

QUESTIONS AND ANSWERS INCOMPARABLE JOURNEYS BY RAIL

1st July 2014

JOURNEY BY RAIL VACATIONS

1. What is a Journey by Rail?

- **Journeys by Rail are very upscale, luxurious train vacations:**
- For:
 - Individual vacation buyers on Train Sets.
 - Train'Share Owners on Train Sets.
 - Individual vacation buyers on Private Cars.
 - Train'Share owners on Private Cars.
 - Fractional Interest Owners on Private Cars.
- Accommodations, dining, beverages, passenger service, en-route destination activities and the overall Journey experience provide an exquisite, exclusive vacation that is not otherwise available in the USA, featuring the widest choice of things to do and enjoy.
- Private Car passengers can select a preferred itinerary.

2. How do individual Journeys, Train'Shares and Fractional Interests differ?

- Individual Journeys are single Journeys by Rail.
- Train'Shares are timeshares that provide buyers a right to use a selected bedroom category and all of the public facilities on a Train Set having from two to five Cars with up to 22 bedrooms for a 7 night Time Period each year, or more frequently.
- Fractional Interests buyers acquire shared ownership of a Private Car as a member of and through a Limited Liability Company ("LLC") that has title to the Car. The Fractions are normally 1/12th (4 weekly Time Periods), 1/8th (6 Time Periods) or 1/6th (8 Time Periods). Owners have annual rights to use a Car for the number of time periods (weeks) included in their Fractional Interest.
- Individual Journey passengers and Train'Share Owners on Train Sets travel on predetermined, scheduled routes. Private Car passengers can select their route.

3. When can passengers travel?

- **During selected designated time periods or during any other available time periods.**
- Individual Journey passengers can travel at any available time of the year on a growing choice of scheduled Train Set routes throughout the USA.

- Train Share owners can travel during a designated weekly time period or, at their option, during any other available time period on any Train Set.
 - Fractional Interest Owners can travel during designated weeks or, at their option, during any other available time on any Car; on routes that they select.
- 4. How long are Journeys and when do they start?**
- **8 days and 7 nights starting on Saturday or Sunday (normally).**
 - Fractional Interest Owner Journeys may vary in length up to the total number of weekly time periods that they own.
- 5. What is included during a Journey?**
- **Journeys are all-inclusive and include:**
 - Train Set Journeys include deluxe accommodations, fine dining, complimentary alcoholic and other beverages, exquisite 24 hour service, on-board activities and small features like a choice of pillows and types of bedding.
 - Private Car Journeys include exclusive use of a Private Car, deluxe accommodations, personal crew, preferred fine dining, non alcoholic beverages, and optional alcoholic beverages for which passengers pay a low price.
 - The widest choice of optional activities at en-route destinations.
- 6. Where do Journey by Rail routes go?**
- **Throughout the USA.**
 - Initially, within the States of Texas, California, New York and Florida.
 - Thereafter, Train Sets will be based in Washington DC, Chicago, San Antonio and Los Angeles, operating on scheduled routes throughout the United States as part of Amtrak trains, and to out-of-the way places on regional railroad tracks.
 - Private Cars operate can operate as part of a Train Set on related routes or on routes selected by passengers.
- 7. How many passengers can normally travel together?**
- **Up to 3 in the same bedroom on a Train Set.**
 - There is one convertible (from plush sofa) or fixed queen bed and one convertible single bed (from plush chair) in most Master Suite bedrooms.
 - Two passengers can each have their own bed, or one couple can share the queen while a third passenger sleeps on the single bed.
 - There is an additional charge for a third passenger.
 - **Normally up to 6 in up to three bedrooms on a Private Car**
 - A Private Car may have 2 or 3 double occupancy bedrooms; plus additional sleeping accommodations that share a bathroom, which may be suitable for families or close friends and increases occupancy to eight persons.

8. What group programs are available?

- **A wide variety.**
- Discounts are offered if three or more Train Set bedrooms are used.
- Groups of 15 couples or more can reserve a whole Train Set for themselves at reduced prices; and can select a preferred route with at least six (or more) months advance notice.
- With at least six months notice, preferred routes and special activity (ski, golf, etc) destinations can be included.
- America's Trains management includes experts at designing group programs to meet special interests.

