



MERGER FREQUENTLY ASKED QUESTIONS

The merger of Solstice and Parallel in November 2006 was an important milestone for the destination club market. The combined company will immediately offer 10 exclusive, one-of-a-kind homes in the most sought after second home destinations in the world. Solstice homes average \$6 million in value and are exquisitely appointed with the finest interiors and finishes suitable to its geographic area. The resulting combination is an unmatched club in quality of homes, member experience and financial strength.

As a result of the merger Solstice now offers homes in locations that include: Cabo San Lucas, Aspen, Telluride, St. Barth's, Florence, Napa, London, and Paris. Members also enjoy a luxurious 90-foot yacht, which spends its summers touring Nantucket and its winters in the Caribbean. Locations in development include a private beach location in Hawaii and a metropolitan solution in New York.

Not only does Solstice offer the most desirous real estate portfolio in the industry, Parallel will immediately leverage its expertise to enhance the member experience with a superior level of personalized service. Equipped with a balance sheet beyond compare, the new Solstice is well positioned to extend its financial model-built upon accountability and transparency to discerning members worldwide.

WHY DID THESE TWO COMPANIES COME TOGETHER?

What began as casual conversations between two respected industry peers quickly elevated to recognition of complimentary assets that, when combined, would create the undeniable elite destination club in the world. We believe that the premier destination club should deliver architecturally significant and uniquely appointed homes, backed by a high level of personalized service, financial transparency and member deposit protection. The new Solstice marries Solstice's growing collection of remarkable homes with Parallel's best-in-class services, resulting in a member experience unmatched by any club model, or for that matter, outright ownership. Further, Solstice continues its commitment to provide the highest standards of financial transparency to its members, and now introduces, for the first time in the industry, a choice between two deposit reimbursement models based upon each participant's financial goals.

WHY DID THE COMPANY DECIDE TO USE THE SOLSTICE BRAND NAME GOING FORWARD?

The Solstice brand is established and respected in the industry. Through its Best of the Best award recognition from both Robb Report and Business Britain, Solstice is viewed internationally by consumers as synonymous with the highest standards of quality and sophistication. The decision to build upon the substantial Solstice heritage, while introducing the newly combined company as the new Solstice, clearly reaffirms the consolidated vision of architecturally significant homes, connected member experiences and financial transparency.

WHAT DOES THIS MEAN FOR THE MARKET SPACE?

2006 was a defining year for the destination club market. As a result, there are now clearly established leaders within each segment of the industry. Each provider has their own philosophy surrounding how they approach service, real estate and financial practices.

As a consolidated entity with Parallel, the new Solstice has become the singular leader atop the ultra-luxury segment of the industry, as noted by the higher value of our architecturally significant homes, personalized service delivered through dedicated lifestyle specialists, and a commitment to accountability, financial transparency and deposit protection.

HOW DOES THIS TRANSACTION AFFECT THE FINANCIAL STRENGTH OF YOUR COMPANY?

The merger brought together two companies with strong balance sheets and very supportive membership groups to create a formidable leader in the ultra-luxury segment. As a result of the merger with Parallel, Solstice is now equipped with 10 homes averaging \$6 million in value, plus a 90 foot Dover motor yacht. The company intends to invest an additional \$40 million over the next 12 months to extend its position by offering more residences in key markets. The new Solstice maintains one of the industry's strongest balance sheets, supporting reimbursement coverage of 80% of a member's initial deposit by using the majority of every deposit to acquire and furnish homes.

WHAT IS YOUR OVERALL CORPORATE OBJECTIVE FOR THE MERGER?

The newly combined club has a member-supported objective to immediately expand memberships and to acquire additional unique residences. Solstice will maintain a maximum member to home ratio of six to one to ensure the greatest flexibility and availability of calendar. Another clear goal is to enhance the member experience by providing unlimited Spontaneous Use to members.

IS THIS A MERGER OR AN ACQUISITION?

