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EXECUTIVE SUMMARY

New Investment Opportunity from Barrett Commercial, Inc.

March 12, 2009_R1

COMPANY OVERVIEW

Barrett Commercial, Inc., is a commercial real estate development company with experience investing in and developing successful real estate projects throughout the Western United States. The company uses its skills, knowledge, and abilities in the areas of feasibility analysis, strategic planning, cost control, development maximization, asset management, and negotiation to produce high-quality projects and positive returns for clients and investors.

ADVANTAGEOUS MARKET CONDITIONS

Barrett Commercial believes that the U.S. economy, currently in recession, will continue to experience diminishing GDP growth, increasing unemployment, credit tightening, and further weakening of financial markets throughout 2009. However, in these very conditions we see significant opportunities for sophisticated, contrarian investors who understand the cyclicity and inherent risks of financial and real estate markets.

During economic booms, asset prices—including real estate—soar above intrinsic values. During busts they drop below their long-term worth. In the years leading up to the current recession, cheap money and easy credit allowed overleveraging which led to over-inflated pricing in both residential and commercial real estate markets.

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Residential real estate's inevitable down cycle—the primary cause of this recession—has already occurred. We predict that commercial real estate will do the same, providing long-term opportunities for purchasing at deep discount, holding through the down cycle, stabilizing leases, strategically using leverage, and then selling at a profit when markets improve.

The Federal Reserve System—as well as the Obama administration—appears willing to infuse unlimited amounts of money into the economy. Over the longer term, these policies will lead to economic growth but most likely with inflation, making commercial real estate a promising long-term investment opportunity.

THE INVESTMENT OPPORTUNITY

Barrett Commercial sees in today's economic climate an opportunity for investing selectively both in distressed commercial real estate properties and in first-position mortgage notes whose debtors are having difficulty making their payments. We expect commercial real estate prices to fall substantially below their longer-term intrinsic value in the short term, creating an excellent opportunity to buy at a bargain and sell at a profit. In addition, we see an opportunity to lend at high yields—with conservative loan-to-value levels and adequate collateral—for solid returns and continuing income.

Barrett Commercial intends to offer accredited investors¹ opportunities to become members of individual limited liability companies (LLCs) that either purchase properties or notes or lend to borrowers on a first-trust-deed basis. Each investment vehicle will have its own LLC so that investors may choose the investments that best suit their portfolio needs and diversification preferences.

Barrett Commercial anticipates that each investment's purchase-to-disposition cycle will last from three to five years, during which time we will continually monitor the commercial real estate market—ready to implement exit strategies that provide maximum returns for all parties. The majority of profits will be realized through capital gains upon the sale of properties. Profits will be split evenly between Barrett Commercial and the other LLC members, based on their respective percentage of ownership. Excess cash generated, if any, will be distributed quarterly on the same basis as profits.

THE INVESTMENT PROCESS

Through its network of experts, Barrett Commercial will identify distressed prime commercial real estate investments located primarily in major metropolitan areas in Sun Belt states. An information package detailing each investment will be provided to prospective investors along with an invitation to participate through membership in the individual LLC that will own the property. These investments will not be “funds” or “blind pools”; rather, investors will choose the investments they prefer and commit funds.

Barrett Commercial anticipates offering numerous investment opportunities to interested investors, who, if interested, will be expected to make a timely commitment to the investment and deliver their committed funds to an interest bearing escrow within 14 days of their commitment to a project. Currently, Barrett Commercial is building an interest list of accredited investors who can make an oral commitment to the investment program.

¹ See U.S. Securities and Exchange Commission's Web site, <http://www.sec.gov/answers/accred.htm>, for definition of “accredited investor.”

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Barrett Commercial will acquire each property-investment opportunity in one of two ways: by purchasing property outright or by buying a first-position note at a discount from a lending institution. Owned properties will be managed internally to maximize income until a profitable exit strategy can be implemented.

High-yield loans will be made only for properties deemed suitable for ownership, with first trust deeds as collateral supplemented by personal loan guarantees when appropriate. Paid loan interest will provide ongoing income, which will be distributed as described above under “Investment Opportunity.”