9. Can specialized passenger arrangements be made?

- **Yes, special opportunities are available for:**
- Personalized birthday, anniversary and other events.
- On board weddings and honeymoons.
- Special theme group vacations including preferred activities at en-route destinations.
- Business meetings and presentations.
- And otherwise.

SHARED OWNERSHIP

10. What kind of shared ownerships are available?

- **Three, as follows:**
- Annual Train'Shares provide a Journey by Rail each year.
- Biennial Train'Shares provide a Journey every other year.
- Fractional Ownership Interests provide 12 or more weekly Journeys each year, sequentially or separated.

11. How long is the term of ownership?

- **For Train'Shares, from 10 years to 'Perpetual'.**
- Rail Cars can have a very long life. Properly cared for Cars are in service that are over 70 years old.
- Train'Share ownership is for an Initial 10 year period that can be extended to be Perpetual, at a greatly reduced per year price.
- **For Fractional Interests, from 10 years to 'Perpetual'**
- Private Car Fractional Interest ownership is an Initial 10 year period that can be extended to be Perpetual, for the life of the Car.
- **Shorter Term**
- Buyers have a right to a refund after they experience initial Journeys by Rail. In this event, the term could be one year.

12. How many vacations can be taken in a single year?

- **One or several.**
- Train'Share and Fractional Interest Owners can take as many Journeys as they want in the same year by using vacations from future years on a space available basis, for themselves or friends.

- Owners can also delay use of a Journey and save it for a future year, on a space available basis.
- Fractional Interest Owners can use weekly Time Periods sequentially at the same time or one at a time.

13. Do Owners acquire rights to or ownership of a Car?

- **It's different for Train'Shares and Fractional Interests.**
- Train'Share Owners have exclusive rights to use Train Set Cars. The Owner's Association (each Owner is an equal member) holds title or permanent use rights to Train Set Cars on behalf of Owners. Therefore, Train'Share Owners have ownership rights to Cars through the Association.
- Fractional Interest buyers own a percentage of a Car based on the number of weekly Time Periods (from a total of 48) that are included in the Fractional Interest.

14. Can an Owner sell a Train'Share or Fractional Interest?

- **Yes, if the purchase price is paid in full and all Fees are paid.**
- A Train'Share can be sold or given away.
- A Fractional Interest Owner can sell and give away the full Fractional Interest, or separate Time Periods included in an Interest with the approval of a majority of the LLC members.
- Train'Shares retain an optimum price because the value is at least equal to the number of unused Journey by Rail vacations that have a retail price of over \$12,000 each (for 2 persons).

15. Do Train'Shares offer benefits that real estate timeshares don't?

- **Yes.**
- Real estate timeshare properties may experience undesirable seasonal weather changes. Rail Cars avoid unwanted weather by moving to preferred geographic routes.
- Each Train'Share Journey visits several different places featuring a variety of different adventures, activities and things to see and do.
- Train'Share Owners can select preferred services, beverages and menus before departure.
- Journeys by Rail cater to a small group of passengers that experience very personalized elite service.

16. What will the future Train'Share or Fractional Interest value be?

- **The value should be strong because:**
- Train'Share and Fractional Interest Owners have rights to valuable future Journey by Rail luxury vacations that can be sold if desired. The typical retail price is about \$12,000, for two passengers. The price of all luxury train vacations will continue to increase in future years which will support the value of Train'Share ownership.
- Train'Share ownership provides luxury Journeys by Rail at 1/3rd the price in individual Journeys and at 2/3rd of the price for comparable train vacations; there is a market for individual Journeys. This supports the ongoing value of Train'Share ownership.

- The value of rail passenger Cars is expected to increase so the value of rights to rail Cars as an Association (Train'Shares) or LLC (Fractional Interest) member will appreciate.
- The resale value of a Train'Share should be high because the value of comparable train vacations and rail Cars will grow.

SLEEPING ROOMS AND CAPACITIES

17. What sleeping rooms do Train'Share Owners use?

- **Passengers decide.**
- Train'Share Owners select a designated bedroom category that they always have the right to use, along with lounges and dining areas. Most bedrooms are Master Suites.
- A bedroom may be on a full sleeping Car or on one that also includes a lounge or other common space.

18. What are the sleeping arrangements on a Private Car?

- Private Cars have two or three adjacent bedrooms each having a full private bathroom (with a shower), or they may share the shower by private entries from each bedroom
- Private Car lounge areas normally have a convertible sofa bed providing sleeping accommodations for a couple of additional guests.
- The Fee for additional guests is added to and included as part of the All-Inclusive Journey Fee.

