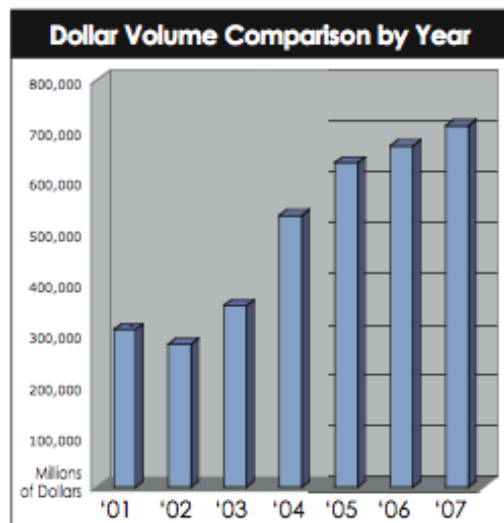


Market Update 2007: Another Banner Year for the Telluride Market

Much like the recent weather pattern, real estate in the Telluride area continues to be a blizzard of activity. According to data compiled by the Telluride Association of Realtors Multiple Listing Service — which includes regional transactions handled by the organization's 240-plus broker members — total dollar volume for real estate sales in 2007 topped out at \$710 million, an overall history high and 6% higher than last year's total (and former history high) of \$670 million. Furthermore, since TAR began recording data, total dollar volumes have increased at a compound annual growth rate of 14.8%, and have witnessed a substantial rise with 2007's figures 129% higher than those from 2001.

SUCCESSFUL 4TH QUARTER AND ITS NOTABLE SALES



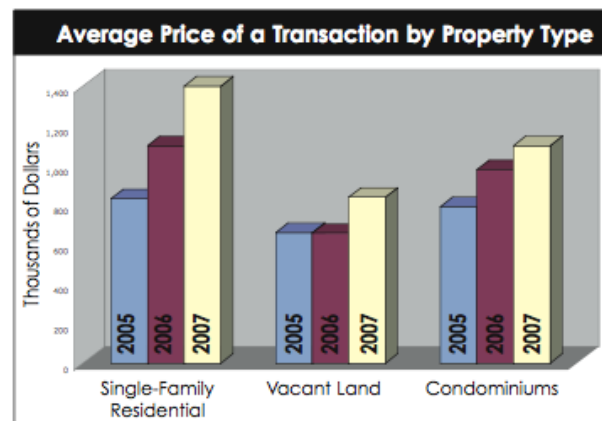
The fourth quarter of 2007 showed very positive results with the total dollar volume reaching \$148 million. This was a 16.5% increase over 2006's fourth quarter, which netted \$127 million. In addition, all fourth-quarter months in 2007 topped those same months from 2006.

Oct. '07: \$48M	Oct. '06: \$45M
Nov. '07: \$41M	Nov. '06: \$36M
Dec. '07: \$59M	Dec. '06: \$46M
4thQ '07: \$148M	4thQ '06: \$127M

December 2007, in particular, was 26% higher than December 2006, and even more importantly, was the strongest December in history. Certain sizeable transactions contributed to December's success, such as two single-family residential homes in Mountain Village for \$7 million and \$5.6 million, respectively; three more single-family residential homes for over \$3 million (two in the town of Telluride and one in Mountain Village); a \$5.5 million vacant land parcel in Mountain Village and \$4.1 million vacant land parcel on Deep Creek Mesa; and a \$4.95 million condominium in Mountain Village. As for marked sales during the other fourth-quarter months, November boasted an \$8 million single-family residential home sale in Mountain Village; and October brought in a \$4.7 million condominium sale and five single-family residential homes sales at \$3 million or higher.

TRANSACTIONS BY PROPERTYTYPE

By and large, the highest grossing property type in 2007 was single-family residential homes, which by year's end, witnessed a record-breaking \$355 million in total dollar volume, 34% higher than the \$265 million from 2006 and 203% higher than the \$117 million from 2001. In the fourth quarter alone, single-family residential home sales totaled \$84 million, 27% higher than last year's \$66 million. Land sales were also strong in 2007 with \$147 million in total dollar volume for the year and \$33 million for the fourth quarter. Although fourth quarter sales topped the \$21 million from the 2006 fourth quarter by 57%, year-end vacant land figures weren't quite as high as last year's \$196 million. This could be attributed to fewer parcels remaining in some of the region's most desirable areas, like the town of Telluride and Idarado subdivision, which housed very few vacant land transactions throughout 2007. Ironically, however, such characteristics of limited zoning, supply and density are precisely what make this region so desirable. Lastly, even as the commonly dubbed "condomania" that highlighted 2004, 2005 and 2006 starts to regulate itself, 2007 still showed \$169 million in total dollar volume. Condominiums are still highly valued in the region and the average price of a condominium has risen to \$1.1 million in 2007, from \$535,000 in 2003.



YEAR IN REVIEW: PROPERTY VALUES CONTINUE TO CLIMB

Even with the national woes circling the sub-prime crisis and overall economic slowdowns, the Telluride region continues to show positive growth potential. Average prices are still on the rise, pushing the envelope to unbelievable heights. At this point, the overall average price for real estate in the region is 25% higher than it was in 2006 (\$1 million versus \$800,000). More specifically, average prices within specific property types are higher than they were at the same time last year, and significantly higher than in the past five years. Thus if trends continue, the same should hold true as we head into 2008.