

# ASPEN VALLEY RANCH

In January of 2004 a California group (the “Group”) entered into a \$19,000,000 purchase option agreement for the acquisition of the Aspen Valley Ranch and four (4) contiguous lots for a total combination of approximately 800 acres of land (the “AVR Property”). The Group committed approximately \$500,000 to secure a twelve (12) month purchase option.

In December 2004, with less than 30 days left on its option, the Group, faced with the prospect of having failed to raise the capital required to exercise its option, sought out Cyrus as an Angel Investor to partner on its purchase option and fund the acquisition.

Cyrus proposed a transaction whereby it would assume control of the contract and the project. The Group would be allowed to piggyback on the backend profit distribution thereby preserving some connection to the transaction. The Group was amenable to the proposed structure. On December 21, 2005 a definitive contract was executed for the purchase of the AVR Property (the “Execution Date”). The contract provided the seller with additional up front earnest money to secure a short extension thereby allowing us to finalize our due diligence. Even though the AVR Property had been under a purchase option for over a year, the Group had failed to commence even the most rudimentary due diligence. Immediately after the Execution Date, an intensive due diligence was commenced on the AVR Property. On March 2, 2005 the AVR Property was acquired (the “Purchase Date”).

## **Description of the property**

The AVR Property, a quasi-working ranch, is located 7-8 miles north of Aspen and in our estimation was suited for subdivision and development. The AVR Property is comprised of: ±435 undeveloped acres currently operating as a hay field, 40 acres with a ranch house and ranch facilities located on it, 185 Trust acres, a wildlife easement tract of 75 acres, three (3) lots totaling 41 acres located in a contiguous subdivision known as the Aspen Valley Downs and a 20-acre lot know as the Werk Cook property.

The AVR Property also posses extensive, senior water rights. The water rights allow for the continued irrigation of the land so that it can be maintained as a working hay ranch while allowing the future lot purchasers to tailor water features to enhance the esthetic beauty of their homes.

**We appraised the AVR Property “as is” at \$23,000,000 or about \$28,889 per acre for the entire 796 acres.**

## **Development Plan**

Immediately following the Execution Date a team of professionals was assembled to analyze the AVR Property and the likelihood of completing a successful subdivision. Considerations such as development density, time, market conditions, competing properties and local opposition were weighed in formulating the final development Master Plan. By the

Purchase Date, in addition to the completion of all legal due diligence, we had determined, to a sufficient level of comfort, that a successful development could be accomplished.

The Master Plan was submitted for review to the local Board of County Commissioners. The Master Plan was approved in its entirety on October 14, 2005.

### **Lots For Sale**

Pursuant to the Master Plan the AVR Property was subdivided into 9 lots. Those lots, in addition to the four (4) lots initially purchased gave us a total of thirteen (13) buildable/saleable lots. One of the Aspen Valley Downs lots in July 2005 to meet financing obligations the remaining 12 buildable Lots are priced as follows:

2/7/06

**Aspen Valley Ranch Lots  
Acreage & Sale Price**

<b>AVR Lots</b>	<b>Acreage</b>	<b>R&amp;R* Parcels</b>	<b>Acreage</b>	<b>Total Acreage</b>	<b>Price</b>
<u>1</u>	<u>35.11</u>	<u>I</u>	<u>35.45</u>	<u>70.56</u>	<u>\$3,950,000</u>
<u>2</u>	<u>35.09</u>	<u>II</u>	<u>35.56</u>	<u>70.65</u>	<u>\$3,350,000</u>
<u>3</u>	<u>35.13</u>	<u>III</u>	<u>35.56</u>	<u>70.69</u>	<u>\$3,350,000</u>
<u>4</u>	<u>35.10</u>	<u>IV</u>	<u>35.56</u>	<u>70.66</u>	<u>\$4,200,000</u>
<u>5</u>	<u>120.05</u>			<u>120.05</u>	<u>\$4,300,000</u>
<u>6</u>	<u>35.09</u>	<u>V</u>	<u>35.3</u>	<u>70.39</u>	<u>\$3,950,000</u>
<u>7</u>	<u>35.10</u>	<u>VI</u>	<u>35.76</u>	<u>70.86</u>	<u>\$4,300,000</u>
<u>8</u>	<u>35.17</u>			<u>35.17</u>	<u>\$4,800,000</u>
<u>9</u>	<u>35.13</u>	<u>VII</u>	<u>36.14</u>	<u>71.27</u>	<u>\$4,200,000</u>
<b>AVD Lot 6</b>	<b>16.67</b>			<b>16.67</b>	<b>\$2,800,000</b>
<b>AVD Lot 9</b>	<b>12.68</b>			<b>12.68</b>	<b>\$3,950,000</b>
<b>WC Parcel</b>	<b>20.00</b>			<b>20.00</b>	<b>\$3,850,000</b>
<b>Total</b>				<b>699.65</b>	<b>\$47,000,000</b>

\* Rural and Remote