



Frequently Asked Questions (FAQ)
Shell Mountainside Lodge
January 29, 2025

As you may be aware, Shell Owners Association – Pacific (“**SOAP**”) and SVC-Mountainside ULC (“**ULC**”) and collectively with SOAP, the “**Petitioners**”) commenced proceedings in the Supreme Court of British Columbia (the “**Court**”) pursuant to section 39 of the *Law and Equity Act* related to the Shell Mountainside Lodge.

We understand members of the Shell Mountainside Lodge may have questions with respect to the steps taken by the Petitioners. Below is a list of Frequently Asked Questions that intend to be responsive to questions or concerns raised about the Court proceeding, the impact on members and the role of an administrator.

The January 23, 2025 Hearing

1. What is the purpose of the Court proceeding?

The Petitioners obtained Court supervision to support a restructuring of the Shell Mountainside Lodge in a fair, commercially reasonable and transparent process. Among other things, the Petitioners obtained the following relief from the Court:

- i) the appointment of BDO Canada Limited (“**BDO**”) as the administrator of the Petitioners (the “**Administrator**”);
- ii) approval of a sale and investment solicitation process (“**SISP**”) relating to the Shell Mountainside Lodge and/or the business of the Petitioners; and
- iii) approval of a stalking horse asset purchase agreement to act as a “stalking horse bid” to serve as a baseline for all offers in the SISP.

2. What was the outcome of the January 23rd Court hearing?

The Court granted the relief requested by the Petitioners. Specifically, the Court issued an order dated January 24, 2025, appointing BDO as Administrator (the “**Appointment Order**”) and an order dated January 24, 2025 approving the SISP and the stalking horse asset purchase agreement (the “**SISP Approval Order**”).

3. Why did the Petitioners commence the proceeding?

The Petitioners are facing significant financial and operational challenges, and are no longer able to support a continuation of operations in the ordinary course absent the relief sought on this petition. This is the case for two principal reasons:

- i) the Shell Mountainside Lodge operates from a building that is approximately 40 years old and requires significant capital improvements to ensure the building stays in good maintenance and repair, to continue operating in the ordinary course, and to keep pace with competitors in Whistler Village. The Petitioners do not have sufficient financial resources to fund the required capital expenditures; and
- ii) the current operations are not financially sustainable. Over the years, there have been increased operational costs in conjunction with significant and increasing member delinquencies for non-payment of maintenance and other fees. Over the last few years, the operations have been cash flow negative.



4. Can the financial challenges be resolved?

The Petitioners, in consultation with their advisors, have considered options to resolve the financial challenges. The only options identified to potentially resolve the financial challenges would be to: (i) increase the maintenance fees and/or levying significant special assessments on members; and/or (ii) seek additional funding from the Petitioners' parent company to cover operating losses and capital improvement costs.

In the circumstances, neither option is workable. The Petitioners have concluded that increasing maintenance fees and levying significant special assessments on members is not a viable option as it will likely lead to increased member delinquencies. This would worsen the current financial challenge and place an additional financial burden on members in good standing. The Petitioners understand that members with different entitlements (i.e., time of the year) may have different perspectives on the amount they may be willing to pay.

Additionally, the Petitioners' parent company is no longer prepared to subsidize operating losses or fund the significant capital expenditure requirements.

5. How can I receive notice of future Court hearings?

You may complete and submit a Demand for Notice to be served with any future application or other materials. You may obtain a Demand for Notice by visiting BDO's website for Shell Mountainside Lodge using the following link (<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/mountainsidelodge>).

In addition, it is contemplated that members of Mountainside Lodge Members Association and Shell Vacations Club will receive communications and updates regarding the proceeding from time-to-time. If you are a member of either program and would like to ensure you receive such updates, please provide your contact information, including email address, to the Administrator by using the Administrator's email address contained in FAQ#28.

The Shell Mountainside Lodge Operations

6. How does the Court process affect the operations?

At this time, the *status quo* will be maintained and the Shell Mountainside Lodge will conduct business as usual. The Petitioners are exploring a possible sale of, or investment in, the Shell Mountainside Lodge, which may affect operations in the future.

7. What is the last day the Shell Mountainside Lodge will be open?

There is no scheduled closure of the Shell Mountainside Lodge at this time.

8. Am I required to pay my 2025 maintenance fees.

Yes. Until a definitive outcome has been determined, the Shell Mountainside Lodge continues business as usual. In order to utilize your right-of-use entitlement at the Shell Mountainside Lodge, you must pay your 2025 maintenance fees, including any delinquent balances. If you do not pay your 2025 maintenance fees, the default provisions in your applicable agreement will apply.

