February 28, 2013

A MESSAGE TO THE MEMBERS OF PACIFIC SHORES OWNER ENTERPRISES LTD. FROM THE BOARD OF DIRECTORS

Dear Pacific Shores Owner Enterprises (PSOE) Owners:

This message is to inform you that the PSOE Board of Directors has:

1. given our current interim management company, Pacific Shores Resort and Spa 2012 Inc. one month’s notice and advised them that our oral agreement for management services with them will terminate at midnight on Sunday March 31, 2013; and

2. entered into a management services agreement with Trading Places Management-Canada, the Canadian arm of Trading Places International (“TPI”), pursuant to which Trading Places will commence assuming the management of PSOE assets at Pacific Shores Resort on March 1, 2013. Our colleagues on the Board of Directors of the Pacific Shores Fractional Residences Association are circulating a notice to their Owners advising of an Extraordinary General Meeting on April 6, 2013 at which they will vote on a Special Resolution to remove the present manager.

Background:

As you know, in the fall of 2011, the Aviawest Group of companies, including Pacific Shores Resort and Spa Ltd., were placed in insolvency proceedings.

In May of 2012, the sale of the Pacific Shores Resort and Spa Ltd assets at Pacific Shores to a new company, Pacific Shores Resort and Spa 2012 Inc. (PSRS 2012), completed as a result of the court proceedings. PSRS 2012 has been providing interim management services to PSOE and PSFRA since that time. Both PSOE and PSFRA then entered into parallel negotiations with PSRS 2012 in an effort to arrive at a more permanent management agreement.

Concerned at the lack of progress in negotiating management agreements and other issues, your board at PSOE decided to explore other management options.
Part of that process has involved investigating other management service providers. We talked initially to four companies and whittled it down to two. Both remaining companies provided a full spectrum of management services at comparable and high levels. Ultimately we have agreed to go with Trading Places Management-Canada, primarily because it is the larger of the two companies and it has had more experience with taking over troubled resorts.

We understand that the board of PSFRA, our sister organization, has reached similar conclusions and will engage Trading Places once it has obtained member approval as required by its bylaws.

While your PSOE Board is hopeful the transition can be accomplished in a seamless and professional manner, there may be a period of disruption while things sort themselves out. We ask for your patience and support during the transition.

The Board sincerely believes that any pain will be worth the gains the Resort will experience being managed by Trading Places, which is a highly professional and experienced company with significant experience and resources.

The Board will be issuing periodic updates on the situation. We anticipate providing you with a Question and Answer sheet and information on TPI shortly. In the interim, for information on TPI please go to their website at www.tradingplaces.com or contact their Owner Services Department at 800-365-6480 ext. 1 or via email psr@tradingplaces.com. Please note you may immediately start utilizing the TPI Owner Services Agents for vacation information, exchanges and bookings.

Please feel free to contact any of the Directors if you have any questions. A contact list is attached and we intend to have a PSOE website established soon.

PSOE Board of Directors

Per: Dick Roberts, Chair