Barrett Commercial intends to focus on smaller, easier-to-manage commercial properties. During this economic downturn owners of such properties are more likely to experience greater economic distress and difficulty negotiating with lenders. Also, these smaller properties should be less attractive to large institutional investors, whose bidding can inflate purchase prices significantly.

Barrett Commercial may secure leverage—in the form of a line of credit—at conservative levels and ratios, providing guaranties when required, with no recourse to individual investors. This leverage should make additional capital calls unnecessary. Funds will be used solely to pay investment-property carrying costs and fees.

As it monitors the commercial real estate investment market, Barrett Commercial will be looking to exit each investment profitably and advantageously. Once an investment’s exit strategy is executed, Barrett Commercial will return invested principal to investors and share available profits equally with them. While it is impossible to make an exact estimate, Barrett Commercial projects that returns on its equity transactions and high-yield loans will be competitive on a risk-adjusted basis.

OUR COMPETITIVE ADVANTAGE

Historically, real estate has built more wealth in the U.S. than any other asset class, and today it is considered a necessary part of a well-diversified investment portfolio. Over time, private real estate investment properties have provided diversification advantages due to lower levels of correlation with stocks, bonds, and publicly traded REITs and have typically provided a solid hedge against inflation.

Drawing on its extensive experience in small-cap real estate investment, Barrett Commercial will identify investment opportunities brought about by the current economic crisis and present them as easy-to-understand, transparent, and equitable investments structured as LLCs. The business model will be characterized by clear communication with proper disclosure, a focus on providing competitive, risk-adjusted returns, appropriate protection of assets and capital and equal sharing of profits with investors.

Barrett Commercial will be the managing member of each investment LLC, operating and managing all investments. Barrett Commercial will not allocate investor capital to pay third-party investment managers or other intermediaries.

The executives of Barrett Commercial take pride in communication, ethical standards, vision, and leadership—applying all in an effort to achieve attractive returns for investors. Barrett Commercial intends to adhere to the Global Investment Performance Standards (GIPS),² which were created and are administered by the CFA Institute.³

² “The GIPS standards are a set of standardized, industry-wide ethical principles that provide investment firms with guidance on how to calculate and report their investment results to prospective clients” (www.cfainstitute.org).

³ “CFA Institute is the global, not-for-profit association of investment professionals that awards the CFA and CIPM designations. They promote the highest ethical standards and offer a range of educational opportunities online and around the world” (www.cfainstitute.org).

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EXECUTIVE MANAGEMENT

BRAD BARRETT, Chief Executive Officer

Brad Barrett has over 30 years' experience developing commercial real estate projects. Since 1979 he has been chief executive officer of Barrett Commercial, a real estate development company with projects throughout the Western United States. Mr. Barrett has extensive hands-on experience in strategic planning, feasibility analysis, and negotiating real estate ventures, including ground-up construction. His real estate projects have included the following:

- Apartments: Denver, Colorado, and in Southern California
- Restaurant: Newport Beach, California
- Medical and Professional Offices: Newport Beach and Garden Grove, California
- Auto Centers: Southern California
- Strip Retail: Southern California
- Self-Storage: La Mirada, California
- Industrial: Irvine, California

Mr. Barrett is a CPA who began his career with stints at Kenneth Leventhal & Co. and Ernst & Young. In addition to his real estate business, he owned and operated a manufacturing company called Easi File (www.easifileusa.com), which he sold in 2008. Mr. Barrett holds a B.S. degree in Finance from the University of Southern California and an MBA degree from Pepperdine University.

MARK ELLETT, Chief Investment Officer

Mark Ellett has over 15 years of real estate and investment experience, with knowledge of portfolio and asset management, private equity investment, and real estate finance and lending. Most recently, he was part of an investment team at Weyerhaeuser Corp. that managed over \$500 million in real estate debt and equity investments. He is a licensed California real estate broker and mortgage broker and holds Series 7 and Series 63 general securities licenses.

Mr. Ellet has a B.S. degree in Investment Finance from California State University, Long Beach, and an MBA degree from the University of Southern California (USC). While at USC, he was selected to participate in the graduate certificate program for Financial Analysis and Valuation sponsored by the Center for Investment Studies. Additionally, Mr. Ellett is a Level III candidate in the CFA Institute's Chartered Financial Analyst® (CFA®) Program.

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