda, Tommy Hilfiger and the Gap.

Sunset and Vine
Completed 4th Q. 2003
105,000 SF of retail and 350 lofts

This $125 million multi-family residential and retail project is located two blocks east of Sunset Tower. Asking retail rents for this property range between $60 PSF NNN for street-level frontage space and $30 PSF NNN for second floor or non-frontage retail. The project incorporates the historic ABC Studios building into the design and features 105,000 SF of two-story retail including Bed, Bath & Beyond and Borders Books and Music. The top three floors contain 250 units of loft-style apartments being marketed to young singles and couples attracted to the dynamics of the area.

Cinerama Dome Entertainment Center
Opened 2002
175,000 SF Retail and Theater

Center Pacific Theatres completed this new retail and entertainment center surrounding and preserving the historic Cinerama Dome on Sunset Boulevard, just north of the project. The 12-screen Arclight Theater features comfortable “lounge-style” chairs and love-seats attracting customers who believe the $15 ticket price is worth the comfort and the entrance to the world-famous dome. Additionally, 24-Hour Fitness occupies 50,000 SF with its state-of-the-art facility. The city constructed a parking structure at the rear of the project, which can accommodate

1,600 vehicles for the project and also serves as overflow parking to the Sunset Tower when needed.

Sunset and Vine Tower
Proposed Luxury Residential

The CIM Group recently purchased this office tower with plans of converting the entire project to luxury residential units. The project is located just two blocks east of Sunset Tower adjacent to the new retail center mentioned above. This will remove 100,000 SF of office space from the submarket.

Hollywood and Vine
Proposed Mixed-use

In December, the Community Redevelopment Agency approved a landmark proposal by Legacy Partners and the Metropolitan Transportation Authority for the development of a majority of this city block. Legacy Partners, in association with Gateway Capital, is planning to build a mixed-use, transit-oriented development that will include a 200-room four-star W Hotel, 262 apartment units, 96 high-end condominiums, 67,000 SF of Retail, an intermodal transit plaza and below-grade parking. The proposed project is valued at $282 million.

Comparable Properties:

The following is a summary of similar projects in the Hollywood submarket:

The Sunset Office Tower – Comparable Office Buildings

Class	Building/Location	Property Size (SF)	Year Built	Available Space (SF)	% Vacant	Quoted Annual Rent (PSF)	Parking 1/1000	Distance from Subject
A	Sunset Media Tower 6255 Sunset Blvd.	305,835	1971	73,803	24.1	$23.40- $24.60	2.00	0.29 miles
A	TV Guide Hollywood Center 6922 Hollywood Blvd.	187,000	1967	0	0.0	N/A	2.50	0.64 miles
A	Hollywood Entertainment Plaza 7080 Hollywood Blvd.	151,111	1972	15,169	10.0	$25.20	2.50	0.86 miles
	Subtotals/Average	643,946	1970	88,972	13.8	$24.30- 24.90	2.33	
B	Lincoln Savings Building 7060 Hollywood Blvd.	174,804	1971	62,647	35.8	$20.40- $25.20	2.50	0.82
B	Hudson Building 6464 Sunset Blvd.	75,000	1966	45,007	60.0	$22.50- $25.20	2.40	0.02
B	BMG Building 6363 Sunset Blvd.	93,000	1964	16,107	17.3	$22.20- $25.20	2.00	0.14
B	Taft Building 1680 Vine St.	117,000	1930	4,000	3.4	$19.20- $24.00	0.00	0.40
	Subtotals/Average	459,804	1967	127,761	27.8	$21.70- 24.90	2.30	
	Subject Property	**198,713**	**1968**	**28,375**	**14.3**	**$24.00**	**2.57**	**N/A**

Sales Comparables:

The following is a summary of recent market comparable sales of similar projects in the Los Angeles Area:

Sunset Tower – Sales comparables				
Building/ Location	**Sale Price**	**SF**	**Price PSF**	**Sale Date**
Glendale City Center 101 N. Brand Blvd. Glendale, CA	$72,000,000	385,000	$187.01	1/04
1888 Century Park E Century City, CA	$119,000,000	475,000	$250.53	12/03
Media Centre 4640 Lankershim Blvd. Studio City, CA	$14,000,000	73,070	$191.60	11/03
360 N La Cienega Blvd. West Hollywood, CA	$5,480,000	26,250	$208.76	10/03
330 North Brand Blvd. Glendale, CA	$60,800,000	323,000	$188.24	7/03
Comparable Sales Weighted Average	$54,256,000	256,464	$211.55	
Subject Property	**$34,000,000**	**198,713**	**$171.10**	

According to Real Capital Analytics, Inc., a national research and consulting firm whose proprietary research is focused exclusively on the investment market for commercial real estate, in the last 6 months, 23 office properties within 5 miles of the subject property have been sold averaging $209 PSF with a weighted average cap rate of 7.41%.

Summary of the Offering:

The terms of the offering of the Membership Interests are contained in this Information Memorandum and any supplement hereto and in the Subscription Agreement and the LLC's Operating Agreement (collectively, the "Offering Documents"). The Subscription Agreement and Operating Agreement will be provided to investors who purchase Membership Interests in the LLC.

Investors:

The Investor Membership Interests are offered only to persons qualifying as "accredited investors," as defined in Rule 501(a) of Regulation D adopted by the Securities and Exchange Commission.

Price:

The offering price of $11,200,000 has been determined by SKB based on the equity requirements to purchase the Property, to fund any operating or capital reserves, and to pay all closing costs, including (a) reimbursing SKB for a total $1,000,000 for earnest money deposited by SKB under the purchase and sale agreement for the Property; (b) reimbursing SKB for all other out of pocket costs incurred in connection with the acquisition of the Property; (c) paying an acquisition fee to SKB in the amount of $280,000; and (d) paying a placement fee to Jefferson Securities, Inc., ("Jefferson Securities") in the amount of $280,000. Jefferson Securities is a broker-dealer under common control and ownership with SKB. The foregoing obligations will be assumed and paid for by the LLC or its wholly owned investment entity at and upon the closing of the acquisition of the subject property.

Payment:

Payment of Investor Membership Interests will be all cash and will be made to an escrow account established for purposes of closing the offering.

Minimum-Maximum Offering:

The acquisition of the Property is scheduled to occur on the date provided in the Critical Dates section of this Information Memorandum.

The offering is being conducted on a minimum-maximum basis. Of the $11,200,000 total equity to be offered (the "Specified Maximum"), at least $9,540,000 (the "Specified Minimum") must be sold by June 11, 2004, provided that such date may be extended by up to 60 days at the discretion of SKB and without notice (as extended, the "Interim Closing Deadline").

Jefferson Securities, an affiliate of SKB and the broker-dealer that is handling the placement of this offering, has established an investor escrow account (the "Escrow Account") to handle investor funds that individual investors desire to invest in the LLC (the "Investor Funds") until the Specified Minimum has been raised and until SKB elects to close the Escrow Account. SKB may not close the Escrow Account and release the Investor Funds until after the Specified Minimum has been sold. If the Specified Minimum has been sold by the Interim Closing Deadline and fully paid for with Investor Funds that have cleared the banking system and SKB elects to close the Escrow Account, the Investor Funds received in the Escrow Account will be distributed to the LLC. If the Specified Minimum has not been sold by the Interim Closing Deadline or has not been fully paid for with Investor Funds that have cleared the banking system, all Investor Funds will be returned to the investors. If the Escrow Account has been closed but the LLC has not sold membership interests equal to the Specified Maximum, the offering will continue and the LLC will continue to seek additional Investor Funds through August 31, 2004, provided that this date may be extended by up to 60 days at the discretion of SKB (as extended, the "Termination Date").