19. Can the number of passengers traveling with a Private car be increased?

- **Yes, by attaching another Car to the Private Car.**
- To expand the number of sleeping accommodations, a typical Train Set Car with some bedrooms can travel with a Private Car.
- The additional cost is included as an All-Inclusive Journey Fee.

TRAIN'SHARE, FRACTIONAL INTEREST FEES

20. What are the mandatory Fees?

- **Annual Maintenance Fee.**
- This Fee is for fixed and reoccurring management and rail Car operating costs. It is paid once each year.
- The Maintenance Fee and is about the same or less compared to equivalent luxury real estate timeshares or Fractional Interests. There are no property taxes or other assessments which normally apply to real estate shared ownership properties.
- If Owners don't use a Journey they don't have to pay the normal Maintenance Fee.
- **All-Inclusive Fee(s).**
- For Train'Shares, this Fee is for variable and consumable costs including fine dining, beverages, passenger services and the cost of

a locomotive to pull the Train Set. The Fee is paid once each year and is no more than the cost for similar food, beverages and services and at luxury resorts and timeshare properties. If optional services are used, a Train' Share Owner pays an additional related Journey Fee as part of the All-Inclusive Fee.

- For Fractional Interests, there is a normal All-Inclusive Fee for variable and consumable costs excluding the locomotive, dining and other optional services. An additional Journey Fee is added to the All-Inclusive Fee for optional items when they are determined, including locomotives based on mileage, dining based on preferences, preferred alcoholic beverages, and special optional services.
- If Owners don't use a Journey they don't have to pay the normal All-Inclusive Fee.

21. Are there any other mandatory Fees?

- **No.**
- Some optional theme and special Journey programs may include extra routing or activities that are included as All-Inclusive Journey Fees.
- This may include costs for skiing, golf, excursions at en-route destinations, Superbowl tickets, extra travel mileage, etc.

22. Will annual Fee costs unexpectedly increase in future years?

- **No.**
- Budgets are based on substantial, prior actual Car operating costs.
- The Developer guaranties that Annual Maintenance and normal All-Inclusive Fees will not exceed expected amounts. If they do, the Developer pays for the increases.
- A reserve for unforeseen expenses, including Train Car maintenance and repairs, has been included in operating Budgets.
- Unlike real estate properties, there are no property taxes.

23. If a Journey isn't used, do Fees have to be paid?

- **No.**
- If Owners don't want to use a Journey they can give it to the Association (Train' Shares) or LLC (Fractional Interests) in which case they do not pay the Maintenance or All-Inclusive Fees.

24. What is the cost of on-board beverages?

- **There is no charge to Train' Share Owners for typical beverages.**
- Normal non alcoholic, beer, wine and hard liquor drinks are complimentary.
- However, a surcharge is paid for special request (beer, wine and hard liquor brands) that can be requested before departure, and for some tropical and more exotic mixed drinks.
- **There is a charge to Fractional Interest Owners.**
- Non alcoholic beverages are provided.

- Private Car passengers select preferred alcoholic beverages before departure. A reasonable cost is paid as an All-Inclusive Journey Fee.

25. What is the cost for on-board meals?

- **Nothing, the cost is included in Fees.**
- Train’Share Owner All-Inclusive Fees pay for all breakfast, lunch, supper, snacks or take-out meals. If a special menu is requested, there is no extra charge unless abnormal specific items are required.
- Because Fractional Interest Owners may want to select all menus and will frequently dine off of the Car, the cost for meals is calculated before departure after determining specific meal requirements. It is paid as part of the Journey All-Inclusive Fee.

26. Is tipping required?

- **No.**
- However, passengers have the option to further reward a crew member by paying him/her an unexpected gratuity.

EXCHANGES AND RENTALS

27. Can a Train’Share or Fractional Interest Journey be exchanged for a resort vacation?

- **Yes.**
- Train’Share or Fractional Interest Owners become a member of a timeshare exchange organization that allows them to exchange a Journey for a worldwide selection of luxury resort vacations.
- Fractional Interest Owners may also have rights to exchange for other luxurious private vacation properties worldwide.

