

MEMORANDUM OF UNDERSTANDING

CONCERNING THE PROPOSED SALE OF OWNERSHIP OF VARIOUS PROPERTIES COMPRISING THE PACIFIC SHORES RESORT & SPA, NANOOSE BAY, BRITISH COLUMBIA

This Memorandum of Understanding ("MOU") between Transtide Investments Limited Partnership ("Transtide") and Pacific Shores Owners Enterprises Ltd. ("PSOE") sets forth the proposed terms of marketing and sale (the "Transaction") of certain residential and commercial strata lots and undeveloped land ("the Combined Pacific Shores Assets") owned and/or managed by them at Pacific Shores Resort & Spa, 1600 Strouglar Road, NanOOSE Bay, British Columbia (the "Resort").

This MOU is not intended to constitute, nor does it constitute, a complete statement of the terms and conditions of the proposed Transaction. It is intended only to outline the principal terms and conditions upon which the parties may attempt to sell the Combined Pacific Shores Assets. This MOU is also not intended to create, nor does it create, any legally binding obligations between the parties or impose any liability on any party to another with the exception of Sections 7 through 14 below (the "Binding Provisions") which are intended to be binding on the parties. It is acknowledged and agreed that the terms of this Memorandum of Understanding are conditional upon their approval by the Board of Directors of PSOE and the terms of the Transaction are conditional upon their approval by the shareholders of PSOE, and are subject to any revisions approved by the Board of Directors and shareholders of PSOE and Transtide.

It is intended that the terms set out below will provide the basis for which the parties will in good faith negotiate the terms of and to complete the Transaction, and the parties further agree that they will cooperate with each other on a commercially reasonable basis to structure the Transaction in a mutually tax effective manner, provided that no party will be required to agree to a structure which benefits one party to the detriment of the other(s).

The proposed Transaction is to be based upon the following terms and conditions:

1. Current Structure.
 - a. The Resort is made up of 116 strata lots, of which 108 are residential strata lots (the "Residential Strata Lots") and 8 commercial strata lots ("Commercial Strata Lots").
 - b. PSOE manages 61 residential strata lots on behalf of their fractional time share interest owners, each of whom owns a fractional interest in each strata lot, generally a 1/52 interest, representing one week in each year (the "PSOE Strata Lots").
 - c. The Board of Directors of PSOE has determined that its owners should have the opportunity to decide whether to approve a resolution approving

the sale of some or all of its 61 residential strata lots. Transtide owns 32 residential strata lots ("Transtide Residential Strata Lots") and 8 commercial lots (the "Transtide Commercial Strata Lots"), and owns approximately 2.7 acres of Excess Undeveloped Land ("Excess Undeveloped Land"). The Transtide Residential Strata Lots, "Transtide Commercial Strata Lots and Excess Undeveloped Land are collectively referred to herein as the "Transtide Real Property."

- d. The PSOE Strata Lots and the Transtide Real Property are collectively referred to herein as the "Combined Pacific Shores Assets."

2. PSOE Board of Directors.

The Board of Directors of the PSOE has met to consider the Transaction and to approve this MOU. The Board of Directors has concluded that it is in the best interests of the PSOE Shareholders that this Memorandum and the Transaction be considered by the shareholders of PSOE, and to call a Special General Meeting of PSOE Shareholders to consider the Transaction.

3. Special General Meeting.

A Special General Meeting of PSOE will be convened consider the Transaction and decide whether to pass a special resolution to approve it. Under PSOE Article 11.2, a special resolution must pass by two-thirds of the votes cast by those present in person or by proxy. The terms of the special resolution may include the following (in addition to other terms as deemed appropriate by the PSOE Board of Directors or its counsel).