The LLC will use the funds received from the Escrow Account to acquire the Property. If, for any reason, the LLC does not acquire the Property, all Investor Funds shall be returned to the investors. The date on which the LLC acquires the Property is referred to as the "Property Acquisition Date." If the LLC has not sold membership interests and received Investor Funds equal to the Specified Maximum by the Property Acquisition Date, SKB has irrevocably committed to lend to the LLC, without interest, the Specified Maximum, less the amount of Investor Funds that have been received by the LLC in payment of LLC membership interests through the Property Acquisition Date. The loan that SKB shall provide to the LLC on the Property Acquisition Date is referred to as the "SKB Loan."

At SKB's discretion, SKB may fund all or a portion of the SKB Loan by lending back to the LLC any transaction fees or reimbursement for incurred expenses that SKB is otherwise entitled to receive from the LLC upon the acquisition of the Property. SKB may also borrow from Jefferson Securities any amounts that Jefferson Securities is entitled to receive as a placement fee, at no interest, upon the acquisition of the Property and lend such amounts back to the LLC as a portion of the SKB Loan.

SKB is currently able to and shall be able as of the close of the Escrow Account to fund the SKB Loan. There are no known or reasonably foreseeable events that would make SKB unable to satisfy its commitment. In the unlikely event that SKB is unable to fund this loan, there is a risk that the Property would not be acquired. If the Property is not acquired all Investor Funds will be returned to the Investors.

All Investor Funds raised by the LLC after the close of the Escrow Account will be delivered directly to the LLC. If the LLC raises additional Investor Funds through the sale of membership interests following the acquisition of the Property, the LLC may immediately use such funds to repay all or any portion of the SKB Loan that is then outstanding. If the LLC has not received Investor Funds equal to the Specified Maximum by the Termination Date, SKB will use the outstanding balance of the SKB Loan to purchase for its own account the outstanding balance of membership interests, up to the Specified Maximum, that remain unsold. Any such purchases by SKB will be intended for investment purposes only and not for resale.

Due Diligence:

The Contractual Due Diligence period ended May 12, 2004. In connection with its due diligence investigation of the property, SKB hired outside consultants to review and confirm the seller's findings presented in an appraisal report, an environmental Phase 1 report, an engineering report addressing structural and seismic issues, a mold study, and a title report, as well as operating statements and other financial data concerning the property.

Critical Dates: **Wire Funds** **June 11, 2004**

Documentation:

Prior to closing this transaction, definitive legal documentation will be completed based on this Information Memorandum, and any subsequently agreed to amendments or negotiations shall include, without limitation, representations and warranties, conditions, covenants, and indemnities which are customary to a transaction of the nature and size described herein.

Rent Roll

June - 2004

Tenant	Suite	Current SF	% of Property	Lease Term Start	Lease Term Expires	Years on-site	Rent PSF/Year Actual	Rent PSF/Year Monthly	Rent PSF/Year Annual	Rent PSF/Year Market	Rent Steps Date	Rent Steps Amount
Management Office	460	603	0.3%				$0.00			$24.00		
Won's Smoke Shop (1)	104	181	0.1%	Jun-87	MTM	17	$32.23	$486	$5,834	$36.00		
Total MTM		784	0.4%				$7.44	$486	$5,834	$26.77		
Emad Ghobrial, Inc.	1430	1,003	0.5%	May-02	Oct-04	2	$27.33	$2,284	$27,408	$24.00		
Dr. Eric Fromer	707	1,508	0.8%	Jul-94	Dec-04	10	$24.00	$3,016	$36,192	$24.00		
Total 2004 Expirations		2,511	1.3%				$25.33	$5,300	$63,600	$24.00		
Vision Advertising Design	1400	6,642	3.3%	Jul-00	Jun-05	4	$26.48	$14,656	$175,876	$24.00	Aug-04	$27.27
CNN	1102	3,516	1.8%	Nov-98	Dec-05	6	$24.57	$7,200	$86,405	$24.00		
Total 2005 Expirations		10,158	5.1%				$25.82	$21,857	$262,281	$24.00		
Novastar Post, Inc.	101	889	0.4%	Sep-01	Mar-06	3	$28.20	$2,089	$25,068	$36.00	Sep-04	$30.01
Novastar Post, Inc.	103	5,458	2.7%	Apr-98	Mar-06	6	$32.50	$14,784	$177,411	$36.00		
Novastar Post, Inc. (2)	1203	851	0.4%	Apr-99	Mar-06	5	$0.00	$0	$0	$24.00		
Novastar Post, Inc. (2)	1205	1,472	0.7%	Apr-00	Mar-06	4	$0.00	$0	$0	$24.00		
Alwazzan USA	425	1,082	0.5%	Jun-02	May-06	2	$22.80	$2,056	$24,670	$24.00		
Dr. Timothy Wong	703	1,102	0.6%	Nov-96	Oct-06	8	$24.00	$2,204	$26,448	$24.00	Nov-04	$24.72
Legacy Interactive, Inc. (3)	1433	2,079	1.0%	Jun-04	Dec-06	0	$24.38	$4,224	$50,688	$24.00	Jan-05	$25.11
Legacy Interactive, Inc.	1450	5,031	2.5%	Jan-03	Dec-06	1	$21.46	$8,996	$107,957	$24.00	Jan-05	$22.10
MSC Music	1506	5,687	2.9%	Jan-04	Dec-06	0	$22.79	$10,802	$129,624	$24.00	Jan-05	$23.48
Total 2006 Expirations		23,651	11.9%				$22.91	$45,155	$541,865	$27.22		
Solomon & Wernik	1215	2,354	1.2%	Feb-02	Jan-07	2	$19.76	$3,877	$46,523	$24.00	Jan-05	$20.36
Hardi Management	1210	3,519	1.8%	Mar-02	Feb-07	2	$25.46	$7,467	$89,599	$24.00	Mar-05	$26.23
REZ.N8 Productions	100	6,764	3.4%	Apr-99	Mar-07	5	$22.80	$12,852	$154,219	$36.00	Apr-05	$23.48
Laufer Media	700	4,980	2.5%	Apr-03	Mar-07	1	$22.25	$9,233	$110,795	$24.00	Apr-05	$22.92
Raw Entertainment	1000	14,472	7.3%	Apr-04	Mar-07	0	$23.15	$27,915	$334,980	$24.00	Apr-05	$23.84
Medialink	1100	4,047	2.0%	Apr-98	Apr-07	6	$22.25	$7,503	$90,038	$24.00	May-05	$22.92
The Asia Network	1200	4,483	2.3%	Aug-92	May-07	12	$20.40	$7,621	$91,453	$24.00		
Agence France-Presse	702	1,520	0.8%	Jul-02	Jul-07	2	$24.60	$3,116	$37,392	$24.00	Jul-05	$25.80
BLT & Associates	800,900	29,325	14.8%	Oct-97	Sep-07	7	$23.43	$57,250	$687,006	$24.00	Oct-04	$24.13
CNN	200	10,200	5.1%	Dec-91	Dec-07	13	$20.36	$17,304	$207,652	$24.00	Jan-05	$21.20
CNN	300	14,512	7.3%	Jan-92	Dec-07	12	$20.34	$24,594	$295,127	$24.00	Jan-05	$21.17
CNN	roof		0.0%	Sep-00	Dec-07	4		$5,535	$66,416			
CNN	450	3,799	1.9%	Oct-93	Dec-07	11	$20.37	$6,450	$77,398	$24.00	Jan-05	$21.21
Total 2007 Expirations		99,975	50.3%				$22.89	$190,716	$2,288,597	$24.81		

