



PROJECT BOARDWALK

CONFIDENTIAL
December 2021

EXECUTIVE SUMMARY

- VSA (“Resorts”) manages 3 legacy timeshare resorts (336 units), manages 41 wholly-owned condo HOAs (3,542 units), and is active in Timeshare sales with an associated timeshare mortgage portfolio. Properties are well-managed but struggling with reserves at both the Atrium and Ocean Sands along with under performing sales. VSA owns 4,392 intervals (17% of Atrium, 10% of Ocean Key and 12% of Ocean Sands)
- The unique features of VSA are the management company controls the HOA via the “Initial Board Term” at each timeshare property which creates the ability to amend the offering statement and associated terms of termination, property management and RMS agreements without an owner vote during this period. Due to the fact they are no longer in the development control period they are not responsible for paying any maintenance fees on VSA owned inventory
- The flipside is VSA takes discounted RMS fees to support each HOA which must be balanced going forward
- Unless extended, the initial board term ends on 1/1/2025 for the Atrium and Ocean Key; 1/1/2050 for Ocean Sands – we have conflicting advice from counsel on whether this can be done without reinstating the developer period
- Total purchase price is \$13.5 million (excluding one year of transition consulting payment to the 3 owners / sellers and up to \$1.5 million as a % of timeshare sales over 5 years), which is 2.9x pro-forma 2022 EBITDA of \$4.2mm. We expect to explore spin-off associated non-core real estate assets shortly after close
- Revenues come from management fees, rentals, sales and interest income from the timeshare sales mortgage portfolio. There is a significant rental and real estate opportunity with high default rates and limited overlap with other controlled properties and flexible timeshare docs
- Pro-forma forecast assumes below market rental performance and breakeven EBITDA timeshare sales
- Virginia Beach location would be a regional property manager hub for the East / Southeast with a significant asset position as a starting point and a sizable whole condo property management portfolio to begin to penetrate traditional vacation rentals – 3 season destination (8 months of demand)
- Seller is also well-known among other legacy timeshare managers; we expect additional lead flow post-announcement of the transaction

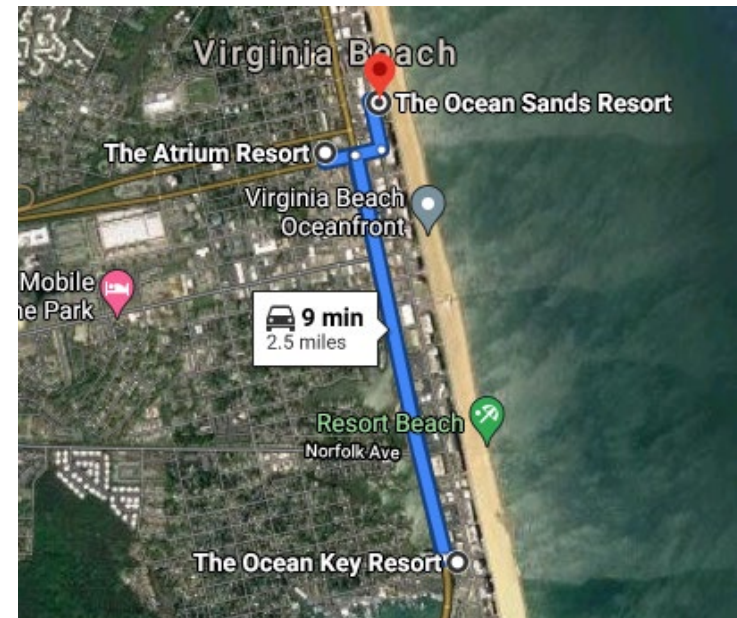
VSA OVERVIEW

- Managed by VSA Resorts (seller) who purchased the management company via management buyout; three high rise towers built in 1969, 1985 & 1986; RCI and II dual affiliation
- Management of 3 Timeshare HOAs in Virginia Beach
- Management of 41 Whole Condo HOAs in Virginia Beach area
- Active sales of timeshare
- Timeshare development includes:
 - 336 timeshare units with 19,032 active bi-annual intervals as of 10/29/21
 - 47% default / VSA controlled across all 3 properties
- Whole condo management
 - 41 HOAs / 3,542 units
- Vendors / Service Providers:
 - Siteminder: Booking.com, Expedia, Getaroom – No Airbnb/VRBO
 - Billing / Communications: Nordis
 - Collections: In-house then to Equiant
 - SPI, timeshare sales, marketing, reservation, owner billing
 - Accounting: CYMA
 - Payroll: Payday Payroll
 - Whole Condo Mgmt: Tops One software
 - Condo Resale: Homewise
 - Condo Client Payables Processing: AVIDXCHANGE
 - HR: Clear Company software
 - Bank: Townebank
 - Insurance: Marsh

Lori Overholt
CEO/CFO, HR,
Head of Sales

Michele Colson
HOA President,
CAM License, Head
of Whole Condo
Mgmt

Mark Richards
Admin,
Collections, IT,
Mortgage Portfolio



VSA OVERVIEW MANAGEMENT CONTRACT OVERVIEW

- Timeshare
 - Perpetual management contract with themselves
 - 10% mgmt. fee on costs / 5% of bad debt (to be amended as if external board is approving)
 - 10% RMS at Atrium and Ocean Key – 0% at Ocean Sands (to be amended to VTS will pay VSA management the lesser of Prior Annual Net Rental Revenue or 50% of net rental commissions generated for nightly rental management with VTS operating all RMS and also establishing an OTA fee of 20%)
 - Rental Subsidy:
 - **Atrium 2022 / PF: -\$241,159 budget 2022 / \$327,177 PF (85% RMS / 15% to HOA)**
 - **Ocean Sands 2022 / PF: \$4,987 budget 2022 / \$399,814 PF (85% RMS / 15% to HOA)**
 - **Ocean Key: 2022 / PF: -\$282,960 budget 2022 / \$459,477 PF (85% RMS / 15% to HOA)**
 - Accounting fees and department are significant
 - VSA is currently active in Timeshare sales and also has an in-place financing program with PacWest
- Whole Condo
 - 41 current management agreements
 - 3,542 units managed across 41 HOAs
 - \$0 rental revenues – need separate license to do rentals
 - Pricing is on a per unit managed basis (\$384 avg) with incremental charges for a variety of services
 - The largest contract is \$132k per year with average at \$16k
 - Total contracted revenue is \$636k at current
 - Contracts are one year agreements with auto-renewals
 - Estimated at 4% market penetration in Virginia Beach
 - \$250k of annual EBITDA at current

