

Dear Sea Ranch Lodge Friends and Supporters:

We last wrote you to report that Sonoma County's approval of a Coastal Permit, Use Permit and Height Variances for our project had become final. We again wish to extend our thanks to the many members of The Sea Ranch Community who demonstrated their support for our expansion project. Without your help and support, we never would have achieved this great feat.

We wish to provide you with an update of our progress since last writing you in August. Since obtaining the final approval from Sonoma County, we have been working diligently with our lender on re-structuring our loan. As you might imagine, this has not been an easy task and it has taken us longer than we had originally hoped.

We are quite pleased to report that we recently successfully completed a loan re-structure that will provide for the stability of our existing operations at Sea Ranch Lodge for the foreseeable future. Our obtaining the final approval from Sonoma County in August was instrumental to our ability to successfully negotiate with our lender. With the completion of this loan re-structure, there is no longer a risk of foreclosure and we are now able to return our full attention to our continuing operations at the Lodge and moving forward with planning for our expansion project.

We remain committed to the Sea Ranch Lodge expansion project. Our objective remains to commence construction as soon as there is sufficient recovery in the economy and hospitality market. While it is our fervent goal for the Sea Ranch Lodge expansion project to be a success, we need to be patient and prudent to ensure the viability of the project.

In the meantime, the Lodge operations will continue. We are excited to announce that Chef Phil Kaufman has joined us and brings his new flair to the Lodge's cuisine. We hope to see you soon in the dining room or at one of our wine maker or special event dinners. Also, if you have heard, our General Manager Greg Hagin recently demonstrated his continuing good judgment by getting married to Azusa Jansen. Please join us in extending heartfelt congratulations.

Warm Regards,

Peter Heinemann
Principal
Passport Resorts LLC