Rent Roll
(continued)

		Current	% of	Lease Term		Years	Rent PSF/Year				Rent Steps	
Tenant	**Suite**	**SF**	**Property**	**Start**	**Expires**	**on-site**	**Actual**	**Monthly**	**Annual**	**Market**	**Date**	**Amount**
Janet Alhanti (3)	704	1,576	0.8%	Jun-04	May-08	0	$24.00	$3,152	$37,824	$24.00	Jun-06	$24.72
Song Writers Guild of America	705	1,340	0.7%	Jul-98	Jun-08	6	$22.80	$2,546	$30,552	$24.00		
Children's Hospital Los Angeles	1500	7,038	3.5%	Dec-03	Nov-08	1	$22.80	$13,372	$160,466	$24.00	Dec-04	$23.48
Video Monitoring Services	400	6,109	3.1%	May-93	Dec-08	11	$22.48	$11,444	$137,330	$24.00		
Total 2008 Expirations		16,063	8.1%				$22.80	$30,514	$366,173	$24.00		
Pediatric Management Group	600	12,739	6.4%	Aug-93	Mar-09	11	$23.40	$24,841	$298,093	$24.00	Apr-05	$24.10
Pediatric Management Group	650	1,785	0.9%	Nov-03	Mar-09	1	$23.40	$3,481	$41,769	$24.00	Apr-05	$24.10
Winstar Wireless	1104	806	0.4%	May-00	Apr-10	4	$31.38	$2,108	$25,292	$24.00	May-05	$32.95
Winstar Wireless	roof		0.0%	May-00	Apr-10	4		$8,022	$96,268			
Eastwest Creative Inc.	1220	1,866	0.9%	May-02	Mar-12	2	$23.29	$3,622	$43,467	$24.00	May-05	$24.11
Total 2009-12 Expirations		17,196	8.7%				$29.36	$42,074	$504,889	$24.00		
Occupied Total		**170,338**	**85.7%**			**5.26**	**$23.68**	**$336,103**	**$4,033,240**	**$24.94**		
Available	415	2,763	1.4%				$0.00			$24.00		
Available	500	1,121	0.6%				$0.00			$24.00		
Available	501	3,429	1.7%				$0.00			$24.00		
Available	502	1,164	0.6%				$0.00			$24.00		
Available	503	647	0.3%				$0.00			$24.00		
Available	504	5,251	2.6%				$0.00			$24.00		
Available	515	1,103	0.6%				$0.00			$24.00		
Available	521	1,724	0.9%				$0.00			$24.00		
Available	709	2,790	1.4%				$0.00			$24.00		
Available	1138	5,335	2.7%				$0.00			$24.00		
Available	1188	1,056	0.5%				$0.00			$24.00		
Available	1550	1,003	0.5%				$0.00			$24.00		
Available	1575	989	0.5%				$0.00			$24.00		
Property Total		**198,713**	**100.0%**			**5.26**	**$20.30**	**$336,103**	**$4,033,240**	**$24.80**		

(1) Analysis assumes tenant will sign a one-year lease e tension e piring 7 05.
(2) Rent included in Suite 103.
(3) Tenant has free rent for June and July 2004.

First Year Proforma

Fiscal Year Starting September - 2004

RENTAL INCOME:

Occupied	86%	170,338	SF @	$23.68	PSF/YR	$4,033,240
To-Be-Leased	14%	28,375	SF @	$26.59	PSF/YR	$754,436
Turnover						($580,225)
TOTAL RENTAL INCOME:	100%	**198,713**	**SF @**	**$21.17**	**PSF/YR**	**$4,207,451**

OTHER INCOME:

	2001 Actuals	*2002 Actuals*	*2003 Actuals*	*SKB's Estimates*
Operating Expense Reimbursements	$35,158	$28,709	$17,871	$18,409
Parking Income	$283,388	$223,329	$236,551	$293,979
Recovery Income	$76,407	$63,524	$93,705	$71,225
Other Income (1)	$75,977	$48,392	$30,544	$4,827
TOTAL OTHER INCOME:	$470,930	$363,954	$378,671	$388,440

TOTAL GROSS INCOME:		**198,713**	**SF @**	**$23.13**	**PSF/YR**	**$4,595,891**
Less: Vacancy	@	5.00%				0
EFFECTIVE GROSS INCOME:						**$4,595,891**

Less: Operating Expenses:

				2001 Actuals	*2002 Actuals*	*2003 Actuals*	*SKB's Estimates*
Payroll	@	$1.41	PSF/YR	$184,528	$205,915	$211,592	$280,000
Utilities (2)	@	$2.77	PSF/YR	$591,661	$559,875	$588,630	$550,300
Janitorial	@	$1.03	PSF/YR	$205,267	$168,951	$192,429	$204,373
Security	@	$0.76	PSF/YR	$179,133	$152,082	$156,967	$150,147
Repairs & Maintenance	@	$0.65	PSF/YR	$51,213	$129,725	$150,311	$129,600
Property Taxes	@	$2.07	PSF/YR	$273,202	$281,403	$295,346	$411,400
Insurance	@	$0.49	PSF/YR	$45,295	$86,572	$59,108	$97,130
Management Fee	@	$0.35	PSF/YR	$190,617	$151,865	$159,470	$68,938
Administrative	@	$0.11	PSF/YR	$57,328	$42,591	$31,521	$21,802
Total Operating Expenses	@	$9.63	PSF/YR	$1,778,244	$1,778,979	$1,845,374	$1,913,690

NET OPERATING INCOME:	**$2,682,201**
Tenant Improvements	($239,425)
Leasing Commissions	($124,669)
Capital Expenditures	($610,000)
Draw on TI/LC Reserve	$210,000
Draw on Cap Ex Reserve	$610,000
Asset Management Fee	($112,000)
NET CASH FLOW	**$2,416,107**

Purchase Price:	**$34,000,000**	D.S.C. Ratio:	1.61	Annual Debt Service	$1,504,500
Cap Rate:	7.89%	Amortization:	Interest Only	Interest Rate:	5.90%

Loan Amount:	$ 25,500,000	Value PSF:	$171.10	Term (years):	7
Loan/Purchase:	75%	Loan PSF:	$128.33		