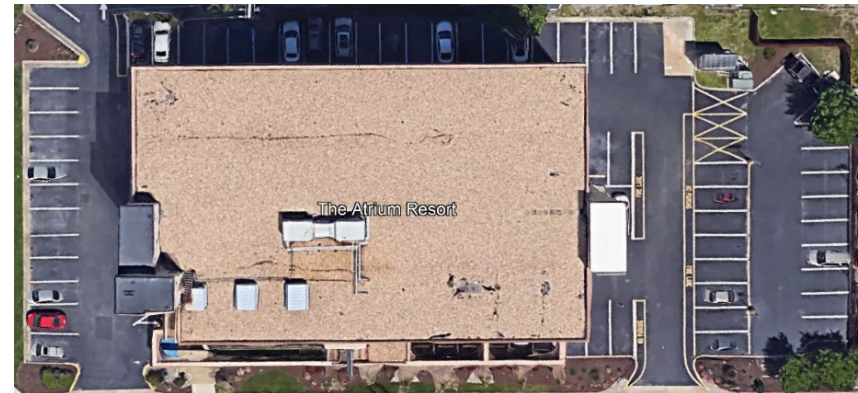
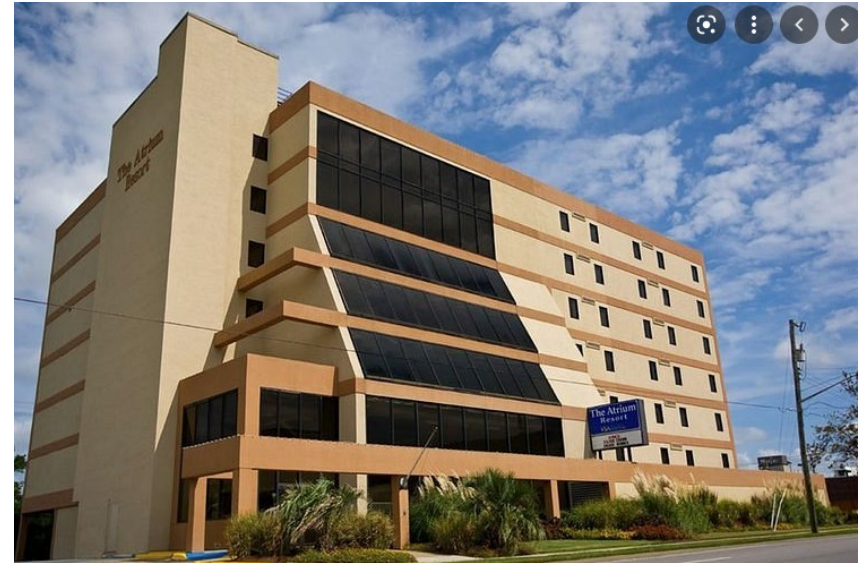
DEAL OVERVIEW

- \$15.0mm purchase price
 - \$13.5mm due on close
 - Retaining all three executives at current pay for 12-months as consulting / transition payment
 - \$240k of positive working capital, including cash
 - Up to \$1.5mm payable over 5 years related to sales targets and a 50/50 split
 - Assumption and guarantee of \$487k of debt at Ocean Sands collateralized against restricted cash held by Townebank
 - Assumption of PacWest mortgage portfolio and associated notional receivables of \$6.9mm against debt of \$4.1mm

PMC ONLY	AS-IS					PRO-FORMA					COMMENTS
	2018	2019	2020	2021		2022	2023	2024	2025	2026	
Total Units	336	336	336	336		336	336	336	336	336	
Total Waffles	34,944	34,944	34,944	34,944		34,944	34,944	34,944	34,944	34,944	
Current Pay Maintenance 3rd Party Waffles	21,386	20,453	19,359	19,032		19,032	19,032	19,032	19,032	19,032	3% annual growth
Developer Waffles	11,125	9,458	7,881	4,138		4,138	4,138	4,138	4,138	4,138	
Defaulted Waffles	10,261	10,995	11,678	11,774		11,774	11,774	11,774	11,774	11,774	
% Default Rate		7%	6%	1%							
Annual Maintenance Fees Per Waffle - Atrium		\$495.87	\$450.17	\$464.42		\$526.44	\$542.23	\$558.50	\$575.25	\$592.51	
Annual Maintenance Fees Per Waffle - Ocean Key		\$440.72	\$412.05	\$419.97		\$480.74	\$495.17	\$510.02	\$525.32	\$541.08	
Annual Maintenance Fees Per Waffle - Ocean Sands		\$468.02	\$431.00	\$478.17		\$515.86	\$531.34	\$547.28	\$563.69	\$580.61	
Management Fees Timeshare		\$634,625	\$619,722	\$627,757		\$608,962	\$627,231	\$646,048	\$665,429	\$685,392	
Accounting Fees Timeshare		\$763,746	\$772,765	\$805,334		\$880,467	\$906,881	\$934,087	\$962,110	\$990,973	
Management Fees Whole Condo		\$175,062	\$305,046	\$568,724		\$862,629	\$992,023	\$1,140,827	\$1,311,951	\$1,508,744	15% annual growth - currently at 4% market penetration
Owned / Controlled Inventory Net Rental						\$2,837,200	\$2,922,316	\$3,009,986	\$3,100,285	\$3,195,294	
Timeshare Sales		\$3,104,329	\$1,305,032	\$1,786,955							Budgeted at Breakeven
3rd Party RMS		\$71,280	\$36,856	\$85,303		\$112,862	\$116,248	\$119,735	\$123,327	\$127,027	6% Penetration assumed
Net Interest Income		\$704,406	\$678,007	\$679,233		\$539,844	\$431,875	\$345,500	\$276,400	\$221,120	Assumes run-off of existing portfolio
Other		\$36,132	\$79,751	\$134,437		\$154,200	\$158,826	\$163,591	\$168,499	\$173,553	
Total Revenues		\$5,489,580	\$3,797,179	\$4,687,742		\$5,996,164	\$6,155,401	\$6,359,774	\$6,608,002	\$6,900,104	
Expenses											
SG&A - Timeshare Mgmt.		\$873,856	\$894,771	\$932,727		\$995,467	\$1,025,331	\$1,056,091	\$1,087,774	\$1,120,407	3% annual growth
SG&A - Timeshare Sales		\$2,896,619	\$1,983,544	\$2,260,640							Budgeted at Breakeven
SG&A - Whole Condo Mgmt		\$246,768	\$326,275	\$563,200		\$619,914	\$744,018	\$798,579	\$918,366	\$1,056,120	Stabilized 30% EBITDA margin
Travel		\$0	\$0	\$0		\$35,000	\$25,000	\$15,000	\$15,000	\$15,000	
Insurance		\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	
Integration Expenses		\$0	\$0	\$0		\$125,000	\$75,000	\$0	\$0	\$0	
Timeshare Mgmt. & Whole Condo Mgmt.		\$560,221	\$593,093	\$725,627		\$3,840,939	\$3,954,176	\$4,159,604	\$4,325,462	\$4,502,456	
Timeshare Sales & Net Interest Income		\$912,116	(\$504)	\$205,548		\$539,844	\$431,875	\$345,500	\$276,400	\$221,120	
Corporate		\$0	\$0	\$0		(\$160,000)	(\$100,000)	(\$15,000)	(\$15,000)	(\$15,000)	
PMC Cash Flow		\$1,472,337	\$592,589	\$931,175		\$4,220,783	\$4,286,052	\$4,490,104	\$4,586,862	\$4,708,576	

