

## **Cottages at South Seas Plantation – Update June 20, 2007**

The Cottages at South Seas Plantation was the site of an unexpected tragedy on May 22, 2007, as fire heavily damaged one of the resort buildings. In the wake of the fire, your Board of Directors and Hilton Grand Vacations personnel have been busy addressing many issues related to the demolition and reconstruction of the damaged units. We are fortunate to be working with the same group of insurance adjusters, contractors and engineers who helped us recover from Hurricane Charley.

Just three days after the fire, a professional disaster recovery team arrived from California with a crew that removed all the furnishings, carpet, drapes and fire- or water-damaged items from units 1502 and 1504. In the units that weren't damaged (1501, 1505 and 1506), the team completed an extensive cleaning process from floor to ceiling – they washed down all of the walls, cleaned the furniture and carpets, and arranged for an air-conditioning company to clean the ductwork and service the a/c units. A fence has been installed around the six-unit building to keep the area secure while work is being performed.

The state fire marshal, as well as independent investigators hired by Hilton Grand Vacations and our insurance company, sifted through the debris in an attempt to determine the fire's cause. At this time, the investigation has not yet yielded a clear-cut cause. One possibility is that the fire started from a small appliance, but that theory has not been proven beyond any doubt.

Once investigators completed their work, a demolition permit was secured and the demolition began. Last week, unit 1503 was completely torn down and much of the damaged structure in 1502 and 1504 is being removed as well. The contractors have added supports to both structures and have placed plastic sheeting and tarps over the structures to keep the units dry. The engineers are currently working on site drawings that will be submitted to the county to receive necessary building permits.

We met with the design firm and created an inventory of items that need to be replaced. Most have already been ordered. We are also working on a redesign of the master bathroom for the damaged units, and plan to remodel the other units during future maintenance weeks.

Shortly after the fire, a letter was mailed to Owners informing them of the disaster. Owners in the six affected units were sent a second letter giving them details about their options for vacationing on South Seas Island Resort property and applying for a refund of their maintenance fees and taxes. As you are aware from earlier correspondence, your current insurance coverage allows for Owners to apply for a refund of their maintenance fees and taxes should they not have use of their unit due to an insured event. The insurance company, working with Hilton Grand Vacations staff on site, has offered to try to find alternative accommodations for Owners at Hilton Grand Vacations-managed resorts if they want to vacation at the resort as opposed to getting a refund. To date, we have been able to accommodate all Owners with alternative units, and nobody has lost

their vacation at South Seas Island Resort. We have just a few Owners we still need to find accommodations for during July and have begun trying to find units for Owners who have requested them for later months.

At this time, we are uncertain when all units will be opened for occupancy, but as work progresses, we will be able to provide more information. We may be able to open three or more units before restoration of all units is completed, but that is only speculation at this point. Once we are certain, we will make an official announcement to Owners.

I want to thank the many Owners who have expressed support for us during another difficult time. I also want to thank the Owners in the affected units for being so patient and understanding as we seek to find them alternative accommodations if they so desire them. It is time-consuming but worthwhile effort if we can salvage someone's planned vacation at South Seas Island Resort.

We will continue to post more information online as it becomes available.

On a separate note, I'm pleased to announce that several projects were completed during the maintenance weeks that just ended. In the guest bathrooms, new Corian sinks, countertops and vanities were installed along with new medicine cabinets, framed mirrors and can lighting. New railings were installed in the stairways and loft areas. New bedroom furniture was installed in the master bedrooms, and on the screened porch, wood-grain composite flooring was installed over the old decking. Finally, new water heaters were installed in all units. As you can see, we've been extremely busy and productive.

I look forward to remaining in good touch and appreciate your ongoing patience and support as we continue to revitalize the Cottages.

Regards,

Harry Griggs  
Interval Manager  
Hilton Grand Vacations