(1) Previous owner included Interest Income under Other Income

Cash Flow Summary

Operating Assumptions

	Office	Retail
Rentable SF	198,713	
Market Rent PSF/Year:		
- Range	$24.00 - $36.00	
- Weighted Average	$24.80	
Market Rent Growth	3.00%	
Misc. Parking Revenue Growth Rate	5.00%	
Expense Growth Rate	3.00%	
Capital Reserve PSF	$0.30	
Current Vacancy	14.28%	
Vacancy/Credit Loss	5.00%	
Property Management Fee	1.50%	
Renewal Probability	70.00%	70.00%
Downtime:		
New	6 months	9 months
Weighted Average	2 months	3 months
Lease Term	5 years	5 years
Bumps in Leases	3.00%	3.00%
Tenant Improvements:		
New	$15.00	$35.00
Renewal	$5.00	$5.00
Weighted Average	$8.00	$14.00
Leasing Commissions:		
New	7.00%	7.00%
Renewal	3.50%	3.50%
Weighted Average	4.55%	4.55%

Acquisition Costs

		Cap. Rate
Purchase Price	$34,000,000	**7.89%**
SKB Acquisition/Jefferson Placement Fee	$560,000	
TI/LC Reserve	$1,150,000	Price/SF
Cap Ex Reserve	$610,000	$171.10
Closing Costs	$205,000	
Loan Fee (approx. 0.70%)	$175,000	
Total Acquisition Costs	$36,700,000	

Equity Assumptions

Equity Required at Closing	$11,200,000
Equity Preferred Return	10.00%
Equity Preferred Return ($)	$1,120,000

	FYE: 7/31	2005	2006	2007	2008	2009	2010	2011	2012
Revenues	**PSF**								
Base Rental Revenue	$24.09	$4,787,676	$4,935,559	$5,209,419	$5,515,400	$5,727,201	$5,910,296	$6,097,340	$6,273,658
Reimbursement Revenue	$0.09	18,409	45,731	103,155	168,803	220,018	236,778	248,867	247,835
Parking & Other Revenue	$1.86	370,031	381,279	394,349	418,494	433,218	447,838	463,778	480,467
Total Revenue	$26.05	5,176,116	5,362,569	5,706,923	6,102,697	6,380,437	6,594,912	6,809,985	7,001,960
Vacancy/Credit Loss	($2.92)	(580,225)	(309,540)	(398,284)	(305,135)	(319,022)	(329,746)	(340,499)	(350,098)
Effective Gross Revenue	$23.13	4,595,891	5,053,029	5,308,639	5,797,562	6,061,415	6,265,166	6,469,486	6,651,862
Operating Expenses									
Operating Expenses	($9.63)	(1,913,690)	(1,971,756)	(2,033,844)	(2,100,404)	(2,163,815)	(2,226,778)	(2,286,986)	(2,346,855)
Total Operating Expenses	($9.63)	(1,913,690)	(1,971,756)	(2,033,844)	(2,100,404)	(2,163,815)	(2,226,778)	(2,286,986)	(2,346,855)
NET OPERATING INCOME	$13.50	2,682,201	3,081,273	3,274,795	3,697,158	3,897,600	4,038,388	4,182,500	4,305,007
Tenant Improvements		(239,425)	(387,070)	(609,594)	(545,572)	(282,881)	(146,676)	(259,459)	
Leasing Commissions		(124,669)	(235,921)	(373,574)	(325,663)	(205,004)	(108,904)	(188,675)	
Capital Expenditures (1)		(610,000)	0	(200,000)	(25,000)	(175,000)	(25,000)	0	
Draw on Cap Ex Reserve		610,000	0	0	0	0	0	0	
Draw on TI/LC Reserve		210,000	131,000	809,000	0	0	0	0	
Net TI/LC		(154,094)	(491,991)	(374,168)	(896,235)	(662,885)	(280,580)	(448,134)	
SKB Asset Management Fee (1.50% of Equity) (2)		(112,000)	(112,000)	(112,000)	(112,000)	(112,000)	(112,000)	(112,000)	
Capital Reserves (1)		0	(59,614)	(59,614)	(59,614)	(59,614)	(59,614)	(59,614)	
Total Non-Operating Expenses		(266,094)	(663,605)	(545,782)	(1,067,849)	(834,499)	(452,194)	(619,748)	
NET CASH FLOW		2,416,107	2,417,668	2,729,013	2,629,309	3,063,101	3,586,194	3,562,752	
Unlevered Cash Returns (7.94% Average)		6.58%	6.59%	7.44%	7.16%	8.35%	9.77%	9.71%	

Cash Flow Summary
(continued)

Financing Assumptions

Loan-to-Cost Ratio	69.48%
Loan Amount	$25,500,000
Interest Rate (I/O Years 1 & 2)	5.90%
Amortization (years)	30

Mark to Market Calculation:

Market Rent PSF/year:	$24.80
Reimb. & Other Revenue	1.95
Vacancy	(1.34)
Effective Gross Revenue	$25.42
Less: Expenses	(9.63)
Market NOI	$15.79
Implied Cap. Rate	9.23%

Property Sale Assumptions

Cap. Rate	9.00%
Sales Proceeds	$47,833,411
Transactions Costs (1.25%)	(597,918)
Net Proceeds	$47,235,493
Less Loan Balance	(23,699,346)
Less Equity	(11,200,000)
Less Unpaid Preferred Return	0
Less SKB Sale Fee (0.50%)	(239,167)
Less balance of SKB Asset Mgmt Fee (2)	(392,000)
Total Project Profit	$11,704,981
Exit Price PSF (Gross)	$240.72

Profit Splits to a 25% IRR	$11,704,981
Investor (75%)	$8,778,736
SKB (25%)	$2,926,245

