



PRODUCT DISCLOSURE STATEMENT
Classic Holiday Club Membership
VERSION 11

Classic Holiday Club
ARSN 111 354 440

Issued by
Classic Clubs Limited
ACN 104 824 964 AFSL 246232
as Responsible Entity and Issuer

01 JULY 2010

Corporate Directory

Responsible Entity

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Club

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New Membership & Sales Enquiries

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Accountant and Auditor of the Club

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IMPORTANT INFORMATION

This Product Disclosure Statement (**PDS**) is accompanied by a Loose-Leaf Price List which forms part of this PDS, and must be read in conjunction with the other parts.

This PDS is dated **01 July 2010**. It replaces all previously issued product disclosure statements and prospectuses and will remain in force until replaced, supplemented or withdrawn.

This PDS is prepared and issued by Classic Clubs Limited ACN 104 824 964 (**Classic**) as the Responsible Entity for the Classic Holiday Club ARSN 111 354 440 (**Club**), which is a registered managed investment scheme under the Corporations Act. Classic has prepared this PDS for the use of persons who are considering purchasing **Classic Holiday Club Membership**.

This PDS does not constitute an offer in any jurisdiction to any person to whom it would be unlawful to do so.

No person is authorised to give any information or to make any representation in connection with the Classic Holiday Club which are not contained in this PDS. Any information or representation not so contained may not be relied on as having been authorised by Classic Clubs Limited in connection with this offer.

This PDS is available in electronic form via the Responsible Entity's web site www.classicholidayclub.com.au. Persons having received a copy of this PDS in its electronic form may obtain a hard copy of the PDS (free of charge) during the life of this PDS by contacting the secretary of the Responsible Entity at its registered office. Applications for Classic Holiday Club Membership may only be made on the Membership Application Form attached as Schedule 3 to the PDS in its hard copy form or as downloaded in its entirety from the web site. You are encouraged to read the PDS carefully.

CHANGES TO INFORMATION

Information contained in this PDS may change from time to time. If the change is materially adverse, then in accordance with the Corporations Act, the Responsible Entity will issue a supplementary PDS. However, if the change will not be materially adverse to the offer, then the Responsible Entity may not issue a supplementary PDS. Information not materially adverse will be available from the Responsible Entity's website at www.classicholidayclub.com.au or, upon formal request, the Responsible Entity will provide you with a paper copy of any updated information free of charge.

WARNING STATEMENT FOR NEW ZEALAND SUBSCRIBERS

(The information in this document is required under the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 Regulation 13(1)(d)-(g))

- This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings –Australia) Regulations 2008.
- This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.
- There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.
- The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities.
- Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.
- The taxation treatment of Australian securities is not the same as for New Zealand securities.
- If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
- If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to your bank account in New Zealand in New Zealand dollars.
- The dispute resolution process described in this offer document is only available in Australia and not available in New Zealand.

Choosing to purchase an Interest in Classic Holiday Club

When deciding whether to purchase Classic Escapes Membership in Classic Holiday Club, consider carefully the answers to the following questions:

- What sort of product is this?
- Who is involved in providing it for me?
- How much do I pay?
- What are the charges?
- What returns will I get?
- What are my risks?
- Can the product be altered?
- How do I cash in?
- Who do I contact with enquiries about the product?
- Is there anyone whom I can complain if I have problems with this product?
- What other information can I obtain about this product?

Choosing an Investment Adviser

You have the right to request from any investment adviser a written disclosure statement explaining his or her experience and qualifications to give advice. That document will tell you:

- Whether the investment adviser gives advice only about particular types of investments; and
- Whether the investment adviser is limited to the investments offered by one or more particular financial organisations; and
- Whether the investment adviser will receive a commission or other benefit advising you.

You are strongly encouraged to request that statement. The investment adviser commits an offence if he or she does not provide you with a written disclosure statement within five working days of your request. You must make the request at the time the advice is given or within one month of receiving advice.

Please note that our investment adviser will provide to you a Financial Services Guide (required by Australian law) prior to discussing Holiday Ownership interests with you. The Financial Services Guide (FSG) essentially covers the above points.

In addition:

- If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- If an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the investment adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

Please also note the following:

- You have been invited to consider owning your future holidays with Classic Holiday Club, a popular and innovative Holiday Ownership solution that provides you with high quality accommodation and a lifetime of holiday memories.
- Whilst Classic Holiday Club is regulated by the Australian Securities & Investment Commission as a managed investment scheme, it is important to note that it is intended to provide you with lifestyle opportunities and is not designed to provide financial returns.
- Making the decision to acquire Holiday Ownership interests as set out in the PDS is an important one and can have long-term consequences. Read all documents carefully. Ask Questions. Seek advice before committing yourself.
- Although a copy of the Australian PDS and other related documents have been received by the Registrar of Companies, the Australian PDS has not been registered in New Zealand under New Zealand law and may not contain all the information that a New Zealand registered prospectus is required to contain.
- Australian law does not require a statutory supervisor (unlike the position in New Zealand for contributory schemes involving participatory securities), that is separate from, and independent of, the Responsible Entity.
- We have forwarded to the Registrar of Companies copies of the Australian PDS, the Australian Financial Services Licence (no. 246232), the Classic Holiday Club's Constitution (Supplementary Deed) and Compliance Plan, and evidence of registration of Classic Holiday Club with the Australian Securities and Investments Commission. You can inspect these documents at the office of the Registrar of Companies or request a copy from the Responsible Entity on payment of reasonable handling costs.

