



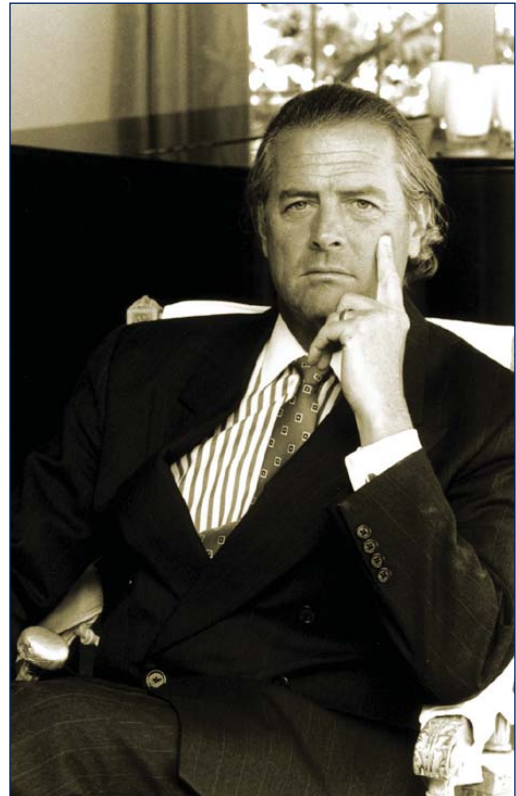
DEAR LUXURY REAL ESTATE MEMBER,

2005 was an eventful year for the Luxury Real Estate network. The year began with the opening of our new company headquarters in Seattle, which many of you had a chance to tour at the 10th Annual Membership Conference, our largest Membership Conference so far. In addition, we added a new annual conference, the LRE Tech Exchange, which gives members and their staffs an opportunity to learn about the technology issues that are impacting the luxury real estate industry and to meet one-on-one with our experienced team of Web designers and developers.

Another 2005 highlight was the growth of Luxury Real Estate's international membership. We welcomed a new director in China, Wang Cong, and a new director in the Caribbean, Diane Holowesko. Our international expansion will continue in 2006.

Recently, the much anticipated new version of LuxuryRealEstate.com went live. The most viewed Luxury Real Estate Web site in the world got even better with interactive features including My LRE, a tool that allows visitors to create a membership account and to save properties; enhanced image slideshows for most properties and video tours for select properties; and much more. The new site also features expanded content via the LRE WebZine—ranging from industry news to broker blogs to regional market reports.

On the print side, production is currently underway on the largest issue of *LuxuryRealEstate.com Magazine* to date (176 pages, a 15% increase from a year ago). In addition to being distributed with *Unique Homes*, the magazine is now available on newsstands in a range of foreign countries, including England, Italy, Spain, Japan, Australia, the Caribbean and Costa Rica. Later this year, we look forward to publishing the second volume of *The Legends of Luxury Real Estate*, our successful coffee-table book. We have also added more international print advertising opportunities, with publications including *Financial Times* and *Country Life*, and expanded our very successful *Wall Street Journal* showcase from four to six times a year. This means more exposure for *your* network.



I look forward to seeing you at the 4th Luxury Brokers Retreat in Beverly Hills, which will take place from April 23rd to 25th, 2006, as well as at the 11th Annual Membership conference in Chicago this fall. Until then, I wish you good fortune and continued prosperity. Please don't hesitate to contact my staff if they can assist you in any way.

Sincerely,

John Brian Losh, CEO/Publisher