Splits Above a 25% IRR	$0
Investor (60%)	$0
SKB (40%)	$0

Total Splits	$11,704,981
Investor	$8,778,736
SKB	$2,926,245

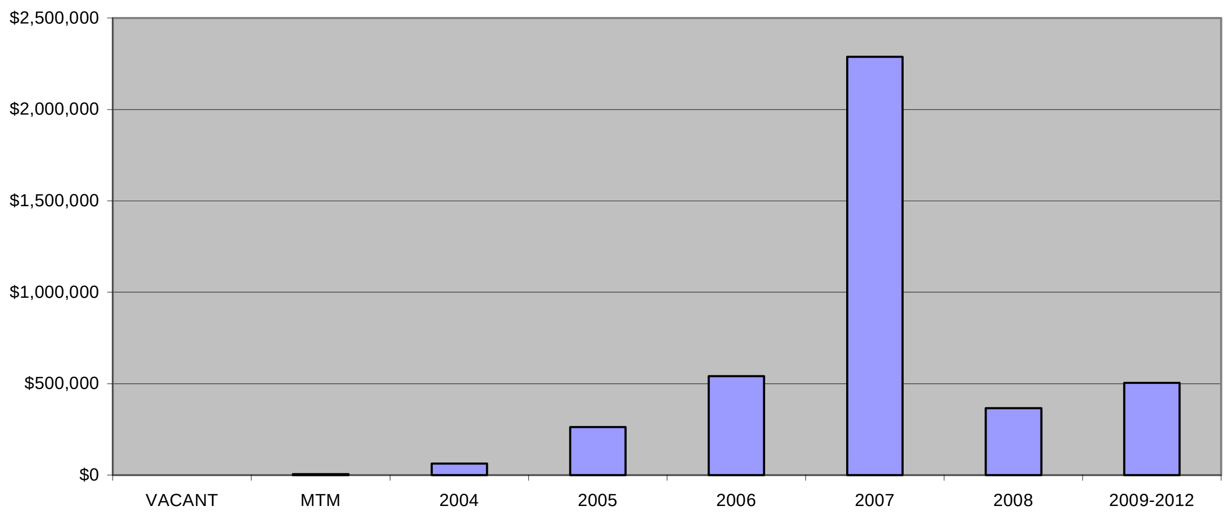
		FYE: 7/31	2005	2006	2007	2008	2009	2010	2011	
NET CASH FLOW			$2,416,107	$2,417,668	$2,729,013	$2,629,309	$3,063,101	$3,586,194	$3,562,752	
Annual Debt Service			(1,504,500)	(1,504,500)	(1,814,998)	(1,814,998)	(1,814,998)	(1,814,998)	(1,814,998)	
Debt Service Coverage (based on NCF)			1.61	1.61	1.50	1.45	1.69	1.98	1.96	
LEVERAGED NET CASH FLOW			911,607	913,168	914,015	814,311	1,248,103	1,771,196	1,747,754	
Levered Cash Returns (10.61% Average)			8.14%	8.15%	8.16%	7.27%	11.14%	15.81%	15.60%	
Project Return of Capital									11,200,000	
Unpaid Preferred Return									0	
Project Net Sales Proceeds									11,704,981	
Project Cash Flow		(11,200,000)	911,607	913,168	914,015	814,311	1,248,103	1,771,196	24,652,735	
Project IRR	18.26%									
Investor Preferred Return			1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	
Unpaid Preferred Return			(208,393)	(206,832)	(205,985)	(305,689)	128,103	651,196	539,418	
Additional Investor Cash Flow (3)			0	0	0	0	0	0	66,252	
Total Investor Cash Flow			911,607	913,168	914,015	814,311	1,248,103	1,771,196	1,725,670	
Investor Levered Cash Returns (10.58% Average)			8.14%	8.15%	8.16%	7.27%	11.14%	15.81%	15.41%	
Investor Return of Capital									11,200,000	
Unpaid Preferred Return									0	
Investor Profit Participation to a 25% IRR									8,778,736	
Investor Profit Participation Above a 25% IRR									0	
Total Investor Cash Flow		(11,200,000)	911,607	913,168	914,015	814,311	1,248,103	1,771,196	21,704,406	
Investor IRR	16.53%									
SKB Acquisition Fee		560,000								**Cumulative**
SKB Asset Management Fee			112,000	112,000	112,000	112,000	112,000	112,000	504,000	**Total SKB**
SKB Leasing Commission Fee			18,700	35,388	56,036	48,849	30,751	16,336	28,301	**Cash Flow**
SKB Profit Participation			0	0	0	0	0	0	3,187,496	
Total SKB Cash Flow		560,000	130,700	147,388	168,036	160,849	142,751	128,336	3,719,798	$5,157,858

(1) - Capital Expenditures of $1,035,000 projected over investment hold period, of which $610,000 is funded at closing

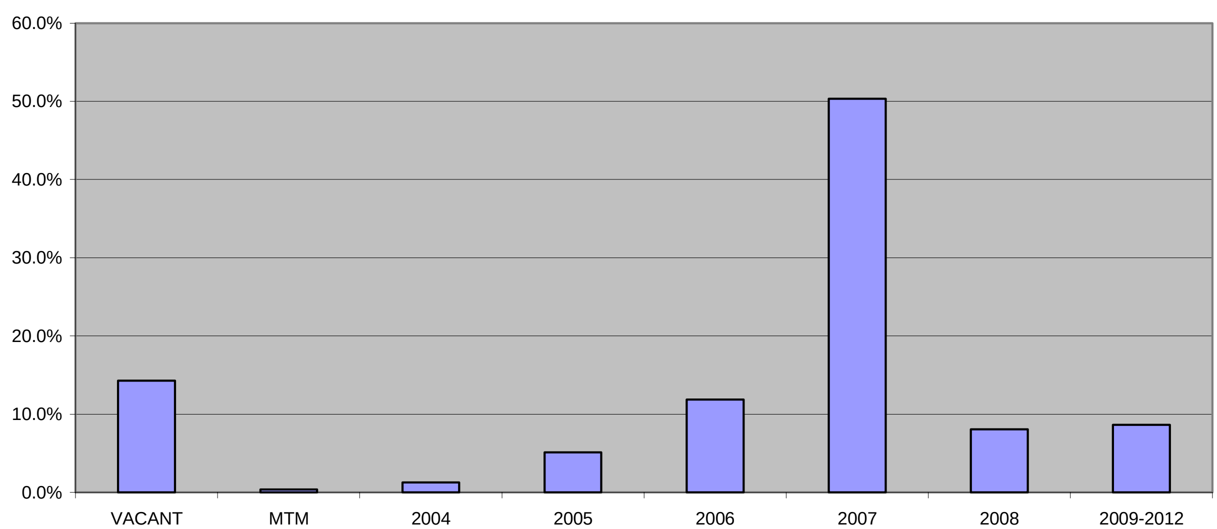
(2) - 0.50% of SKB Asset Management Fee is subordinated to 10% SKB Investor IRR

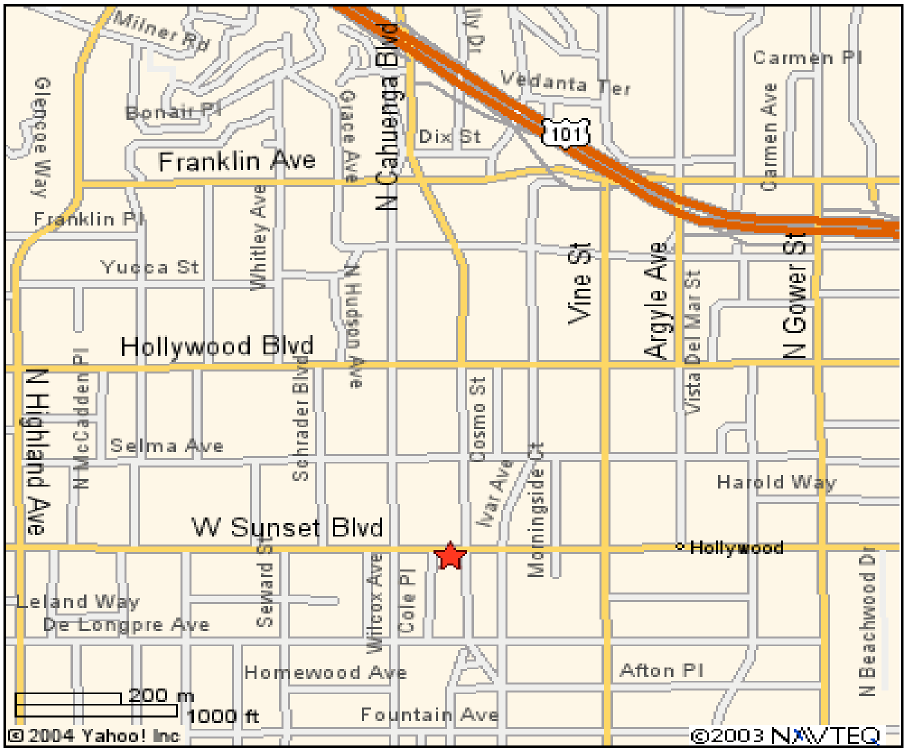
(3) - Additional Investor Cash Flow is split 75% to the Investor above a 10% Cash on Cash Return

