

MAGNETIC SHOALS LIMITED (T/A Island Palms Resort)

Information Guide to assist you with purchasing

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INITIAL NOTICE TO PROSPECTIVE PURCHASORS:

Timeshares are **not appropriate for everyone**. You should take time to consider whether buying this timeshare is right for you before you sign the application form.

It is important to understand:

- Timeshares are generally very **long term**. The term of this timeshare expires in 2083. You will generally be required to pay **ongoing costs** for as long as you own the timeshare, regardless of whether or not you use the timeshare.
- You **can be guaranteed the type of accommodation** you want as Island Palms has only 2 bedroom units.
- You **may not be guaranteed** the accommodation at **the time you want** due to demands and that we only offer 12 units.
- Island Palms **offers a 14 day cooling-off period** at time of purchase.
- It is important to recognise that there is **no guarantee** that you will be able to sell and / or get any money back if you proceed due to a small timeshare resale market making **it may be difficult to get out of any timeshare** when you want.
- Timeshare is **not an investment** and as such you should not expect any financial return. You are **buying an interest in a lifestyle**, being a scheme for recreational use for you, your family, relatives and friends.

PART 1: 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.**

There are over 100 Timeshare resorts in Australia alone, catering to the needs of more than 180,000 families who own Timeshare holiday intervals in those resorts.

PART 2: ABOUT US

ABOUT ISLAND PALMS

- Island Palms offers traditional timeshare and has a 99-year lease over the resort to operate on behalf of the members, expiring 2083.
- 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;
- Each member owns a share in the property i.e. if you own one week you own 1/612th share of that property.
- Included in these rights is the exclusive use of a range of resort facilities, such as half-court tennis, swimming pool and table tennis, available equipment, etc .
- With timeshare, the owner has all the benefits of a holiday home without the year round ongoing costs, refer Part 5 Financial Aspects.

TIMESHARE AVAILABLE AT ISLAND PALMS

Three (3) types of Timeshare Intervals (Weeks) are available for purchase at Island Palms Resort:

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- 1) 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 (November to March inclusive)
- 2) Floating Red Weeks: Floating Red time allows an owner to request a booking for a week that falls within Weeks 14-39 (April to September inclusive).
- 3) 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.

All weeks commence on Saturday and finish the following Saturday.

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.

PART 3: ABOUT MEMBERSHIP

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 9726; 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.
- 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”).
- Island Palms Resort is solely made up of Timeshare owners being owners in the company, each member eligible for one (1) vote per one (1) week or interval owned.
- The accommodation units are divided into 612 weeks, entitling the purchaser to 1/612th undivided interest in the resort property for each week purchased.
- This type of ownership enables the owner to sell or will the timeshare interval to beneficiaries.
- Risk and control mechanisms (refer Part 7 of this PDS, should be understood as one or more may impact your membership over the life of your membership

HAWKING

- Island Palms will not support or conduct any unsolicited activities such as cold calling, coercion, harassment, or advertising or promoting an interest in Timeshare that is misleading or deceptive.

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PART 4: FINANCIAL ASPECTS



IMPORTANT – As with all purchase decisions, it is important to consider the Financial aspects that you will be taking on. For clarity we suggest the following be included in that decision making process:

THE 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).
- Annual Levy per share (week) is calculated as the resort's budget for the year *1 / 612
- All members contribute in proportion to the number of shares (weeks) they own. As an example, the levy for 1.7.2022-30.06.2023 is \$820, 1.7.2021- 30.6.2022 was \$790, and 1.7.2020-30.06.2021 was \$770.
- 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.

OTHER FEES:

| <u>Type</u> | <u>Description</u> |
|----------------------------|---|
| Purchase price | 1) depends upon what existing members are willing to sell their Week for; 2) depends on the type of week purchasing. 3) NOTE: A Cooling Off Period of 14 days applies |
| Legal Fees | The purchaser is responsible for the legal costs of both sides; A good estimate is approx. A\$930. |
| Special Levy | Currently there is no Special levy payable. |
| Interest | Levy is payable 1 July annually; Payment delays accrue \$30 monthly for amounts outstanding after 1 August. |
| Additional Services | Members using the Resort may incur additional expenses beyond the normal services provided by the Resort, e.g., tour costs, car hire, hire of some equipment, etc |
| Reciprocal Rights | Additional costs may be incurred where a member wishes to holiday at another resort and the exchange company (e.g. RCI / 7Across) costs should be considered |
| GST | Goods and Services Tax applies to most services and is included in all charges except where specified. |
| Entitlement Weeks | Contact Resort Office for availabilities and associated costs. |



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PART 5: 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.