- a. PSOE will apply to the Supreme Court of British Columbia for an Order authorizing the PSOE Strata Lots to be marketed for sale in conjunction with the Transtide Real Property;
- b. If the Order is approved as a final, nonappealable order, PSOE and Transtide shall cooperate in good faith to select a real estate broker with considerable experience in the marketing and sale of Canadian resort real property; shall cooperate in the marketing and negotiation of the Combined Pacific Shores Assets; shall notify PSOE owners of a sales agreement which shall be subject to final court approval; and shall provide for all PSOE owners to have an opportunity to comment and/or object to the sale in a hearing on final court approval.
- c. In the event that a Transaction is completed and sale proceeds generated for PSOE owners, the proceeds shall be divided amongst the PSOE owners in a manner approved by the owners such that arrears of the payment of PSOE maintenance fees shall be a factor in the calculation of payments to be made.

4. Costs.

Once the Transaction has been approved by a PSOE Special General Meeting, Transtide agrees to advance funds, or arrange for a lender to advance funds, up to a maximum amount of \$150,000.00 ("Transtide Advances") to cover expenses of the court process described in paragraph 3.a. above and other related expenses of sale. Such advances shall be collateralized by an initial recovery from sale proceeds before distribution of net sale proceeds and, if necessary and appropriate, by assets of PSOE including without limitation certain PSOE Strata Lots owned by PSOE. In the event a sale does not complete, PSOE agrees to repay the Transtide Advances made on the account of PSOE within three years.

5. Allocation of Net Sale Proceeds.

If the Combined Pacific Shores Assets are sold, the net sale proceeds will be distributed in accordance with the table below:

Sale Price	Transtide	PSOE
≤\$5,000,000	55%	45%
\$5,000,001 - ≤\$10,000,000	62.5%	37.5%
\$10,000,001 - ≤\$15,000,000	65%	35%
\$15,000,001 - ≤\$20,000,000	67.5%	32.5%
≥\$20,000,001	70%	30%

The net sales proceeds will be the amount of gross sales less normal marketing costs, commissions, etc. would be deducted on the closing of the transactions, and Transtide being reimbursed in full for the advances made by it to the realtor and the Transtide Advances (the "Net Sale Proceeds").

6. Upset Price.

The parties acknowledge and agree that they may agree upon an upset price prior to listing the Combined Pacific Shores Assets for sale with a professional marketing company.

7. Binding Provisions.

In recognition of the significant costs to be borne by each of the parties in pursuing the Transaction, and in consideration of their respective undertakings as to the matters described in this MOU, the Binding Provisions will be legally binding upon execution of this MOU. This section and sections 8 through 14 (the "Surviving Binding Provisions") shall survive in the event that this MOU is terminated. Sections

1 through 6 shall be binding throughout the currency of this MOU and will terminate upon the termination or expiry hereof.

8. Confidentiality and Disclosure.

The parties agree to maintain the confidentiality of this MOU until and unless PSOE notifies its shareholders about the SGM and the proposed Transaction in order to seek approval of it.

9. Costs.

Each of the parties will pay its own legal, accounting, broker and other costs and expenses incurred in connection with the negotiation, preparation, execution and delivery of this MOU and all document and instruments contemplated thereby, except as provided in section 4 above.

10. Due Diligence.

A party and its duly authorized agents, employees, representatives, consultants and advisors will be entitled to make any investigations of the financial position, the business, properties and assets of each of the parties and any other matters relating to the Transaction that they deem advisable so that the party may satisfy itself that the Transaction is in its best interests.

11. Access.

Upon acceptance of this MOU by the Board of Directors of PSOE and up until the termination or expiry of this MOU or the closing of the Transaction, each of PSOE and Transtide will provide, and will cause its directors, officers, relevant affiliates and the management thereof to provide, to the opposite party and its duly authorized agents, employees, representatives, consultants and advisors with access to, and will make available to them for inspection and review, all books of account, audit work papers, business and financial records, leases, agreements and other documents of or relating to Transtide or to PSOE (or its relevant affiliates) related to the Transaction. Each of PSOE and Transtide will make its officers, auditors, counsel, employees and other representatives, and those of its relevant affiliates, available for consultation and verification of any information so obtained. This information will be treated as "Confidential Information" and will be subject to section 8 and the confidentiality agreement contemplated therein. To the extent reasonably required, the directors, officers, relevant affiliates and the management thereof each of Transtide and PSOE also agrees to give the opposite party and its duly authorized agents, employees, representatives, consultants and advisors access to the premises from which the relevant business of Transtide and PSOE (or its relevant affiliates) or the Resort is carried on for the purpose of inspection and verification of the physical plant and facilities thereof.