Annual Rental Income Rollover



Annual Square Footage Rollover




Milner Rd
Glencoe Way
Bonair Pl
Franklin Ave
Grace Ave
N Cahuenga Blvd
Dix St
Vedanta Ter
101
Carmen Pl
Carmen Ave
Franklin Pl
Yucca St
Whitley Ave
N Hudson Ave
Vine St
Argyle Ave
Vista Del Mar St
N Gower St
Hollywood Blvd
N Highland Ave
N McCadden Pl
Selma Ave
Schrader Blvd
Cosmo St
Ivar Ave
Morningside Ct
Harold Way
W Sunset Blvd
Hollywood
Leland Way
De Longpre Ave
Seward St
Wilcox Ave
Cole Pl
N Beachwood Dr
Homewood Ave
Afton Pl
200 m
1000 ft
Fountain Ave
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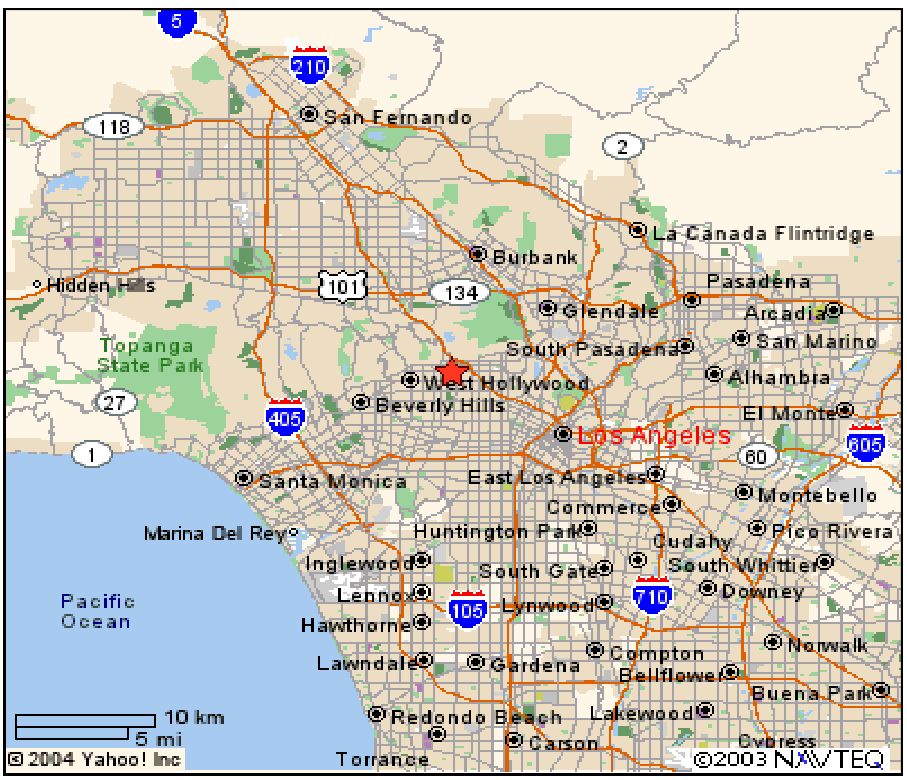
5
210
118
San Fernando
2
La Canada Flintridge
Burbank
Hidden Hills
101
134
Pasadena
Glendale
Arcadia
Topanga State Park
South Pasadena
San Marino
West Hollywood
Alhambra
27
405
Beverly Hills
El Monte
Los Angeles
605
1
60
Santa Monica
East Los Angeles
Montebello
Commerce
Marina Del Rey
Huntington Park
Pico Rivera
Cudahy
Inglewood
South Gate
South Whittier
Lennox
Downey
Pacific Ocean
105
Lynwood
710
Hawthorne
Norwalk
Compton
Lawndale
Gardena
Bellflower
Buena Park
10 km
5 mi
Redondo Beach
Lakewood
Carson
Cypress
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Torrance
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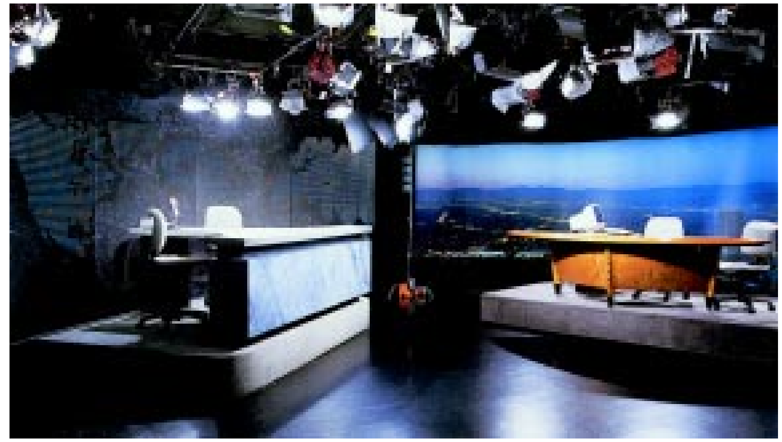
UNIVERSAL CITY
BURBANK
BEVERLY HILLS
(4 miles)
DOWNTOWN LOS ANGELES
(5 miles)
HOLLYWOOD FWY
Academy Awards
(Kodak Theater)
HOLLYWOOD
Sunset
Tower
A.M.D.A.
Capitol
Records
Avalon
Pantages
Theater
HOLLYWOOD BLVD
CAHEUNGA BLVD
SELMA AVE
Doolittle
Theater
W Hotel
Legacy
Residential
Paramount
Sunset/Gower
Nickelodeon
Tribune
& Raleigh
Studios
LA Film
School
Klasky
Csupo
Sunset
& Vine
VINE ST
ARGYLE AVE
Amoeba
Records
SUNSET BLVD
Sunset
Room
24 Hour
Fitness
Cinerama
Dome
Arclight
Theater
Luxury
Residential
Conversion
The Lot
Hollywood
Palladium

SUNSET TOWER



SUNSET TOWER

RISK FACTORS: *SKB will form a limited liability company ("LLC") for the purpose of acquiring, owning and operating the subject real property (the "Project" or the "Property"). The Membership Interests of the LLC offered pursuant to the Information Memorandum involve a high degree of risk. Before purchasing the Membership Interests, investors should carefully consider the following risk factors and all other typical risks of a real estate investment and an investment in a private placement offering, as well as all other information provided in the Offering Documents or otherwise made available to investors. Only accredited investors with substantial financial means who can afford to risk their entire investment should consider purchasing Membership Interests.*

Uncertainties Relating to the Financial Analysis: The projected returns and cash flow summaries contained in the Information Memorandum ("Financial Analysis") are a compilation of information that includes projections of possible future events. The Financial Analysis is necessarily based upon a variety of assumptions concerning many economic variables that will affect the Project. The assumptions and the projections that have been made involve factors over which the LLC will have little or no control, including, without limitation:

a. The status of the broader economy and the availability of mortgage financing, both of which have had, at various times, particularly adverse effects on the real estate industry as a whole;

b. Vacancy levels and rates of occupancy of the Project, which may be adversely affected by various factors, including, without limitation (1) changes in characteristics of the area in which the Project is located; (2) anticipated and unanticipated construction of other competing facilities in the area; (3) tenant bankruptcies; and (4) other general local conditions;

c. Rent levels, anticipated operating expenses and escalations of the same; and

d. Costs to acquire new tenants.