ATRIUM RESORT – 315 21ST STREET

- Two blocks from beach; least attractive of the properties; 53% Defaulted / VSA Controlled
- Built in 1985
- 90 units / 9,360 Total Weeks / 3,390 defaulted / 1,569 VSA (all bi-annual weeks)
 - 1 Bedroom: 490 sq. ft. / \$545 Avg Maint. Fee
- Fixed weeks
- RMS: 10%
- Billing on January 1; mail on 10/15; annual maintenance fee \$2.4mm
- Uncollectible: \$19.4mm
- Fund Balances (10/31/21): Operating Fund \$168k / Replacement Reserves **-\$194k**
- Dual affiliation w/ RCI & II
- HOA Board: VSA
- May need to upgrade FF&E prior to sale
- Opportunity for additional key expansion
- Significant development planned nearby

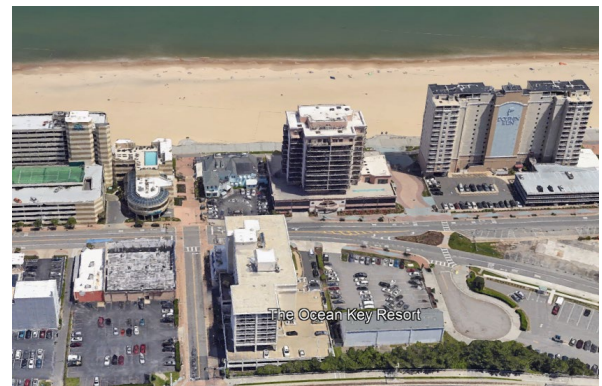


ATRIUM RESORT – 315 21ST STREET

- Assessment Report

OCEAN KEY – 424 ATLANTIC AVENUE

- Across the street from beach; second best location of the properties; 44% Defaulted / VSA Controlled
- Built in 1986
- 142 units / 14,768 Total Weeks / 4,982 defaulted / 1,484 VSA (all bi-annual weeks) - \$495 avg maint. fee
 - 1 Bedroom: 450 sq. ft. (129 units)
 - 2 Bedroom: 642 sq. ft. (13 units)
- Fixed weeks
- RMS: 10%
- Billing on January 1; mail on 10/15; annual maintenance fee \$4.1mm
- Uncollectible: \$22.7mm
- Fund Balances (10/31/21): Operating Fund \$560k / Replacement Reserves \$595k
- Dual affiliation w/ RCI & II
- HOA Board: VSA
- Significant development planned nearby

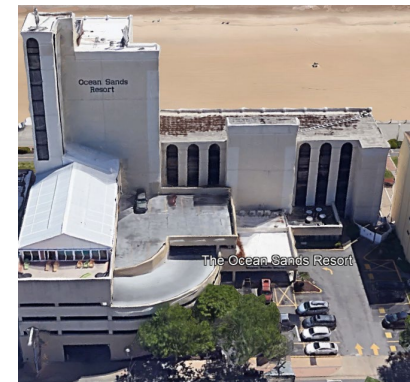
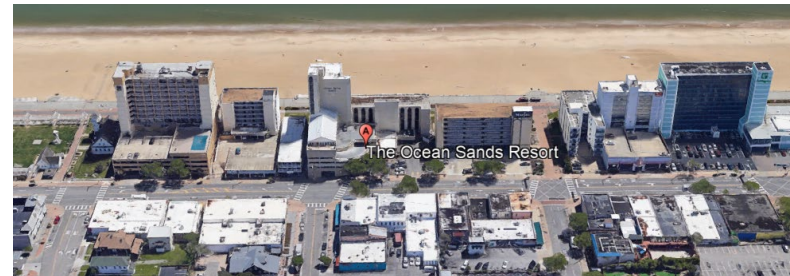


OCEAN KEY – 424 ATLANTIC AVENUE

- Assessment Report

OCEAN SANDS – 2207 ATLANTIC AVENUE

- On boardwalk; best location of the properties; 45% Defaulted / VSA Controlled
- Built in 1969 & 1986
- 104 units / 10,816 Total Weeks / 3,519 defaulted / 1,339 VSA (all bi-annual weeks) - \$512 Avg. Maint. Fee
 - 1 Bedroom: 430 sq. ft.
 - 1 Bedroom: 645 sq. ft.
- Fixed & Floating weeks
- RMS: 0%
- Billing on January 1; mail on 10/15; annual maintenance fee \$3.1mm
- Uncollectible: \$18.2mm
- Fund Balance (10/31/21): Operating Fund **-\$167k** / Replacement Reserves **-\$1.5mm**
- Dual affiliation w/ RCI & II
- HOA Board: VSA
- May need to upgrade FF&E prior to sale
- Payable due to VSA of \$841k (no note agreement; purely discretionary, no interest)



