



MAGNETIC SHOALS LIMITED (Trading as Island Palms Resort)

PRODUCT DISCLOSURE STATEMENT

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About Timeshare

Australians were first introduced to the concept of Timeshare with the opening of several resorts in both New South Wales and Queensland in 1978. **Island Palms Resort opened in 1984.**

Today there are over 110 Timeshare resorts in Australia alone, catering to the needs of more than 130,000 families who own Timeshare holiday intervals in those resorts.

Traditional Timeshare is offered at Island Palms Resort.

Consumers make a one-time purchase of furnished resort accommodation, at a fraction of whole ownership costs, and pay an annual maintenance levy. The 12 accommodation units at Island Palms Resort situated at 23-25 Warboys Street, Nelly Bay, are divided into 612 weeks which are sold individually. The purchaser owns a fraction of the real property at 23-25 Warboys Street, Nelly Bay Qld – but only for the amount of time he or she has purchased, typically one or two weeks a year. Included in these rights is the exclusive use of a range of resort facilities, such as half-court tennis, swimming pool and table tennis. With timeshare, the owner has all the benefits of a holiday home without the year round costs.

Three (3) types of timeshare weeks are available for purchase at Island Palms Resort: Fixed Week/Unit; Floating Red Week or Floating White Week. For full description, refer to "Timeshare Intervals" in this brochure. All weeks commence on Saturday and finish the following Saturday.

Purchase Procedures

At the time of purchase, the consumer pays the one-time purchase price plus the conveyancing fees to transfer complete legal ownership for the time being purchased. Many consumers choose to use a Solicitor who specialise in timeshare for this purpose.

Gustafson Franke Lawyers, PO Box 6345, GCMC Qld 9 7 2 6 Ph: (07) 5539 5858;
Email: timeshare@gustafsons.com.au

Membership

Island Palms Resort is a title based scheme. This means that each timeshare purchaser receives an undivided fractional interest in the real property of the resort. The accommodation units are divided into 612 weeks. For each weekly interval acquired, the purchaser is entitled to 1/612th undivided interest in the resort property. This type of ownership enables the owner to sell or will the timeshare interval to beneficiaries.

Proof of land title ownership at Island Palms Resort (as fully described in the company Articles of Association) permit application for membership to Magnetic Shoals Limited (“the Club”). Magnetic Shoals Limited is solely made up of owners of timeshare intervals at Island Palms Resort. These owners are members in the company, each member eligible for one (1) vote per one (1) week or interval owned.

Management

Island Palms Resort Owners (members of the Company ‘Magnetic Shoals Limited’) elect a Board of Directors every year. These Directors are nominated and duly elected from the members and are responsible for overseeing the operations and management of the resort. The Board is responsible for ensuring maintenance of the resort, as well as the establishment of a budget and levy to be paid by each owner as a contribution towards such upkeep. Magnetic Shoals Limited has a 99 year lease over the resort to operate on behalf of the members.

Maintenance Levy

An annual maintenance levy is necessary to maintain and preserve the value of Island Palms Resort. A budget is calculated and shared equally (per interval) among all timeshare owners of the resort. The annual levy is used to cover the costs of maintenance (E.g., housekeeping, repairs, refurbishments, utilities and maintenance of the resorts common areas) and management of the resort (e.g., administration, accounting, legal fees, taxes and insurance). All members contribute in proportion to the number of weeks they own. The 1.7.2018-30.6.2019 levy is \$755.00. The 1.7.2017-30.6.2018 levy was \$749.00. The 1.7.2016-30.6.2017 levy was \$775.00 (\$725.00 levy plus \$50 special refurbishment levy final instalment of 10).

Island Palms Resort accounts operate on a financial year basis and annual levies are payable on 1 July of each year or within one (1) month of the date on which the levy notice was posted to the Member, whichever is the later.