12. Exclusivity.

Each of Transtide and PSOE acknowledge that the other will be incurring substantial costs, directly and indirectly, in evaluating and investigating the Transaction. In consideration of doing so, and in consideration of its execution of this MOU, Transtide and PSOE agree that from the date of the acceptance of this MOU by the shareholders of PSOE until the earlier of May 31, 2018 or the termination of this MOU (the "Expiry Date") neither Transtide nor PSOE, nor any of their respective subsidiaries, affiliates, employees, officers, directors, agents or representatives, will directly or indirectly solicit, enter into, entertain or continue negotiations or discussions with any third party, in respect of the sale, in any manner whatsoever, of any of their interest in the Pacific Shores Resort or any other transaction which would be inconsistent with the matters contemplated by this MOU. In addition, each of Transtide and PSOE and their respective directors and officers agree that until the Expiry Date, no access will be given to any third party to any of the parties' premises, to any Confidential Information, to any books and records or to any other information relating to Transtide or PSOE for the purpose of enabling that third party to make a determination as to whether to enter into a transaction regarding Transtide or PSOE or other persons or involving the business or assets of Transtide or PSOE which would be inconsistent with this MOU.

13. Conduct of Business.

Until the Definitive Agreements have been duly executed and delivered by all of the parties or the MOU has been terminated pursuant to Section 14, Transtide and PSOE agree to conduct their respective business in the usual course of business. Additionally, neither PSOE nor Transtide shall make any commitments to purchase any assets of the Resort. Transtide agrees to use its best efforts to maintain and operate the commercial centre until the 2017 annual general meeting of PSOE, but shall not be obligated to continue leasing the commercial centre to PSOE thereafter, or any other tenants currently leasing space within the 8 commercial lots.

14. Termination.

This MOU may be terminated:

- a. By mutual written consent of the PSOE and Transtide;
- b. By Transtide if the PSOE Board has not met and voted on a resolution approving the terms of the MOU by June 10, 2017;
- c. By Transtide if PSOE Board has approved the terms of the MOU, but has not called a Special General Meeting of its members to approve the sales process to be held by July 30, 2017;
- d. By either PSOE or Transtide, if the parties have not obtained Court approval on or before May 31, 2018.

Termination of this MOU will not affect the liability of a party for breach of any of the Binding Provisions prior to the termination, or the survival of the Surviving Binding Provisions. Upon termination of this MOU, the parties will have no further obligations under this MOU, except with respect to the Surviving Binding Provisions which shall survive in full force and effect, unamended.

15. Waiver.

No party will be deemed to have waived the exercise of any right that it holds under this MOU unless that waiver is made in writing. No waiver made with respect to any instance involving the exercise of any right will be deemed to be a waiver with respect to any other instance involving the exercise of that right or with respect to any other right.

16. Counterparts/Facsimile.


This MOU may be executed by facsimile signature or other means of electronic transmission of documents and in any number of counterparts, all of which taken together will be deemed to constitute one and the same original instrument.

17. Governing Law.

This MOU shall be governed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in that Province. Any dispute arising from this agreement shall be resolved by arbitration pursuant to the terms of the BC Arbitration Act or successor legislation. Any such arbitration shall take place at Victoria, British Columbia.


Please sign and date this MOU in the space provided below to confirm that the foregoing accurately sets out the proposed terms of the Transaction and to confirm the mutual binding agreements set forth in the Binding Provisions and return a signed copy to the undersigned.


TRANSTIDE INVESTMENTS LIMITED PARTNERSHIP
BY ITS GENERAL PARTNER TRANSTIDE INVESTMENTS LTD.

Per: 
Authorized Signatory *RATAN SIVANANDAN, PRESIDENT*

ACKNOWLEDGED AND AGREED THIS 1st DAY OF JUNE, 2017

PACIFIC SHORES OWNERS ENTERPRISES LTD.

Per: 
Authorized Signatory

Per: 
Authorized Signatory