

Dear South Seas Club Owners,

On behalf of your Board of Directors, I would like to thank the 195 owners that were able to participate in the Special Owners Meeting on Friday, 2/21 scheduled 10am – 12pm ET. I would also like to thank Hilton Grand Vacations (HGV), our contractors, and especially our attorney Michael Belle for taking the time to discuss the various infrastructure projects and our legal battle with Timbers. There were many questions that we were unable to answer given the time constraint. We have captured those unanswered questions, and we plan to create a Q&A page for our website addressing the unanswered questions.

The Board will be meeting with Karin's Engineering and RL James shortly regarding the lanai reconstruction to finalize the construction repair costs and engineering fees. Once those costs have been calculated, we will meet with HGV's Matt Fox and Nancy Dean to determine our budget shortfall for the year. Anticipated legal fees associated with the litigation we initiated against Timbers will also be considered. I do wish to highlight one important number that Matt Fox presented during the meeting: the board was able to finance almost \$1,000,000 of the lanai repairs without an assessment. We were extremely fortunate that our finances were in such a strong position to permit us to do so.

We intend to finalize the future assessment as soon as possible. Once we are confident that we have the right amount, we will post the details pertaining to its purpose and benefits to the South Seas Club property on the website and HGV will begin mailing with the notices.

It has been a very difficult time for all of us. Timbers' does not negotiate, they only dictate. As Attorney Belle explained, SSC has not been singled out; this is how they negotiate with everyone. The Board and HGV will continue to find new ways to help with the current lack of amenities. We are working with other island businesses to get exclusive pricing for South Seas Club Owners and will do our best to reduce any further out-of-pocket expenses to Owners, like our new Beach Service, Dunes Golf Club and Pool packages, and bringing Danny Morgan back poolside.

We have made considerable progress on necessary repairs to our property and buildings. The real threat to SSC and our beautiful island is Timbers. I am confident that Attorney Belle will continue to do an excellent job in representing our interests against Timbers, but it will take time. Nonetheless, we are prepared to keep fighting to regain our equitable rights.

Thank you all again for your participation.

Keith Arnott

President, South Seas Club Association