Based on all available information and inquiries that SKB has made, SKB believes that, given the necessity of making assumptions for the purpose of illustration, the assumptions made are reasonable. However, it is extremely unlikely that all of the assumptions made will, in fact, prove to be accurate estimates of the actual conditions. An investment in the LLC necessarily involves a substantial risk that the actual economic conditions experienced by the LLC resulting from its ownership of the Property will be materially less favorable than those assumed in the Financial Analysis. The Financial Analysis is included for the limited purpose of assisting investors in analyzing the potential risks and benefits of an investment in the LLC. THE MATERIAL INCLUDED IN THE FINANCIAL ANALYSIS SHOULD NOT BE CONSTRUED AS A REPRESENTATION, PREDICTION OR ASSURANCE THAT THE LLC WILL ACHIEVE ANY PARTICULAR RESULTS OR THAT AN INVESTOR WILL RECEIVE ANY PARTICULAR BENEFITS.

"**AS IS" Purchase**: The Property will be purchased "AS IS, WHERE IS" with all faults and defects. Accordingly, the LLC will have little or no recourse against the seller if any defects or adverse conditions are discovered after closing. The LLC will depend entirely upon a due diligence investigation of the Property conducted by SKB and by third party professionals engaged by SKB for this purpose. There is a risk in any acquisition of real property that latent defects exist. It is possible that a defective condition might not be discovered, or through inadvertence might be overlooked, or might be deemed to be insignificant or sufficiently accounted for in the purchase price or budgeting for capital expenditures. Investors are invited and encouraged to review any and all due diligence information relating to the Property – including all third-party inspection reports, environmental assessments, geotechnical and seismic reports, zoning reports, etc.

Offering Price: The purchase price for the Membership Interests does not establish the value of the Membership Interests, and no assurance is or can be given that any Membership Interest, if transferable, could be sold for the price paid or for any particular amount.

Fairness; Limitations of Securities Laws: No federal or state agency has made a finding as to the fairness of an investment in the LLC pursuant to the Information Memorandum. Neither the LLC nor the Operating Manager is under any obligation to redeem or purchase the Membership Interests. Because the Membership Interests have not been registered under the Securities Act of 1933 or applicable state securities "Blue Sky" laws, the sale, resale or other transfer of the Membership Interests is restricted by applicable provisions of such laws. Each investor will be required to represent that the investor is an accredited investor and is purchasing the Membership Interests for investment purposes only and without an intention to distribute the Membership Interests; the LLC will rely on these representations for the securities law exemption under which the Membership Interests will be sold.

Limited Transferability of the Membership Interests: No market for the Membership Interests exists or will develop. The transfer of Membership Interests is restricted by the LLC's Operating Agreement, and except in limited circumstances Membership Interests may not be sold, assigned or transferred without the prior consent of a majority of the Members. Furthermore, the Operating Manager may prohibit a transfer unless the prospective transferor provides a written legal opinion or other assurances, prepared at the expense of the prospective transferor and satisfactory to the Operating Manager, to the effect that the transfer has been properly registered under all applicable federal and state securities laws or that an exemption from such registration is available. Among other requirements, the Operating Manager may require a prospective transferor to demonstrate that the prospective transferor did not purchase his or her Membership Interests with a view to distribute such Membership Interests and that the investor would not otherwise be considered an underwriter. Other restrictions may apply. INVESTORS WHO DO NOT WISH, OR WHO ARE NOT FINANCIALLY ABLE, TO REMAIN AS MEMBERS FOR A SUBSTANTIAL PERIOD OF TIME ARE ADVISED AGAINST INVESTING IN THE LLC.

Uncertain Ability to Meet Capital Needs: In the future, the LLC may require funds in excess of those obtained through the Offering. Currently, the LLC has no additional sources of funding. There can be no assurance that additional capital or financing will be available when needed, or if available, will be available on acceptable terms. Insufficient funds may significantly hamper the LLC's ability to protect its investment.

Additional Capital; Dilution: The Membership Interests are not assessable. The Operating Manager has no obligation to make loans to the LLC to cover cash shortfalls, and in any case has limited financial resources. The LLC may submit a capital call to its Members. If at least 66% of the Membership Interests in the aggregate are voted in favor of participating in a capital call, those Members who vote in favor of such capital call must participate. Members not voting in favor of the capital call will not be obligated to make additional capital contributions. However, the percentage Membership Interest of each Member not participating in such capital call will be reduced so that each Member's percentage Membership Interest following all capital contributions will be the ratio of that Member's total capital contributions to all Members' capital contributions. The foregoing procedure is not the exclusive method for raising new capital. For example, Members could approve the issuance of preferred Membership Interests or of other Membership Interests, the financial terms of which could have a dilutive effect on the pre-existing Membership Interests.

Risk of Members' Capital: Although a Member's financial risk is generally limited to his or her or its invested capital, a Member may be required to return distributions made by the LLC if the LLC's liabilities exceed the fair value of its assets at the time the distribution is made. In addition, the Operating Manager will be paid a management fee and reimbursed for expenses prior to any return of the Members' capital. Upon liquidation of the LLC, the proceeds realized from the disposition of assets will not be available for distribution to the Members until all amounts owed to creditors have been paid. Accordingly, there is no assurance that the Members will recover all or any portion of their investment.

Reliance and Dependence on Management and Key Personnel: The LLC will depend upon the management and key personnel of SKB or its affiliates. All decisions with respect to the LLC's investment in the Project and the management of the LLC will be made exclusively by the Operating Manager, which initially will be SKB or an affiliate controlled by SKB. The success of the LLC could depend on the quality of the management provided by the Operating Manager. While the Operating Manager may be removed by the decision of the Members, no investor should purchase any of the Membership Interests unless he or she or it is willing to entrust to the Operating Manager all aspects of the management and administration of the LLC and the investment in the Project and has evaluated the Operating Manager's capabilities to perform such functions.

Conflicts of Interest: SKB has deposited into escrow non-refundable earnest money to purchase the Property and has advanced other funds to evaluate and acquire the Property. SKB will be paid an acquisition fee at closing, and Jefferson Securities will be paid a placement fee. SKB also will have a profits interest in the LLC, entitling it to share in operating profits after the preferred return is paid and in other profits after the Members' capital is returned together with a preferred return thereon, as described more fully in the Information Memorandum and the LLC's Operating Agreement. In addition, SKB's affiliate will be the Operating Manager and will be paid a monthly management fee. These factors could affect SKB's objectivity.

Risk of Leverage: The acquisition of the Project will be debt leveraged in that the LLC will borrow from a commercial lender 70% to 80% of the purchase price to acquire the Property. No assurance can be given that future cash flow of the LLC will be sufficient to make the debt-service payments on the borrowed funds and to cover all operating expenses. If the LLC is unable to sell the Project or find a loan to retire its indebtedness prior to maturity and defaults on its payment obligations under the loan, the Property may be foreclosed. A foreclosure by the lender would likely result in the complete loss by the LLC of its investment in the Project.

Financing Risks: Commercial real estate financing typically includes: (1) a fixed maturity date, such as five (5) or ten (10) years, which would require a substantial balloon payment to repay the entire remaining principal balance of the loan; (2) prepayment penalties if the loan is paid prior to a specified maturity date; (3) late fees for late payments (typically 5% of the amount due), including late payment of the loan balance at maturity; and (4) restrictions on sale or further encumbrancing of the property. SKB anticipates that the financing for the Project will contain these terms as well as other restrictions typically found in commercial real estate financing.