9. I have paid my 2025 maintenance fees. Will I be refunded?

In the event that you are unable to use your right-of-use entitlement at the Shell Mountainside Lodge in 2025 for a reason related to the restructuring, it is the intention of the Petitioners to refund all members who paid their 2025 maintenance fees. As no definitive outcome has been determined at this time, there is no timeline for refunds.



10. Will there be further costs that I have to pay?

It is not currently anticipated that members will have to pay any costs in addition to the 2025 maintenance fees or delinquent balances.

11. I want to exit the Shell Mountainside Lodge. Can I do that right now?

Unfortunately, it is not presently possible unless you are able to sell your interest under the terms of your existing agreement. At this time there is no scheduled closure of the Shell Mountainside Lodge and it will continue to conduct business as usual.

The Role of the Administrator

12. What is the role of BDO?

BDO is an independent party with expertise in restructuring. As the Administrator, BDO is a neutral party that will assist in the restructuring process. The Administrator acts as the 'eyes and ears' of the Court, in a neutral capacity ensuring that the restructuring is completed as approved by the Court. The powers of the Administrator are outlined in the Appointment Order.

13. Who does BDO report to?

As a Court officer, BDO is accountable to and will report directly to the Court through written reports. BDO's reports will be publicly available once they are filed with the Court and will be found on BDO's website for the Shell Mountainside Lodge.

The SISP and Restructuring Process

14. What is a SISP?

A SISP is a process to market the Shell Mountainside Lodge and/or the business of the Petitioners to solicit potential sale offers or investment proposals. Any proposed sale or investment transaction will be subject to Court approval.

15. Who will lead the SISP?

The Administrator will oversee the SISP and has engaged Avison Young Commercial Real Estate Services, LP ("**Avison**") to act as the listing agent for the Shell Mountainside Lodge.

16. What is the current status of the SISP?

The SISP commenced on January 27, 2025.

17. What is the timeline to complete the SISP?

The SISP includes a number of milestones and corresponding deadlines. It is anticipated that the SISP may last approximately 3-months.

18. What is a "stalking horse bid"?

A stalking horse bid is an offer to purchase the Shell Mountainside Lodge that has been negotiated and agreed to in advance of the commencement of the SISP. The stalking horse bid is used as a baseline offer to compare any other bids submitted during the SISP. If no superior bids are received during the SISP, the stalking horse bid will be accepted as the successful bidder in the SISP, and will be submitted to the Court for approval.



19. What is a stalking horse purchase price offer?

The stalking horse purchase price is \$CAD12 million. The proceeds of sale will be held in trust by the Administrator.

20. Who owns the Shell Mountainside Lodge?

The Petitioners (SVC-Mountainside ULC and Shell Owners Association – Pacific).

21. Who receives the purchase price payment?

The payment of the proceeds of sale will be received by the Administrator, on behalf of the Petitioners, and held in its trust account to be distributed to stakeholders pursuant to a further order of the Court.

22. What will happen to the Shell Mountainside Lodge after completing a sale transaction?

At this time, it is uncertain what the outcome of the SISP will be. Further information will be provided once there is more certainty regarding the outcome of the SISP.

23. How will the proceeds of any sale transaction be distributed?

The distribution of sale proceeds has yet to be determined, however, it is anticipated that a claims process will be conducted to identify all claimants and quantify their claims. Any distributions will be subject to Court approval and will be made to stakeholders in accordance with their respective priorities under applicable law.

24. How will the ongoing operations be financed during the restructuring process?

The operations will be financed through the normal collection of maintenance fees and external financing, as needed.

25. I am a member of SOAP. What happens to my points?

Members of SOAP (“**SOAP Members**”) will be permitted to continue to use their points to book reservations at Shell Mountainside Lodge or any other Shell Vacations Club resorts in the ordinary course at this time. Should this change during the restructuring proceeding, an update will be provided.

26. I am a member of Mountainside Lodge Members Association. How am I affected?

Members of Mountainside Lodge Members Association (“**MLMA Members**”) are members who have Vacation Leases with ULC. At this time, you are not affected and are permitted to use Shell Mountainside Lodge pursuant to the terms of your Vacation Lease.

Communications

27. Who should I contact about reservation questions and the status of my maintenance fees?

For all reservation and maintenance fee related questions, please contact Raquel Brimo (Raquel.brimo@wyn.com) or Caitlin Dawe (caitlin.dawe@wyn.com)

28. I would like to receive information on what is happening with the Shell Mountainside Lodge.

All information related to the Shell Mountainside Lodge will be posted to the Administrator’s case website (<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/mountainsidelodge>). In addition, dedicated email addresses will be activated to receive questions from stakeholders. The email addresses are:

For SOAP Member inquiries: BDO-MountainsideSOAP@bdo.ca

For MLMA Member inquiries: BDO-MountainsideMLMA@bdo.ca