OCEAN SANDS – 2207 ATLANTIC AVENUE

- Assessment Report

TAKE-BACK / FORECLOSURE DETAILS

- **Take-backs:** VSA has a embedded take-back program called “Travelers Promise” whereby they guarantee to take back any weeks at 5 years worth of maintenance fees; any discounting is discretionary. 100% goes to HOA no commission is taken. VSA developer takes back the week.
- **Foreclosures:** Williams Mullen law firm for foreclosure; mostly do deed in lieu; cheaper to foreclose for maintenance fee vs. mortgage - \$700 per interval (does not change for bulk); whole process of 6 months for foreclosure. HOA pays foreclosure cost. Take back weeks at 5-years maintenance fees for all owners; No foreclosures for last 3 years

107 EMPLOYEE ORGANIZATION

Lori Overholt
CEO/CFO, HR,
Head of Sales

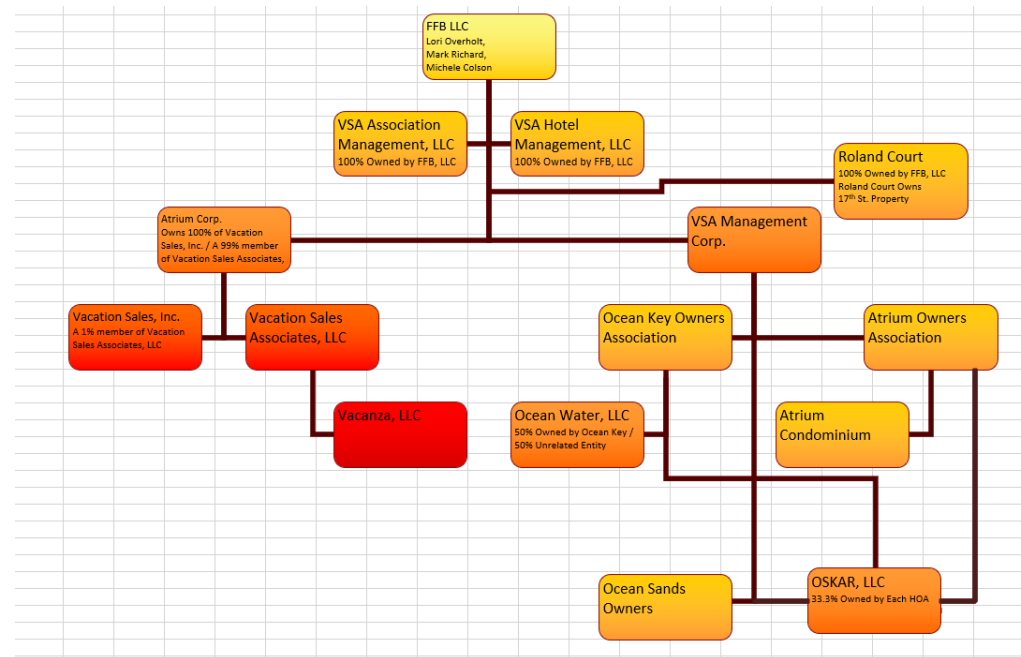
Michele Colson
HOA President,
CAM License, Head
of Whole Condo
Mgmt

Mark Richards
Admin,
Collections, IT,
Mortgage Portfolio

HOAs
80 employees

VSA
18 employees

VSAAM
9 employees



Benefits:

401K w/ matching up to 4%

LEGAL ORGANIZATION DESCRIPTION

- Vacation Sales Associates LLC: Timeshare sales and marketing; mortgages / financing
- VSA Management Corp: Timeshare mgmt. corp
- VSA Association Management, LLC: Whole condo management corp
- Ocean Water LLC: Formed in conjunction with a lease with Waterman's for a parking facility next to the Ocean Key facility
- VSA Hotel Management, LLC: Formed as a management company to manage third party sites
- OSKAR, LLC: Housekeeping company owned equally (33.3%) by each HOA

INTEGRATION

- Integration will happen over 12 months post acquisition with all three principals staying for 12 months
- Our internal goal is to be fully integrated by June of 2022

PRIORITIES

Administrative

- Pre-deal: Amend property and rental management agreements; extend initial board term
- Post-deal: Amend termination provision after moving / converting as many owners as possible from Atrium and Ocean Sands

Operational

- Drive collections
- Drive rental growth
- Optimize sales organization
 - Immediate right to use sales model as well as membership model
 - Evaluate lead / marketing methods and spend (\$500k - \$600k annually)
- Sales organization decision will drive refinance discussions w/ mortgage lender
- Determine ability to leverage accounting / finance organization for rest of Vacatia portfolio
- Expand whole condo management and layer in rentals
- Evaluate tuck-in acquisitions in immediate area

ADDITIONAL REVENUE OPPORTUNITIES (NOT IN PRO-FORMA)

- Expand wholly-owned condo and rental management
- Grow right to use and membership sales
- Real estate monetization / sale of consumer loan portfolio