Failure to pay by the due dates result in late payment fees being added to the members account, details of which are specified on the initial levy invoice. Per the Company Articles it is a member’s responsibility to ensure the supply the Club with updates to mailing addresses for receipt of correspondence.

Timeshare Intervals

Timeshare intervals fall into the following categories at Island Palms Resort:

- Floating White Weeks
- Floating Red Weeks
- Fixed Weeks

Floating White Weeks: Floating White time allows an owner to request a booking for a week that falls within Weeks 1-13 inclusive and 40-52 inclusive.

Floating Red Weeks: Floating Red time allows an owner to request a booking for a week that falls within Weeks 14-39 inclusive.

Fixed weeks: Fixed Weeks are set down as a designated week each calendar year and occupying a designated apartment number.

Floating time allows the owner the flexibility to holiday at any time (subject to a vacancy at the time of application) within the “White” or “Red” colour zone that they have purchased.

Week 1 and subsequent week number is calculated from the 1st Saturday in a calendar year.

What are timeshare owners able to do with their timeshare?

Owners at Island Palms Resort have two options with the usage of the week/s:

- 1. Use their week at the Resort.** The owners can use the week themselves or nominate another family member or friend to use the week. It is also acceptable to organise a private rental of your week.
- 2. Space bank the week with an Exchange Company.**

NOTE - Accrual of time: Timeshare weeks cannot be accrued from one year to the next. An owner must either use it or 'bank' with an exchange company. If a Floating Week entitlement is not used in any given entitlement period *allowing reasonable time* for there still to be a vacancy available, then that entitlement week is lost. It is the responsibility of all owners to ensure use of each entitlement. Annual levies are still payable each year irrespective if an entitlement has been used or forfeited.

1. Using your week at Island Palms Resort:

Floating Week owners: Request to book a date will be accepted *no more* than 10 months prior to the commencement of the week you wish to book. Booking are made via the Resort office by telephone, email, fax or in writing. All Floating Week owners have an "anniversary" or "entitlement date", which is the 12 month period in which you must use your one week. If you fail to do so (allowing reasonable time for there to be a vacancy at the resort) you lose your week (it is not accruable) and you are still liable for the annual maintenance levy.

Fixed Week owners: Fixed week owners are required to advise the resort each year of their intention to 'use' their week. A timeshare calendar indicates the starting dates for each week each year. Week 1 is always the first Saturday in January. All weeks commence on Saturday and finish the following Saturday.

For all members, Maintenance Levies must be paid in full prior to arrival.

2. Exchange

Exchange Companies operate in Australia, enabling Timeshare owners the flexibility to trade their holiday week for another resort in one of many locations worldwide. The exchange system works much like a bank savings account, allowing owners the opportunity to 'bank' a week any year they consider they will probably not use it or if they simply wish to holiday at a different timeshare property, giving them up to 3* additional years in which to use it via exchange to a different timeshare resort location (subject to availability via the exchange company). ** can vary between exchange companies*

There are two exchange companies who offer Island Palms owners different exchange options and choices.

DAE - www.daelive.com

Phone: 1300 733 674

RCI - www.rci.com

Phone: 1300 368 800

Deposit early to maximize your trading power so you have more opportunities available for a match when you're ready to request an exchange vacation. Keep in mind that you don't have to know the details of your own holiday plans in order to deposit the week you own.

Before planning any exchanges you must ensure the following:

- Your levies at Island Palms Resort are paid in full
- You have not already used your entitlement on the resort or through an exchange company
- You are a member of the exchange company you have selected
- You have paid the appropriate membership fees to the Exchange Company for the period that is to be deposited.

ATHOC

Australian Timeshare and Holiday Ownership Council (ATHOC) is the representative body for the Australian Timeshare Industry. Island Palms Resort is a member of ATHOC. ATHOC also offers information to owners/consumers. You can contact ATHOC on (07)5526 7003, email: info@athoc.com.au
website: www.athoc.com.au

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