

WILSHIRE COLORADO PARTNERS, LLC

C/O FIRST CAPITAL BUSINESS DEVELOPMENT, LLC

16293 EAST DORADO PLACE

CENTENNIAL, CO 80015

PHONE AND FAX: (720) 279-8746

Statewide Allocation: \$16,175,414

Rural Allocation: \$5,882,353

Investment Strategy

- Wilshire Colorado Partners, LLC (“WCP”) offers a range of financing to small businesses from equity to non-bankable debt. Instruments can also include preferred stock, and equity with debt components.
- WCP targets small businesses that are in the seed round or early stage of development.
- WCP targets Colorado qualified, and qualified rural businesses with a proven service or product directed to the small business segment. In seed businesses, WCP seeks strong business operators/managers who have had prior experience in starting and growing businesses with a product or service offering targeting micro and small businesses. In early stage candidates, WCP looks for a defined customer acquisition process and cost, companies that are generating revenues and companies that can leverage WCP’s expertise and contact base.

Investment Criteria

Typical Investment Parameters

- Minimum: \$50,000. Maximum: \$3,200,000. Median: \$1,200,000
- Structure will be based upon the financing needs of the business. Ideally, WCP will take a strong control position in partnership with the entrepreneur.
- Equity participation is in the form of preferred equity, with standard distribution and liquidation preferences, with voting and conversion rights, and in some cases dividends.
- The business plan and accompanying financial model of the Company should anticipate using the WCP investment to bring the Company’s operations to (or close to) cash flow break even. WCP will not make investments that appear to require significant additional investment to execute the Company’s current

financial plan. If the Company proves successful in operation (whether it initially generates profits or not), WCP intends to consider additional follow-on investments into the Company as well as contributing other resources.

Targeted Prospect's Business Profile

- For both seed and early stage investments, the targeted company should be involved in providing, selling and marketing essential products or services, preferably utilizing software or technology, to the micro and small business segments. Utilizing WCP's investment, the targeted business should plan to become a significant player in its local or regional market. Management of the Company should have strong operational experience, and be willing to interact on a regular basis with WCP principals. WCP intends to target investments in rural Colorado, due to lower fixed infrastructure expenses.

Non-Preferred Businesses/Industries

- Aside from those industries that are prohibited by the definition of a qualified or qualified rural business in the Colorado CAPCO statute:
 - Manufacturing
 - Entertainment
 - Gaming

Investment Process

- Company information or business plan should be sent (via email or physical mail) to WCP's office for initial review.
- After an initial review, WCP may request additional information, and a meeting (telephonically or physically) will be arranged for the entrepreneurs with one or more of WCP's principals.
- WCP's principals may elect to present the opportunity at a preliminary Investment Committee meeting to determine whether to move to Letter of Intent/term sheet phase.
- Letter of Intent is submitted to the Company, accompanied by a term sheet describing the structure of the investment, which begins the negotiation process.
- Upon an agreement of investment structure and execution of the term sheet, WCP's principals will undertake formal due diligence of the qualified business. The entire recruitment and negotiation process typically takes 4-8 weeks to complete.

Once the deal progresses to the next stage, due diligence occurs on several levels:

- Regulatory due diligence, to obtain evidence that the Company meets the definition of a qualified or qualified rural business;
- Administrative due diligence, which includes but is not limited to gathering and reviewing material contracts, obligations, and references;
- Qualitative due diligence, which includes but is not limited to researching competitors, industry research, sensitivity analysis, and model testing. The due diligence requirements vary from deal to deal, and may take up to 1-4 months to complete.

*****Local Contact Information*****

Local Representative: Gary J. Graham

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