SUMMARY OF FINDINGS – ADR BENCHMARKS

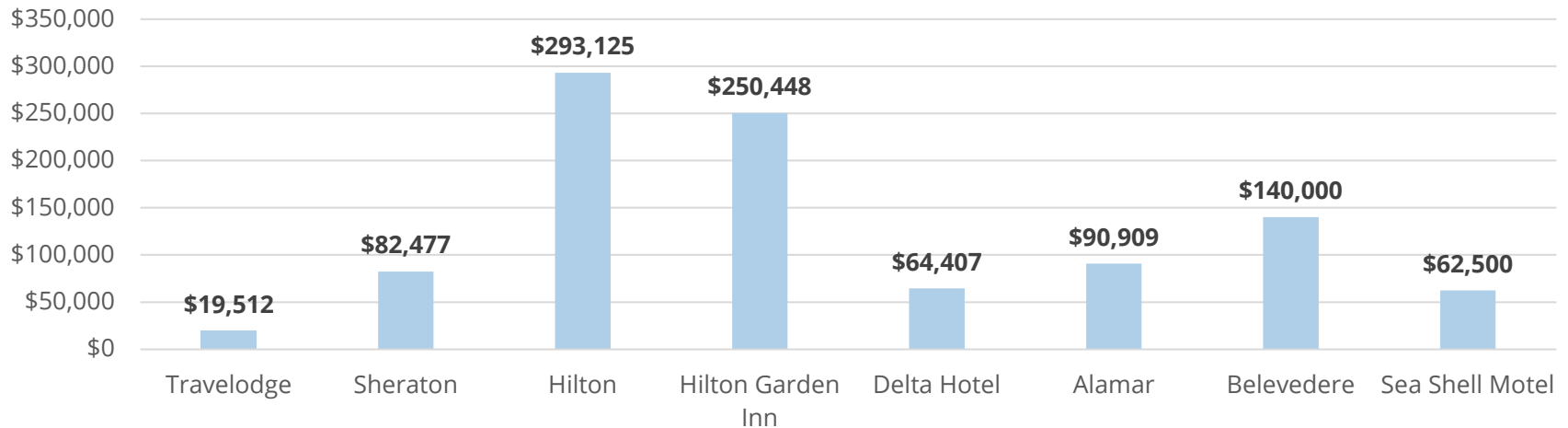
- Market 2019:
 - STR: 67.3% occupancy
 - ADR: \$175
- Ocean Key:
 - 58% occupancy
 - \$117 ADR / \$94 RevPAR
 - \$222k EBITDA (pay 30% to HOA / pay 20% to OTA on VSA; only get 10% RMS on rest)
- Ocean Sands:
 - 62% occupancy
 - \$117 ADR / \$104 RevPAR
 - \$210k EBITDA
- Atrium:
 - 55% occupancy
 - \$117 ADR / \$84 RevPAR
 - \$243k EBITDA

VALUATION SUMMARY – HOTEL & RESIDENTIAL COMPARABLES

Hotels

- Delta (converted to Marriott), Alamar (kitchens) and Belvedere (demolished and turned into Hilton) are the most comparable transactions based on construction dates and independent operating status
- Belvedere was sold in 2017 and demolished in 2020 (Ocean Sands is best comp)

Per Key Hotel Sales / Comparable Locations



Residential

- Atrium: \$200 - \$300 sq. ft.
- Ocean Key: \$225 - \$375 sq. ft.
- Ocean Sands: \$300 - \$450 sq. ft.

VALUATION SUMMARY – REAL ESTATE ZONING / USE

- City is pro re-development
- Multiple large scale developments in various stages
- Best converted use is residential real estate – 6 month process with city
- Change of use from condo hotel would trigger parking requirement of 1.7x spaces per unit, as well as addition of street front retail space
- Parking requirements are able to be met with offsite parking in addition to onsite parking with no requirement to own the entire parking structure
- Ability to combine units to reduce parking requirement
- 15% of units are able to be multi-family if remaining as a condo hotel; no additional parking requirements
- New hotels are required to have 1.3x parking spaces per unit
- No known general environmental issues in the area other than storm water considerations on Ocean Front
- Soil needs to be considered when developing on ocean front parcels due to sand

VALUATION SUMMARY

TRANSACTION OVERVIEW						
Asset Name	VSA Resorts	Year Built	1969, 1985 & 1986			
Address	Virginia Beach	Last Renovation	On-Going			
State / Territory	VA	Current Use / Best Use	Timeshare / Residential or Hotel			
Property Type (Operation)	Timeshare					
Purchase Price	\$13,500,000					
GOING-IN METRICS						
	EBITDA	Yield	Multiple		All-in Yield	All-in Multiple
As-Is No Capex	\$931,175	7%	14.8x		7%	14.8x
Pro-Forma No Capex	\$4,708,576	34%	2.9x		34%	2.9x
DEBT SUMMARY						
Lender	Notional	Outstanding	Income %	LExp %	Unused Line %	LTV Limit
PacWest	\$6,934,384	\$4,128,594	15.9%	6.5%	0.50%	85%
						LTV Actual 60%
						Maturity 9/30/2023

OWNERSHIP PROFILE BY UNIT TYPE / PROPERTY						
Unit Type	Condos	3rd Party Weeks	Developer	Defaulted	Total	
Atrium - Bi-Annual	90	4,561	49%	1,398	15%	3,401
Ocean Key - Bi-Annual	142	8,553	58%	1,325	9%	4,890
Ocean Sands - Bi-Annual	104	5,918	55%	1,415	13%	3,483
Total	336	19,032	54%	4,138	12%	11,774
						34%
						34,944

REAL ESTATE VALUE SUMMARY						
	Less	High	Land	\$ Low	\$ High	
Atrium - Keys / Sq. Ft.	90	\$65,000	\$85,000	\$5,850,000	\$7,650,000	
	44,100	\$200,000	\$300,000	\$11,858,880	\$16,268,880	
Ocean Key - Keys / Sq. Ft.	142	\$85,000	\$105,000	\$12,070,000	\$14,910,000	
	66,396	\$125,000	\$375,000	\$17,882,100	\$27,841,500	
Ocean Sands - Keys / Sq. Ft.	104	\$125,000	\$150,000	\$13,000,000	\$15,600,000	
	47,730	\$300,000	\$450,000	\$20,319,000	\$27,478,500	
Total Room Sq. Ft	158,226	\$316.38	\$452.45	\$50,069,980	\$71,588,880	MOIC Low 5.2x
Hotel EBITDA / Capitalization Rate	\$2,323,697	10.0%	8.0%	\$23,236,967	\$29,046,209	MOIC High 2.1x
Per Key as Hotel	336	\$85,000	\$125,000	\$28,560,000	\$42,000,000	2.1x 3.1x
Total Units / Value	336			\$101,049	\$141,503	
Total Waffles / Implied Value	34,944			\$972	\$1,361	
Raw Land Acre	2.78	\$4,315,407	\$5,034,642	\$12,000,000	\$14,000,000	0.9x 1.0x

