

St. Johann Alpenland Resort Corp
4749 Lincoln Mall Drive, Suite 600
Matteson, Illinois 60443

December 1, 2005

Dear Alpenland Member:

We are once again proud to announce that the Alpenland Sporthotel and Fitness Center has been awarded the prestigious 5-Star rating from Interval International. This resort has held 5-Star ratings for over 20 years – a monumental achievement in managing and operating a timeshare program. This coveted award is a testament to the high standards of both product and service that you as an Alpenland member have come to expect. The process of maintaining a 5-Star rating requires the highest attention to detail and relies heavily upon your continued support.

This year, the 5-Star rating has been achieved under a difficult environment, primarily, increased operating costs due to higher prices for fuel to heat the resorts. These additional expenses reduce our ability to invest in expanding member services and allocating more dollars into the resorts for additional amenities and upgrades. Thus, the purpose of this letter is to inform you about the affects these additional costs have on your membership, the mitigating factors that help in reducing operating costs, and your responsibility for your 2006 annual maintenance fee.

As we are all aware, fuel prices have increased dramatically in 2005 and are expected to remain at levels significantly higher than historical rates. This increase is even more exaggerated in Europe where fuel costs have been higher than in the United States.

Although these types of costs have escalated, we, in Management, have continued to focus on areas of cost control, while preserving the highest possible service offered to the membership. All other types of maintenance expenses have remained fairly constant from the prior year and are within reasonable budget tolerances.

As most of the maintenance fee expenses are paid in Euros, the performance of the Dollar is paramount to cost control. We are pleased to report, that the Dollar has appreciated by over 10% from January through October. This appreciation has helped make your maintenance fees more valuable. The fluctuation of the Dollar is an important factor in determining your maintenance fees in the future.

In 2005 and continuing into 2006, we have reduced the cost of collections on delinquent maintenance fees by outsourcing maintenance fee receivables management to a third party, Sonnenschein Financial Services, Inc., a licensed collection agency. In 2006, if you become delinquent, you will receive correspondence directly from this organization.

Your member services department continues to increase its communications with the membership. Currently, they routinely send e-mails updating members on “Hot Weeks” and other special vacation deals. If you haven’t provided an e-mail address, we encourage you to do so. Additionally, they have recently added a travel reservation system service that makes it easier to book your flights, rental cars and travel insurance. These improvements in communication and service are additional steps in keeping the membership better informed. In 2006, we are planning significant upgrades to our reservation system and the development of a newsletter.

As described earlier, Management’s intention is always to preserve the 5-Star rating from Interval International at a reasonable cost structure. As a result of the appreciation of the Dollar and cost control measures of Management, your 2006 maintenance fees will be reduced by approximately 3%.

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A complete 2006 budget for the Alpenland is available on our website at www.resortintervals.com. This budget is available to be downloaded or viewed online. For those members that do not have access to the internet, please contact your member services representative and they will be happy to mail a budget to you.

We thank you for your understanding and continuing support.

Best wishes for a happy and healthy holiday season,

Robert L. Pioso
Chief Financial Officer