

Pacific Shores Owner Enterprises LTD

Special Meeting Frequently Asked Questions

1. Where will the SM be held?

It will be at 12 noon PDT on July 15 in the Victoria Conference Center.

2. Can I vote on this proposal without attending the SM?

Yes, you can return a proxy to one of the addresses listed on the proxy form by 5:00 pm on July 11, 2017.

3. If the sale process and the sale agreement are approved, will the sale be for all units and all PSOE weeks at Pacific Shores?

Yes, your Board believes that the best value for all owners would be achieved by selling all units and all weeks in one bundle, even those weeks of owners who would prefer not to sell. The Board will not take this matter further unless 67% or more of the owners agree, but we recognize that this proposal may not satisfy each and every owner.

4. How was the allocation formula derived?

The allocation formula in the MOU was negotiated between PSOE and Transtide using several criteria including the square footage of the strata lots, the central role of the commercial centre in adding value to the resort and the resources needed to carry out the sale process. Thus, a multi-layered formula was created so that the first \$5,000,000 of net sale proceeds would be divided 55-45. As the amount of net sale proceeds rises, however, the share allocated to Transtide would increase in small increments to where the net sale proceeds over \$20,000,000, that layer would be divided 70-30 with the larger amount going to Transtide. The share that Transtide would get is higher than the base formula because of the recognition that Transtide's commercial centre is worth more to the resort than merely its square footage. The commercial centre and its amenities add significant value to the residential units including the check-in desk, pool, restaurant, hot tubs, etc. The PSOE units in the resort would be worth less without the commercial centre, and that value is factored into the allocation. Transtide is also assisting PSOE and is willing to take risks in helping fund the sale process by contributing resources, financial and otherwise, that PSOE cannot match.

5. Would the resort be sold in its entirety?

No, there are 15 strata lots, 13 whole owners & 2 Vacation Internationale units, which are not part of PSOE and not part of the 200 block. The 13 "whole owners" would not be part of the sale and would remain part of the strata corporation along with a buyer.

6. Who would participate in receiving the PSOE share of net sale proceeds?
The PSOE share of net sale proceeds would be divided among all PSOE owners who are current on their PSOE maintenance fees at the time of the sale.
7. When would the sale take place?
Understanding the caveat about the impossibility of knowing if there will be a sale, it is anticipated that a sale would likely take place sometime in the second calendar quarter of 2018. Until then, PSOE and Transtide will operate the resort as 'business as usual', doing our best to keep all facilities open and available to PSOE owners and guests.
8. Can we still exchange or travel if we sell our timeshare ownership at Pacific Shores?
Although PSOE itself wouldn't be able to provide these opportunities after a sale, the Board has been working to identify a different timeshare membership that could be available to PSOE owners to allow travel and exchange in the future. Further information about this will be available before any final sale approval.
9. How many active/current PSOE Owners?
There are currently around 2,700 active (current) owners. Please note that only owners who are current on their maintenance fees will be eligible to receive a portion of the sales proceeds. This does not take into account those owners who are currently making their accounts current.
10. What is the best estimate of sale price of the combined interests?
Based on the appraisal from HVS which is available on the owner's corner, the market value of the entire property is \$23 million.
11. How much would each PSOE Owner get per week? (ballpark)
While we cannot fully predict the sales price, sample calculations would be as follows:

\$12,000,000 sale / net proceeds \$11,000,000 / divided in accordance with the MOU / split 2700 ways would net each owner approximately \$1,500

\$20,000,000 sale / net proceeds \$18,000,000 / divided as per the MOU / split 2700 ways would net each owner approximately \$2,100
12. Would Red week/summer Owners get a larger portion of the sale funds due to the value of their week(s)?
The sales proceeds will be divided equally between all owners with no regard to season. The Board recognizes that different owners paid different purchase prices but it is simpler and fairer to distribute proceeds in the same pro rata manner as the renovation costs would have to be raised.