OPERATING SUMMARY

PMC ONLY	AS-IS			
	2018	2019	2020	2021
Total Units	336	336	336	336
Total Waffles	34,944	34,944	34,944	34,944
Current Pay Maintenance 3rd Party Waffles	21,386	20,453	19,259	19,032
Developer Waffles	11,125	9,458	7,681	4,138
Defaulted Waffles	10,261	10,995	11,678	11,774
% Default Rate		7%	6%	1%
Annual Maintenance Fees Per Waffle - Atrium		\$495.87	\$450.17	\$464.42
Annual Maintenance Fees Per Waffle - Ocean Key		\$440.72	\$412.05	\$419.97
Annual Maintenance Fees Per Waffle - Ocean Sands		\$468.02	\$431.00	\$478.17
Management Fees Timeshare		\$634,625	\$619,722	\$627,757
Accounting Fees Timeshare		\$763,746	\$772,765	\$805,334
Management Fees Whole Condo		\$175,062	\$305,046	\$568,724
Owned / Controlled Inventory Net Rental Timeshare Sales		\$3,104,329	\$1,305,032	\$1,706,955
3rd Party RMIS		\$71,280	\$36,856	\$85,303
Net Interest Income		\$704,406	\$678,007	\$679,233
Other		\$36,132	\$79,751	\$134,437
Total Revenues		\$5,489,590	\$3,797,179	\$4,687,742
Expenses				
SG&A - Timeshare Mgmt.		\$873,856	\$894,771	\$932,727
SG&A - Timeshare Sales		\$2,896,619	\$1,983,544	\$2,260,640
SG&A - Whole Condo Mgmt		\$246,768	\$326,275	\$563,205
Travel		\$0	\$0	\$0
Insurance		\$0	\$0	\$0
Integration Expenses		\$0	\$0	\$0
Timeshare Mgmt. & Whole Condo Mgmt.		\$560,221	\$593,093	\$725,627
Timeshare Sales & Net Interest Income		\$912,116	(\$504)	\$205,548
Corporate		\$0	\$0	\$0
PMC Cash Flow		\$1,472,337	\$592,589	\$931,175

SOURCES & USES		
Uses	\$	%
Purchase Price	\$13,500,000	98%
Capex	\$0	0%
Diligence Costs / Transaction Costs	\$250,000	2%
Severance / Transition	\$0	0%
Total Uses	\$13,750,000	
Sources		
Mortgage Debt	\$0	0%
Mortgage Debt	0.00%	0%
Holdback	\$0	0%
Equity	\$13,750,000	100%
Total Sources	\$13,750,000	

PRO-FORMA PENETRATION RENTAL ANALYSIS				
	Atrium	Ocean Key	Ocean Sands	Total
ADR Market Penetration	87%	92%	97%	93%
RevPAR Market Penetration	72%	80%	89%	81%
Occupancy	55%	58%	62%	58%
ADR	\$153.12	\$161.74	\$170.38	\$162.10
RevPar	\$84.39	\$94.39	\$104.96	\$94.82

Owned + Defaulted Gross Revenue	\$1,156,809	\$1,525,156	\$1,341,704	\$4,023,668
3rd Party Gross Revenue Available	\$1,607,814	\$3,353,468	\$2,633,533	\$7,594,815
HOA Rental Payments	(\$327,177)	(\$459,477)	(\$399,814)	(\$1,186,468)
Owned + Defaulted Net Revenue	\$829,632	\$1,065,679	\$941,889	\$2,837,200
3rd Party RMIS Available	\$385,875	\$804,832	\$632,048	\$1,822,756
Owned Maintenance Fees	\$0	\$0	\$0	\$0
Stabilized Rental EBITDA	\$829,632	\$1,065,679	\$941,889	\$2,837,200
Owned + Defaulted EBITDA%	72%	70%	70%	71%
EBITDA / Key	\$9,218	\$7,505	\$9,057	\$8,444

2022E PMC FEE SUMMARY				
	Atrium	Ocean Key	Ocean Sands	Total
Management Fee	\$160,524	\$277,464	\$165,708	\$603,696
EBITDA / Key	\$11,002	\$9,459	\$10,650	\$10,241

COMMENTS						
3% annual growth						
15% annual growth - currently at 4% market penetration						
Budgeted at Breakeven						
6% Penetration assumed						
Assumes run-off of existing portfolio						
3% annual growth						
Budgeted at Breakeven						
Stabilized 30% EBITDA margin						

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SOURCES AND USES

- Debt conversations have been in process for the past two weeks
- Will not have commitments due to the timing of the close
- We will take out management company cash flow financing, financing on the unsold inventory and refinance the consumer loan portfolio which is currently under levered
- Expect cost of debt capital to be 6% to 7%

AT CLOSING SOURCES & USES		
Uses	\$	%
Purchase Price	\$13,500,000	98%
Capex	\$0	0%
Diligence Costs / Transaction Costs	\$250,000	2%
Severance / Transition	\$0	0%
Total Uses	\$13,750,000	
Sources		
Mortgage Debt	\$0	0%
Mortgage Debt	\$0	0%
Holdback	\$0	0%
Equity	\$13,750,000	100%
Total Sources	\$13,750,000	
PRO-FORMA SOURCES & USES		
Uses	\$	%
Purchase Price	\$13,500,000	98%
Capex	\$0	0%
Diligence Costs / Transaction Costs	\$250,000	2%
Severance / Transition	\$0	0%
Total Uses	\$13,750,000	
Sources		
Debt (Western Alliance, PacWest, Wellington)	\$4,000,000	29%
Consumer Paper Debt (Western Alliance, PacWest, Wellington)	\$1,000,000	7%
DP2	\$6,000,000	44%
Holdback	\$0	0%
Equity	\$2,750,000	20%
Total Sources	\$13,750,000	