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 can be made online via the Member Portal or via the Resort office by telephone, email, 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.

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

7Across - <https://7across.com/>

Phone: 1300 733 674

RCI - <https://www.rci.com>

Phone: 1300 368 800

HC Direct - exchange@holidayconcepts.com.au

Phone: 1300 369 463

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 week at 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.

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PART 6: PURCHASE RISKS AND CONTROL MECHANISMS

| RISKS | RISK DESCRIPTION / CONTROL MECHANISM |
|---|--|
| INVESTMENT | <p>Your purchase should be seen as a lifestyle product not an investment as it is not intended to generate a financial return or gain. The <u>resale market</u> in Australia is not strong.</p> <ul style="list-style-type: none"> • Members should consider their personal financial circumstances now and into the future to ensure they can maintain the annual levy and any fees set from time-to-time by the Board. • Legal / financial advice should be sought if you are unsure about anything; • Your purchase, a membership in the Resort, should be seen as a lifestyle product being cost effective for family holidays, sharing holidays with friends, etc. <p>Members can withdraw from the scheme by:</p> <ul style="list-style-type: none"> • Exercising their cooling off rights at time of purchase; • Transferring their Membership to another party; • Providing a request to cancel membership on the death of a member in accordance with the Resort’s policy from time to time. <p>The Resort cannot redeem or buy-back Memberships though can forfeit the Membership of a Defaulting Member to recover costs owing.</p> |
| FINANCIAL (personal) | <ul style="list-style-type: none"> • Annual levy is payable in July, and cover the day-to-day operations, planned expenses and building some reserves for the un-planned; • Other fees may also be payable and are detailed in Part 4; • Defaulting members impose a financial burden on the Resort as unpaid monies impact operational activities e.g. maintenance of the Resort, payment of invoices; • Legal costs to recover defaulting monies comes from current member finances again impacting operational activities e.g. maintenance of the resort; • Purchasors are required to grant the Club Power of Attorney and Deed of Escrow relating to their acquired land title which can be exercised by the Club in the event of default of payment of levies. |
| FINANCIAL (The Resort) | <ul style="list-style-type: none"> • Not having the finances means scheduled works may be deferred; • The Board reviews its financial position monthly and annually sets the Resort’s levies; • Any increase in the Resort’s costs of operation will result in an increase in Resort Levy Fees. |
| Act in accord with Articles of Association | <ul style="list-style-type: none"> ▪ The Resort is required at all times to maintain an Articles of Association which regulates the affairs of the Resort; ▪ An Articles of Association amendment should not adversely affect Members’ rights without the Members approving that amendment at a meeting of Members. |
| Apartment Availability | <ul style="list-style-type: none"> • Resort Apartments are limited – availability is 12 apartments per week; • Your preferred week(s) or preferred apartment may not be available due to maintenance, refurbishments and / or out of service due to other issues; |
| Access | <ul style="list-style-type: none"> • Resort is a 4-story complex (carpark then 3-story residential levels) with no lifts so access for the elderly and for those with impediments in walking stairs will find it difficult. |
| Travel interruptions | <ul style="list-style-type: none"> • Interruptions may occur outside the control of the Resort eg cyclonic conditions, airline issues, state government restrictions, epidemic / pandemic, etc. |
| Security of Resort Property | <ul style="list-style-type: none"> • A Surveillance program is in place; • Malicious Damage will be paid for by the member; • Members are responsible for Guests they invite onto the site / accommodation. |
| Health & safety | <ul style="list-style-type: none"> • Incident procedures exist for capturing and reporting incidents; • Resort staff will respond immediately notified of an incident; • Disaster Evacuation Points are available in required circumstances; • Information is available in each apartment on key contacts. |

** END Purchasing Information guide