28. What are the exchange costs?

- **The typical cost charged by an exchange company or manager.**
- Initial membership costs are paid by the Developer.
- Owners pay a low and reasonable annual and a small use fee when a reservation is made, to and as required by the exchange company or vacation property manager.
- There is no charge to exchange a Journey by Rail during a designated Time Period for a Journey at a different time.

29. Can an Owner sell an individual Journey vacation?

- **Yes.**
- Train’Share and Fractional Interests Owners can rent an individual Journey Time Period to anyone directly or through a suggested retail travel agency for a reasonable commission fee. The Developer does not participate in such rental programs.
- If an Owner rents or sells a Journey they keep the profit in excess of travel agent commissions and the cost of Fees.
- If an owner rents a Journey they must still pay Fees out of the rental income, but keep the remaining net revenue.

MANAGEMENT

30. Who manages the business?

- **Experts.**
- A Train' Share Owner's Association controls and manages the Train Set Journey by Rail business
- A separate LLC acts as the Owner's Association for each Private Car, managing related business on behalf of Owners.
- Association and LLC administration, Train Set and Car operations, maintenance and related requirements are managed by qualified persons with extensive relevant experience.

31. What is the Developer's related experience?

- **Substantial.**
- Management experience includes development, repair and operation of trains and rail cars, regional air, marine, resort and hotel, retail travel, wholesale tour operator, timeshare, shared vacation ownership, and related activities.
- The Developer, its principals or predecessors, have been and/or are members of resort/timeshare (ARDA), travel (ASTA, CLIA, various Consortiums), rail (RPCA, AAPRCO, RTIA) and other associated industry entities.
- Related capabilities are managed to emphasize optimum passenger satisfaction and enjoyment.

SPECIAL OWNER BENEFITS

32. Why are Train'Shares and Fractional Interests so extraordinary?

- **For many outstanding reasons.**
- Unbeatable value.
- Luxury with a difference, and outstanding service.
- Exhilarating vacation experiences with unique, changing itineraries.
- Uncrowded, personalized.
- All-inclusive, the best of everything is included.
- Visit different places while living on a luxury train.
- More and exciting activities.
- Exchange for fine resort vacations, worldwide.
- Gourmet meals and complimentary beverages.
- No unexpected ownership cost or Fee increases.
- Camaraderie among a limited number of elite travelers.
- They retain a fair value.
- Payments are held to assure delivery of expected Journey vacations.
- The Developer offers a refund to buyers that don't like Journeys.
- Much, much more.

ASSURANCES AND GUARANTEES

- 33. What if Train'Share or Fractional Interest Owner is not happy with their Journeys by Rail experience?**
- **Highly unlikely.**
 - And, Train'Share buyer options allow them to sell a Train'Share back to the Developer for valuable considerations that are equal to or worth more than the original purchase price.
- 34. What about unexpected Fee increases?**
- **It can't happen.**
 - The Developer guarantees that Fees will not exceed expected amounts. If normal Fees are not sufficient to pay forecast expenses, the Developer pays the difference.
- 35. What happens to Fee payments if a Train'Share or Fractional Interest Journey isn't used?**
- **Owners don't have to pay any Fees.**
 - If a Journey by Rail is not used, an Owner can rent it themselves or through a prearranged agency, pay Fees from the rental income and keep the subsequent net income; or, give use of a specific Journey to the Association and pay no Fees. The Association pays them and recovers the cost by renting the Journey by Rail vacation.
- 36. What happens to my payments if a Journey by Rail doesn't occur?**
- **Highly unlikely; however as an added precaution:**
 - All payments of individual Journey fares are held until related departure dates in amounts sufficient to pay all associated Journey expenses or to pay a requested refund.
 - Revenue from Train'Share sales equal to double the amount necessary is held to pay for continuing Car acquisition and improvements to ensure the ongoing availability of present and additional Cars and related Journeys.
 - All net revenue from Fractional Interest sales is held and/or only used to pay Car costs and to ensure provision of related Journeys.
- 37. Can a Train'Share or Fractional Interest be resold?**
- **Yes, by Owners or the Developer will by back a Train'Share.**
 - Because the unused Journeys by Rail are a travel commodity, the market value of a Train'Share or Fractional Interest time period can be calculated by multiplying the number of unused Journeys times the normal retail sale price for an individual Journey vacation, which is about \$12,000, even if the resulting value is cut in half.
 - After initial Journey Time Periods, the Developer will buy back a Train'Share at a reasonable price based on use of Journeys to date.



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