MOVE ANALYSIS

- The pro-forma assumes we will move 95% of Atrium Owners to Ocean Key and Sands
- 95% of Mgmt, accounting and other fees will not be impacted as the owners moving over to the Ocean Key or Ocean Sands will be current pay and the maintenance fees are very similar
- Rental proceeds from the Atrium will decrease EBITDA as well as not having available inventory at Ocean Sands / Ocean Key for RMS fees – some of this may be offset by owners giving us their weeks to rent which is not factored in, or owners moving to other timeshare properties where we have excess inventory, or more owners choosing to exit altogether
- The below assumes DP2 pays \$6mm for the real estate upside rights and does not factor in EBITDA sweep to DP2 and associated fee splits from real estate monetization of the Atrium

ATRIUM REAL ESTATE MONETIZATION EBITDA IMPACT	
2022 EBITDA	\$4,220,783
Atrium Management Fee (5% loss)	(\$8,026)
Atrium RMS	(\$829,632)
Ocean Sands / Ocean Key RMS	(\$896,002)
PF 2022 EBITDA	\$2,495,149
PF Equity	\$2,750,000
PF Debt	\$4,000,000
Ocean Sands Note Receivable	\$841,600
PF TEV	\$5,908,400
Purchase Multiple	2.3x

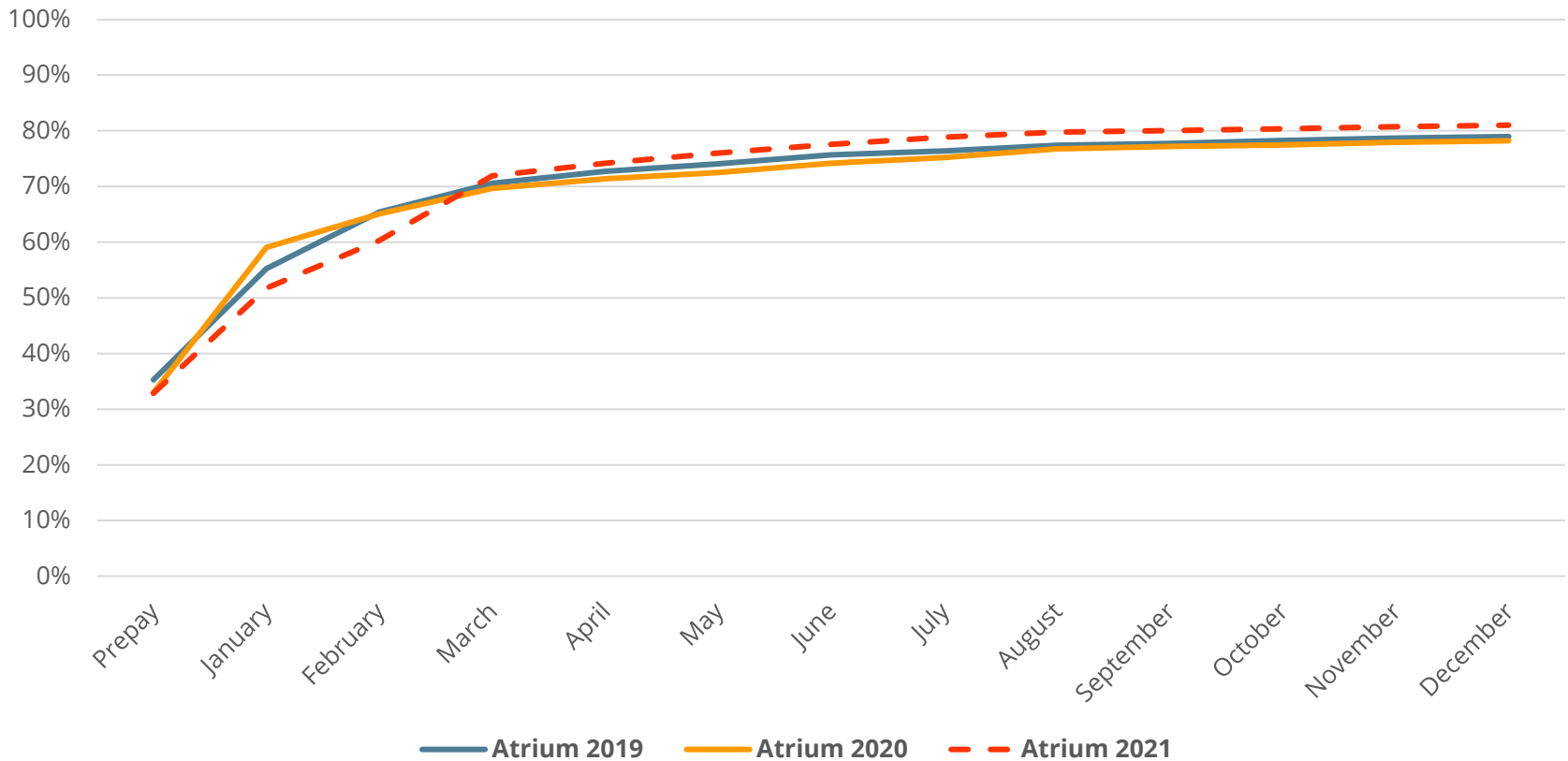
VALUATION SUMMARY – MORTGAGE PORTFOLIO PERFORMANCE BY YEAR

- PacWest is lender; 6.5% interest rate; 0.50% annual line fee; \$7mm available at 85% LTV / \$4.1mm outstanding against \$6.9mm notional (charge 15.9% / 10-year term); 9/30/23 maturity; revolving credit period ends 9/30/22; renewal discussions targeted for July/August 2022
- Accounts serviced via Equiant