13. If I give my proxy to a PSOE Director can I tell them how to vote?

If you appoint one of the directors of PSOE as a proxyholder then the common shares represented by this Proxy will be voted in favour of each matter put before the meeting or as recommended by the board.

14. Will there be any additional fees for Owners during this process, like transfer fees etc.?

Owners will be required to continue to pay maintenance fees until the sale closes; however, we do not anticipate any additional fees.

15. If a sale is next spring, do we have to pay timeshare fees in December?

If it is clear in the Fall that a sale agreement with a buyer has been finalized and will be approved, it may not be necessary to bill and collect maintenance fees for PSOE's operation in 2018. Otherwise, you should expect to receive a maintenance fee bill for 2018. It will be important for owners to pay that bill because there may not be a sale at all or perhaps a sale may be delayed. In the meantime, PSOE would continue to operate. If PSOE does not collect these funds, its ability to operate would be threatened and even the prospects of sale may be jeopardized. Of course, your Board will continue to communicate with the ownership regarding these circumstances as the Fall approaches.

16. What happens to weeks we have deposited with Trading Places?

TPI will honor all previous deposits.

17. What happens to points accumulated with RCI? When would they have to be used?

Owners will not be penalized for the sale of the resort and points that are already in their account from the 2017 year, or before the sale date of the property, will remain there and be available for use. In order to use these points, you will need to continue to pay RCI membership fees. No more points will accumulate after the sale. If an owner borrows from 2018, or, if they already have 2018 Points ceded into their account and they have not been used and if it's for a time period after the sale, RCI MAY in certain circumstances need to remove those points from your account. PSOE maintenance fees must be current for 2018 for you to access your RCI account. Additional information will be posted on the website as it becomes available.

18. How does this affect our VI membership and vacation time?

If PSOE sells, any existing VI membership will not be affected.

19. Would we have access to the unit once it's sold?

No, it is just like selling your home. Once it's sold, you have no rights or interest in the property.

20. How is the 67% approval calculated?

Per PSOE's governing documents, a 67% majority of the number of owners present either in person or by proxy is required.

21. Will I still own my interval and pay maintenance fees?
No, not once the sale is finalized.
22. I have RCI points – why does this even affect me.
Even though you are an RCI points owner you still own an underlying deeded interest in real property. If a sale is approved, you would no longer own the real property.
23. Where do I find the proxy form so that I can vote?
The proxy form is located on the Owners Corner of the Pacific Shores website. The login is psoe and the password is craigbay.
24. Does Transtide have voting rights at this meeting? (ie is Transtide a PSOE member?)
No, Transtide is a partner Owner in Strata VIS 2036.
25. How much does PSOE pay annually to access the commercial centre amenities?
\$297,675 based on the current amount.
26. What is the bad debt expense (\$425,978), is this defaulting PSOE Owners?
Bad debt consists of maintenance fees which have not been paid by PSOE Owners.
27. Why is the PSOE Board not disclosing the possible listing price and the lowest offer that will be accepted from a prospective buyer?
It would not be prudent to publish this information to the public. In any event, the sale will be subject to court approval.
28. Who can vote my proxy if I want to vote against the Board's recommendation?
An independent person, friend, family or a legal representative, they do not have to be related to you or a PSOE Owner.
29. How long do you anticipate the meeting to last?
Depending on the Owner's questions & subsequent discussion, between 1.5 - 2.5 hours.
30. In joint ownership, do both the Owners have to sign the proxy?
Yes, they can both sign the same proxy form.
31. If my co-Owner/spouse cannot attend, may I vote our share(s)? Do I need their signature on the proxy?
Yes, you can vote your shares and you do not need their signature on the proxy.
32. I own biannually; will I get a full annual portion of sales proceeds, or 1/2 a portion, like my annual fees are billed?
A 1/2 portion, as your fees are billed. The proceeds will be divided between the even & odd owner of that week & unit.