

PRINCIPLES & MECHANICS OF CONVERSION FROM TIMESHARE TO PREFERRED SHARES

1. The conversion will in no way diminish the members’ benefits nor will it prejudice their rights as AVC members.
2. Eligibility to convert:
 - a. Only Timeshare holders who are fully paid and with updated payments will be eligible to participate in this Conversion Program
 - b. Members with arrears may contact our Collection Department to find out how they can update their status and be eligible to this Conversion Program.
3. Available options to AVC members:
 - a. Convert Timeshares (TS) to Preferred Shares (PS)
 - b. Remain with FHI as Timeshare holder*
 - c. Refund a portion or the full Timeshares
4. Details of Available Options:
 - a. Convert from TS to PS

<i>Timeshare to Preferred Shares</i>		
	Timeshare Details	Preferred Share Details
Share Type	1 Share (7 nights /year)	7 Shares (7 nights/year)
Main Benefit	Right of use to Azalea Hotels and Residences	SAME
Other Benefits	Lifetime/Assignable / Transferrable	SAME
	Banking / Advancing	SAME
	Discount on published Room Rates, Dining, and Hotel Services	SAME
Booking Guidelines	7 Nights – (Monday- Monday) 4 Nights – (Monday- Friday) 3 Nights – (Friday- Monday)	Any day of the week Minimum: Overnight Stay
Liquidation of Assets	None	Pro-rata share of the assets of the Corporation IN CASE of dissolution

- b. Remain as FHI TS holder
 No change in benefits but would not be able to take advantage of the flexibility offered by the Preferred Share and the chance to participate in the pro-rata sharing in the event that ALRC files for liquidation.

c. Full of Partial Refund of TS holding

- A member can elect for a full or partial refund of his TS holding, subject to the conversion formula below:

<p>NET AMOUNT =</p> <p>Payments Made <i>Less</i> Administrative Cost <i>Less</i> 12% VAT</p> <p><i>Less</i> Arrears or Balance of Payments (if applicable) <i>Less</i> Usage Value (if applicable)</p> <p><i>Less</i> Payment for Shares/Nights to be Retained (applicable only for partial refund)</p>

- Refund will be processed within 45 days from the submission of members' option
- Given the above formula, here are sample computations for various scenarios:

c.1 Full Refund with Usage

Purchase Price	265,200.00
Less: Outstanding Balance	-
Total Payments Made	265,200.00
Less Administrative Cost	20,000.00
Sub-total	245,200.00
Less: Usage value	19,870.08
Less: Arrears	-
Less: Payment for night/s to be retained	-
Total Refundable (collectible) amount	225,329.92

c.2 Partial Refund, No Usage, No Arrears:

(Assume: 3 shares retained & 4 shares for refund)

Purchase Price	265,200.00
Less: Outstanding Balance	-
Total Payments Made	265,200.00
Less Administrative Cost	20,000.00
Sub-total	245,200.00
Less: Usage value	-
Less: Arrears	-
Less: Payment for night/s to be retained	105,085.71
Total Refundable (collectible) amount	140,114.29

c.3 Partial Refund with Balance of Payment, Arrears & Usage

(Assume: 3 shares retained and 4 shares for refund)

Purchase Price	264,000.00
Less: Outstanding Balance	20,000.00
Total Payments Made	244,000.00
Less Administrative Cost	20,000.00
Sub-total	224,000.00
Less: Usage value	9,892.80
Less: Arrears	3,233.49
Less: Payment for night/s to be retained	139,428.57
Total Refundable (collectible) amount	71,445.14

5. Documentation Requirements

Each member will be sent a set of Conversion Kit and must accomplish and submit the same to ALRC for processing within 15 days:

- a. Convert from TS to PS
 - i. Consent letter electing to convert
 - ii. Updated Contract
 - iii. Updated Deed of Sale
 - iv. Website registration
- b. Remain as FHI TS holder
 - i. Consent letter electing to remain with FHI
 - ii. Website registration
- c. Refund a portion or the full TS holding
 - i. Consent letter electing to refund a portion or full
 - ii. Updated Contract
 - iii. Updated Deed of Sale
 - iv. Website registration
 - v. Quit claim

6. All concerns/issues of members must be coursed through the Customer Service

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