	Cumulative Cash Flow Yield to Debt by Year After Origination												LTV at Origination
	1	2	3	4	5	6	7	8	9	10	11	12	
2010	14.3%	30.8%	34.6%	39.7%	44.2%	47.5%	49.9%	52.0%	53.4%	54.3%	54.9%	54.9%	78.4%
2011	12.7%	28.4%	37.6%	41.3%	47.1%	51.8%	53.2%	54.4%	55.2%	55.5%	55.8%	0.0%	76.4%
2012	14.2%	27.9%	37.8%	42.5%	48.4%	48.6%	51.9%	54.0%	55.5%	56.7%	57.8%	0.0%	78.8%
2013	14.5%	21.6%	30.1%	35.0%	39.4%	40.2%	42.8%	44.2%	44.9%	45.7%	0.0%	0.0%	77.6%
2014	13.8%	22.3%	30.3%	33.5%	38.1%	40.7%	43.1%	45.1%	46.0%	46.7%	47.1%	47.1%	80.1%
2015	14.9%	26.3%	33.5%	40.2%	44.6%	48.9%	52.6%	55.6%	57.3%	58.5%	59.1%	59.1%	76.1%
2016	15.5%	28.6%	34.3%	36.8%	40.2%	43.7%	47.5%	49.8%	51.0%	51.9%	52.4%	52.4%	73.9%
2017	14.6%	27.7%	31.9%	35.7%	38.4%	41.3%	44.2%	46.0%	46.9%	47.6%	48.0%	48.1%	77.2%
2018	14.6%	28.0%	28.8%	34.0%	37.1%	39.2%	41.6%	43.0%	43.5%	44.0%	44.3%	44.4%	77.3%
2019	15.4%	26.7%	35.6%	36.2%	40.4%	43.5%	46.5%	48.4%	49.3%	50.0%	50.4%	50.4%	74.3%
2020	17.0%	25.6%	31.4%	33.1%	38.5%	42.4%	46.2%	48.5%	49.8%	50.6%	51.1%	51.1%	69.3%
2021	18.9%	22.8%	33.7%	41.1%	51.3%	58.9%	65.6%	69.8%	71.2%	72.9%	73.8%	73.9%	63.8%

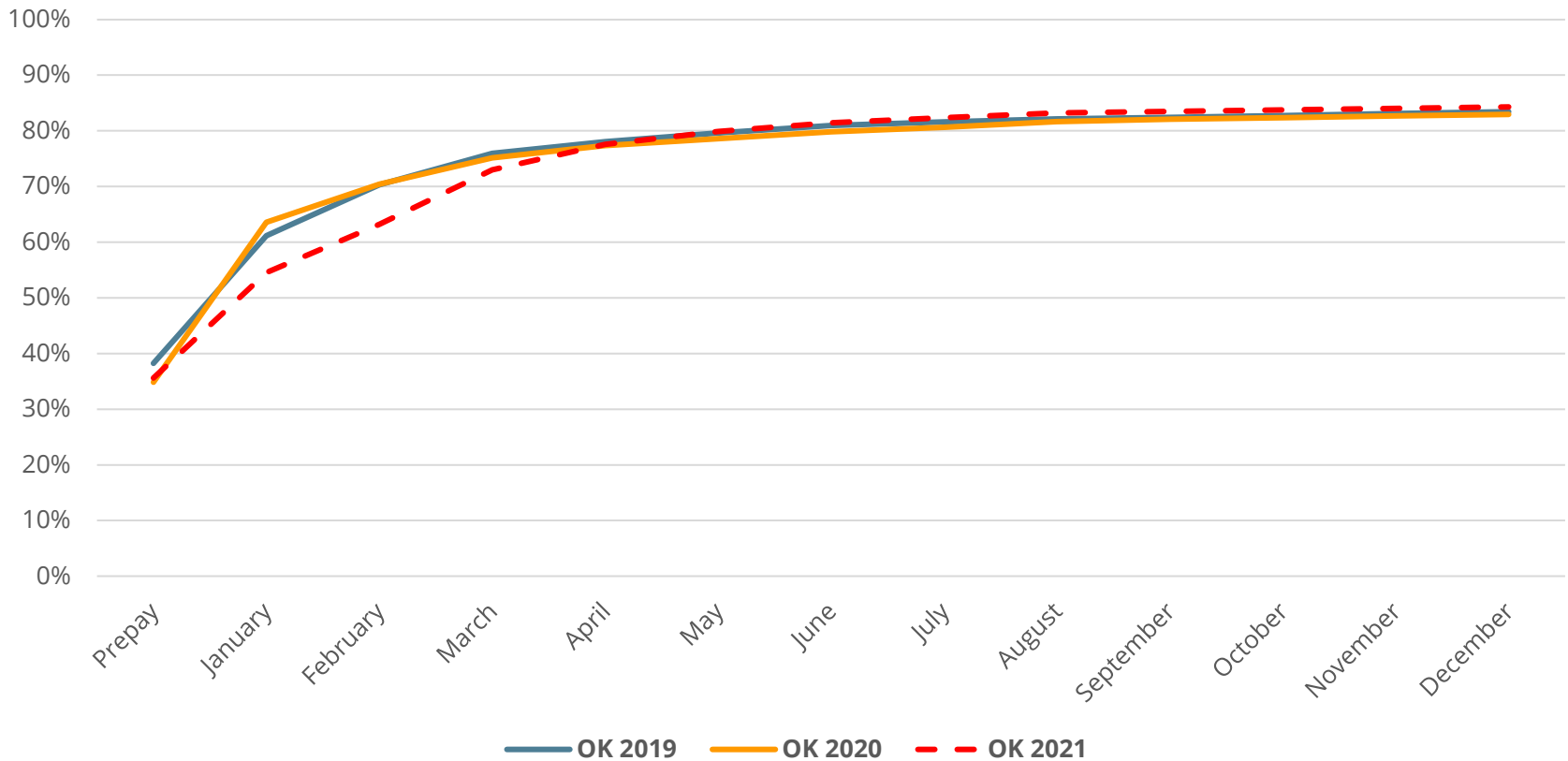
VALUATION SUMMARY – HOA COLLECTIONS

- Exit revenue typically adds another 4% to collections implying a 17% annual bad debt expense against assessments



VALUATION SUMMARY – HOA COLLECTIONS

- Exit revenue typically adds another 4% to collections implying a 12% annual bad debt expense against assessments



VALUATION SUMMARY – HOA COLLECTIONS

- Ocean Sands collections had a significant drop-off in 2021 due to special assessments related to delayed renovations
- Exit revenue typically adds another 5% to collections implying a 14% annual bad debt expense against assessments