Income/Operating Risks: The success of the Project will directly depend upon the successful operation of the Project at or near projected rentals and occupancy levels. Achieving and maintaining these levels will depend upon the management skills of SKB and the property manager that SKB selects to manage the Project after its acquisition. However, achieving and maintaining the projected rentals and occupancy levels will also depend upon factors beyond SKB's or the property manager's control, such as increased competition for tenants, changes in the local economy, the financial responsibility of the tenants of the Project, and competition from other commercial facilities. The success of the Project's operations may be jeopardized by unfavorable trends in the economy, changes in interest rates, unfavorable changes in real estate taxes, increased levels of construction activity, decreased demand for commercial facilities, unanticipated increases in operating expenses, increased government regulations and the lack of available opportunities for disposition or refinancing of real estate investments. The Project may experience operating and maintenance costs in excess of anticipated levels or be faced with the need for unforeseen repairs. In particular, latent physical defects and retroactive changes to building codes could lead to significant unexpected expenses. The Project might also experience unexpected increases in property taxes, insurance or other operating costs without being able to obtain corresponding increases in revenues. Moreover, operating costs do not necessarily decrease with decreased revenues from operations.

Competition: The real estate business is highly competitive. SKB believes the principal competitive factors are the location of the Project, the current rental rates under existing leases, and the perceived condition and quality of the Project. There are other commercial facilities available for commercial tenants in the same locale. SKB believes that the Project will be able to compete favorably for tenants and purchasers. However, there can be no assurance that the LLC will be able to successfully market its facilities to prospective commercial tenants or to real estate purchasers when disposition of the Project is desired.

Possible Delays or Difficulties in Sale or Refinancing of the Property: The same factors that affect operations may also adversely affect the LLC's ability to refinance or sell all or portions of the Project in the time frame assumed in the

Financial Analysis. Increases in interest rates and tightening of loan underwriting requirements will make refinancing more difficult and will adversely affect sales prices.

Casualty Losses; Insufficient Insurance Proceeds: While the LLC will carry comprehensive insurance on the Project, including liability and extended hazard coverage insurance, SKB exercises its judgment and discretion as Operating Manager in determining the types and amounts of insurance coverage that will be obtained for each sponsored property, and there are certain risks (such as earth movement) which may be uninsurable or not insurable on terms which the Operating Manager believes are economical. Should a fire or other hazard occur, the lender may require the LLC to use any proceeds obtained upon such an occurrence to repay the loan rather than permitting the restoration of the Project. It is also possible that liability limits could be exhausted or that any hazard insurance proceeds obtained by the LLC following a fire or other casualty would be insufficient to completely restore the Project. If a fire or other hazard for which the LLC is insured does occur, the LLC will be obligated to pay the deductible amounts with respect to its insurance policies. The LLC may obtain earthquake and flood insurance through a portfolio insurance policy obtained by SKB; these portfolio policies insure some or all of the various properties that have been sponsored by SKB. These portfolio policies have annual aggregate limits that limit the aggregate coverage afforded to all of the properties in the portfolio in the given year. As of the date of the Information Memorandum, the annual aggregate portfolio limit for flood or earth movement (i.e. earthquake) coverage is $75,000,000, except that the annual aggregate limit for earth movement coverage for all properties located in California, Hawaii, Alaska and Puerto Rico is $15,000,000. These limits are considerably less than the replacement cost of all properties that are included in the portfolios. In the event that losses at other properties sponsored by SKB are sustained during the same year as a loss is sustained at the Property, it is possible that there might not be sufficient coverage remaining under such annual aggregate limits to cover all or any casualty that might be suffered by the LLC with respect to the Property. Specific caps may apply to particular properties. Even if insurance proceeds are sufficient to restore the Property and restoration is permitted by the lender, the occurrence of a casualty could impede the LLC's ability to execute effectively on its business plan.

Environmental Risks: An environmental assessment of the Project and the Property will be conducted. There is no assurance that hazardous substances or wastes will not be discovered on the Property in the future. If any hazardous substances or wastes are discovered, the LLC may be required to remove the substances and clean up the Property. There can be no assurance that the LLC would not be fully liable for the entire cost of any such removal and cleanup, or that the cost of such removal and cleanup would not exceed the LLC's investment in the Property. In addition, the LLC could incur liability to tenants and other users of the Property, or users of the neighboring property, including liability for consequential damages. The LLC would also be exposed to the risk of lost revenues during any cleanup. Although, under normal circumstances the Members would not incur any personal liability for these matters, their investment in the LLC could be at risk.

Sponsor Purchases/Minimum-Maximum Offering: Membership Interests may be purchased by SKB, its affiliates, by other persons who will receive fees or other compensation upon the success of this offering or by the seller of the Property. These purchasers may have different incentives than other investors for purchasing the Membership Interests. Such purchases will be counted in determining whether the required minimum level of purchases has been met. Investors therefore should not assume that the sale of Membership Interests to reach the Specified Minimum, or in excess of that minimum, indicates that such sales have been made to investors who have no financial or other interest in the offering, or who otherwise are exercising independent investment discretion. The sale of the Specified Minimum, while necessary to the business operations of the LLC, is not designed as a protection to investors to indicate that their investment decision is shared by other unaffiliated investors. No individual investor should place any reliance on the sale of the Specified Minimum as an indication of the merits of this Offering. Each investor must make his own investment decision as to the merits of this offering. SKB may have interests which conflict with those of the other Members. SKB may have an interest in selling or refinancing the Property sooner than would other Members. Substantial purchases of Membership Interests by SKB or other related parties may limit the ability of the other Members to exercise voting rights granted by the LLC's operating agreement. Substantial purchases of Membership Interests by SKB may limit SKB's financial capacity to fulfill other financial obligations to or on behalf of the LLC.

Tax Risks: The LLC will be taxed as a partnership and all tax attributes will flow through to and be reportable by the Members. Accordingly, the Members will be required to report their respective shares of the LLC's taxable income, gains and losses. All income, gains and losses will be subject to applicable provisions of federal and state income taxation. Changes in state or federal income tax laws could affect the tax consequences of an investment in the Membership Interests.

Passive Losses: Losses allocated to a Member in excess of the $25,000 deduction equivalent amount (if any), will generally be considered passive losses, and may not be used by Members who are subject to the passive loss rules to offset "non-passive income" or "portfolio income," such as salary, dividends and interest income or the tax liability resulting therefrom, subject to certain limited exceptions. Members without sufficient passive income against which to apply the LLC's passive losses would be unable to utilize such losses until such time as income is generated by the LLC.

Tax Liability in Excess of Cash: It is possible, although unlikely, that Members eventually will be allocated taxable income and gain from the LLC such that the resulting tax liability will exceed the cash, if any, distributed to them by the LLC. While the LLC anticipates making cash distributions sufficient in an amount to cover any tax liabilities incurred by the Members as a result of their investment in the LLC, there can be no assurance that the LLC will make such distributions or that sufficient distributable cash will in fact be available. If and when tax liabilities exceed cash distributions, payment of state and federal income taxes will be an out-of-pocket liability to the Members.