This is a merger of equals. Pre-merger, both organizations were financially strong and of similar stature in the marketplace. The synergies between the two companies enable the new Solstice to immediately introduce many initiatives both clubs had planned for future introduction.

WHO WILL BE THE NEW CEO?

Chad Morse will serve as CEO of the combined company. Graham Kos, the founder and real estate visionary behind Solstice, will continue to build the company's world-class real estate portfolio.

WHO WILL SERVE ON THE NEW BOARD OF DIRECTORS?

The board will be comprised of five members to include Parallel co-founders Tim Wolff and Chad Morse, and Solstice co-founders Graham Kos and Jeffrey Scult. The board will expand to include one previously unaffiliated Director who is yet to be announced.

WHO WILL LEAD THE COMPANY'S KEY MANAGEMENT FUNCTIONS?

The complementary management talent of Solstice and Parallel will be leveraged and integrated to lead the new company. This team will include:

Chad Morse, *Founder & CEO*

Graham Kos, *Founder*

Tim Wolff, *Founder*

Jeffrey Scult, *Founder & Managing Director, Membership & Alliances*

Mark Cibik, *Managing Director, Membership*

Mark Cain, *Managing Director, Marketing*

Michel Ducamp, *Managing Director, Hospitality*

WHAT OPTIONS ARE AVAILABLE TO ME IF I WANT TO BECOME A MEMBER?

Solstice offers flexible access based on personal travel demands, membership deposit return structures and annual dues. There are three membership plans offered to meet the member's desired flexibility for travel: Signature, Platinum, and Sky.

In addition, Solstice is, for the first time in the industry, introducing two reimbursement models. Based on their specific financial goals, participants can choose a 100% deposit return or a deposit return based on the prevailing value of memberships, less a 20% transfer fee.

HOW WILL THIS MERGER AFFECT CURRENT PARTICIPANTS?

Transitioning members from Parallel will have access to a broad portfolio of exclusive homes in a much more immediate timeframe than previously expected. Existing Solstice and Parallel participants will realize that it is business as usual, but with added benefits derived from more geographical options and an expanded service base such as travel agency services courtesy of Andrew Harper's Q Club, along with membership upgrades for access and 'above plan' days. Both membership groups have openly supported the move.

WHAT OTHER DESTINATIONS ARE UNDER CONSIDERATION FOR FUTURE DEVELOPMENT?

Development efforts are currently underway in New York and Hawaii.

Other locations under consideration include Costa Rica, Kiawah Island and the Swiss Alps. As always, decisions surrounding future home locations will take into consideration the expressed desires of our participants.

WHAT SETS YOUR HOMES APART FROM THOSE OFFERED BY OTHER PROVIDERS?

The Solstice collection of one-of-a-kind, architecturally significant homes are artfully styled and tastefully decorated. Attention to design detail is paramount at any of our homes. Whether it is our Florence home that is part of the landmark building designed by Michelangelo or the Cabo San Lucas residence that offers sunset ocean views from every room and its own secluded beach, every Solstice home tells a unique story and upholds the highest levels of style and grace.

The shared-use model Solstice offers is the only viable solution in the market that serves as the ultra-luxury alternative to traditional second home ownership. Solstice members choose from a variety of impeccable-quality homes in the most exclusive destinations in the world; thereby enjoying all the benefits of second home ownership without the expense, inconvenience and guilt associated with using a traditional second home.

HOW CAN I ENSURE THAT SOLSTICE IS FINANCIALLY STRONG AND SUSTAINABLE?

Solstice and Parallel have always maintained very strong balance sheets. Our financial statements are audited and shared with our participants annually. In addition, our financial statements clearly demonstrate that 80% of member deposit values are covered by the balance sheet. As a founding member of the Destination Club Association, the company is committed to driving industry best practices and promoting higher internal best practice standards. Solstice is dedicated to accountability, financial transparency and deposit protection.