

Notice 912AJ(13)(a)(ii) Corporations Act notification

Interchange Vacation Club ARSN 096 285 369 (Club)

24 September 2021

Hardship arrangements facilitated by ASIC relief

ASIC Corporations (Time-Sharing Schemes) Instrument 2017/272 (ASIC Relief) was issued by ASIC and enables the responsible entity of a registered timeshare scheme to notify members of its intention to amend the scheme constitution to include provisions consistent with section 601GA(1A) of the Corporations Act. Section 601GA(1A) enables members who meet defined hardship criteria to apply to the responsible entity to withdraw from the scheme on the basis of hardship. If a hardship application is accepted by the responsible entity, the responsible entity seeks to facilitate the withdrawal by sourcing a purchaser for the scheme interests owned by the member suffering hardship.

Classic Clubs Limited ACN 104 824 964 (**Classic**), the responsible entity of the Club, has determined, in accordance with the requirements of the ASIC Relief, not to propose to Club members to adopt the requirements of section 601GA(1A) of the Corporations Act.

In coming to its decision, Classic believes that it would not be acting in the best interests of Club members to incorporate the hardship arrangements under section 601GA(1A) of the Corporations Act in the Club's constitution. The key reasons for Classic's determination included:

- a. Classic is not currently selling interests in the Club and does not anticipate it will commence reselling interests in the Club in the foreseeable future. Hardship withdrawals require the sale of the hardship member's interests to another person. Consequently, as Classic is not sourcing prospective purchasers of Club interests, Classic will not be able to facilitate the withdrawal of hardship members and the sale or transfer of their interests to other persons; and
- b. ASIC's hardship relief would have, if implemented, required Classic to notify members that Classic proposed to amend the Club constitution to facilitate hardship withdrawals and to summarise the reasons for, and the effect of, the proposed modification. Further, the ASIC hardship relief would require Classic to, if it modified the Club constitution to provide for hardship arrangements, explain on its website that a member may lodge a hardship application request to withdraw from the Club due to hardship, the hardship criteria and the procedure for making and dealing with hardship withdrawal requests. Classic is concerned that compliance with such obligations may be misleading or deceptive by creating an expectation for members suffering hardship that they may be able to withdraw from the Club where Classic would be unable to facilitate hardship withdrawal requests in accordance with ASIC's hardship arrangements relief.

However, while the formal hardship procedure provided for in section 601GA(1A) will not apply for the Club, members suffering from financial or other hardship, are encouraged to contact the Club Manager to discuss their options.

Forfeiture rights and procedures

The Club constitution provides that if a member fails:

- a. to pay any instalment for a User Charge, Subscription, Special Levy or any other amount due in terms of the constitution; or
- b. the Responsible Entity may (without prejudice to any right available to it) declare all amounts owing to the Club by the member, to be immediately due and payable) and forfeit the member's Permanent Points or Platinum Access Points (collectively, Points) in accordance with the Club constitution.

The following procedure applies to the forfeiture of a member's Points:

- a. Classic must use reasonable endeavours to sell the forfeited Points:
 - (i) if a Product Disclosure Statement (**PDS**) has been given during the last 12 months for Points in the same class as the forfeited Points - at the price shown in the PDS most recently given; or
 - (ii) if no such PDS has been given during the last 12 months - at a fair market price obtained by Classic using reasonable endeavours; and
- b. where Points are forfeited and sold either by public auction or private treaty, Classic must apply any proceeds of sale or of other exploitation by it of the forfeited Points (including, without limitation, any proceeds of rental of the forfeited Points) in the following manner:
 - (iii) first, in payment of reasonable costs of the sale or exploitation;
 - (iv) next, in payment of any reasonable administrative costs arising from the forfeiture;
 - (v) next, in payment of any outstanding amounts due from the defaulting member as Club property;
 - (vi) next, in payment of any outstanding amounts due from the defaulting member to Classic (other than as Club property) or any other person in relation to that member's participation in the Club;
 - (vii) next, in payment of any amounts payable by the defaulting member or Classic to a financier in relation to a liability of the member to that financier for amounts with respect to financial accommodation provided by that financier in connection with the acquisition of the forfeited Points; and
 - (viii) by paying any remaining amount to the defaulting member.