

# Pacific Shores Owner Enterprises LTD

## **A message to Pacific Shores Owner Enterprises members**

We write to advise you of the progress of the sale of PSOE units at the Pacific Shores Resort and to alert some members to reporting requirements of Canada Revenue Agency that deserve the immediate attention of those owners who are non-residents of Canada for tax purposes.

On December 19, 2019, the Supreme Court of British Columbia approved the sale of the 61 PSOE strata lots to a numbered company associated with Transtide Investments Inc. We anticipate the net sale proceeds, after payment of expenses and outstanding fees, to be approximately \$3.2 million CAD, although this number is an estimate and subject to further adjustment. The amount payable to owners for their weekly interests is expected to be approximately \$900-1,000 per interest (the “**Payment**”). We also note that the amount any given owner will receive will also be adjusted by any outstanding maintenance fees owed by that member. As reminder, this does not include 2019 maintenance fees which were not billed, and which are not due and payable.

We expect the closing of the sale transaction will occur sometime in February or March 2019 and expect to then be in a position to distribute the sale proceeds to owners. PSOE’s manager, Trading Places International (TPI), will be facilitating the payment procedure. Please expect an email communication on this issue in the coming weeks. It is important that you respond to these communications as quickly as you can.

With respect to receiving the proceeds of sale, we have attached a document containing background relating to the transaction and **two certificates that require your signature: “CERTIFICATE #1 – APPLICATION FOR PAYMENT OF WEEKLY INTEREST PROCEEDS”, and “CERTIFICATE #2 – TAX RESIDENCY REPRESENTATION”.**

**We ask that you complete, sign and return these two certificates to TPI at the address in the attached letter to facilitate your payment.**

We also note that due to Canadian tax requirements, you will only receive approximately 75% of the Payment initially once the transaction has completed and TPI has received Certificate #1, with a subsequent advance of 25% in the event you complete and return Certificate #2 **within thirty (30) days**, and the purchaser is satisfied that you have demonstrated you are not a non-resident of Canada. **It is therefore important for you to sign and return the forms as quickly as you can.**

**For those owners who are non-residents of Canada as defined by the *Income Tax Act* (Canada), you are required to notify the Canada Revenue Agency within ten (10) days of the sale (although such notification can be provided earlier), pursuant to section 116 of the *Income Tax Act*. The notification must be made by sending Canada Revenue Agency the following information:**

- **The name and address of the purchaser – 1025326 B.C. Ltd., 3378 Douglas Street, Victoria B.C., V8Z 3L3 (director is Rafer Strandlund)**
- **Sufficient description of your property – example: a 1/52 undivided fee simple interest in Strata Lot # [insert], District Lot 22, Nanoose District and District Lot 2000, Nanaimo District, Strata Plan VIS 2036**
- **Proceeds of disposition of the property – due to adjustments that have not yet been finalized, we are unable to provide this information. KPMG LLP (tax advisors) have suggested to use \$1,000, but we recommend that you obtain your own independent tax advice. Also attached is a copy of the Vesting Order which includes the Purchase Contract as Schedule A, which is required to be provided.**
- **Adjusted cost base of the property – please consult with your tax advisor.**

**This information should be provided by completing and filing the form T2062 which is attached (titled “Non-resident Reporting Form”). We recommend you consult and instruct your accountant accordingly. We also note that the penalty to a non-resident owner for failing to notify the CRA using the prescribed form mentioned above is \$25 per day that the notification is late (with a minimum of \$100 and maximum of \$2,500).**

It is likely that once all expenses have been accounted for and payments to owners completed, there may be a residual amount of sale proceeds in the hands of PSOE. It is anticipated that PSOE will initiate liquidation procedures later in 2019, which may result in a further modest payment to owners as PSOE shareholders.

On behalf of the board,  
Kate Britton