Agreement as to Jurisdiction

In the event that you have a dispute with us concerning the offer of Holiday Ownership interests in reliance of the Securities Act 1978 (Mutual Recognition of Securities Offerings –Australia) Recognition 2008, or on the contract for Holiday Ownership interests, we confirm that the Responsible Entity agrees to submit to the nonexclusive jurisdiction of the New Zealand courts.

The address for service for Classic Holiday Club in New Zealand is at:

C/o Herron McDonald Accountants
Level 1 Bradley Building, Cow Lane, Queenstown Otago 9300 New Zealand
PO Box 1830, Queenstown Otago 9300 New Zealand

CLASSIC HOLIDAY CLUB MEMBERSHIP

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SECTION A

1 THE KEY FEATURES OF CLASSIC HOLIDAY CLUB MEMBERSHIP

1.1 Key Benefits of Classic Holiday Club Membership:

- **MEMBERSHIP** – As a Classic Holiday Club Member you have the opportunity to own, rather than rent, your future holidays in high quality Club Apartments within Classic Holiday Club. As an **owner**, you gain a **beneficial interest in the assets of the Club**.
- **ASSET** – You have the right to **use, rent, lend, bequeath or transfer your Membership** in the Club.
- **CREDIBILITY** – Classic Holiday Club is part of the Classic Group, Australia's largest privately owned holiday ownership and timeshare management group, managing around 35,000 members. The Classic Group recently celebrated its 30th anniversary.
- **FLEXIBILITY** – With Classic Holiday Club Membership you are not restricted to a set week at a set location. Subject to availability and reservation you have the **flexibility to choose** your Resort location, length of stay, size of Club Apartment, time of year you want to holiday, as well as the number of times you want to holiday each year, based on the number of Club Points you own.
- **SIMPLICITY** – Club Members own Club Points with usage rights that are automatically renewed each year (we call them 'Use points'). These can be redeemed for Club programs, events, and accommodation at any Resort location managed by the Manager.
- **CHOICE** – You gain access to not only the current Classic Holiday Club Resorts, but also all future resorts that are transferred into the Club. You also have the opportunity to exchange your Club Points for accommodation or other benefits at over 5,000 resort locations and cruises around the world through resort and cruise exchange companies affiliated with the Manager.
- **BONUS TIME** – You have the opportunity to use Bonus Time reservations **over and above your regular Club usage**. This programme allows you to pick up last minute availability at sharply reduced rates around the world.
- **PROTECTION** – Classic Clubs Limited holds the titles and/or leases to the Club Apartments. All titles to Club Apartments owned are **free and clear of mortgages and charges** and cannot be placed under mortgage at any time. The number of Classic Points required to stay at each Classic Holiday Club Apartment, once set, can **never be increased**, which protects you against inflation. If a Resort or a Club Apartment is sold, or an apartment lease expires, the Responsible Entity must ensure that a replacement is placed into the Club, which is

considered by the Responsible Entity (acting reasonably) to be of at least equal quality to the one being replaced.

- **LIFESTYLE** – While Classic Holiday Club is a registered Managed Investment Scheme under the Corporations Act, it is important to note that the Club is intended to provide you with **lifestyle opportunities**, and is **not designed to provide financial returns**.

1.2 Issue Price of Classic Holiday Club Membership

The issue price is determined by the Responsible Entity from time to time and the current issue prices are set out in the Price List which accompanies and forms part of this PDS.

1.3 Fees and Charges

Details of the initial cost of ownership, special levies and annual fees are set out in section 4. A table of all the fees, costs and charges which may be payable is set out in Appendix 1 – Fees and Charges.

1.4 Issue Size

There is no minimum aggregate dollar value of Applications or minimum number of Applications that the Responsible Entity must receive or accept by way of subscriptions under this PDS before Club Points can be issued. Each Application must however be for at least the Minimum Holdings (see section 1.5). There is a limit on Membership in that no person other than the Developer may hold Club Points equivalent to 5% or more of the total Club Points issued.

1.5 Minimum Holding

An Application for Membership must be for at least **10,000 Club Points** which is the **current Minimum Holding** requirement determined by the Responsible Entity in accordance with the Club Constitution.

2 WHAT IS CLASSIC HOLIDAY CLUB?

2.1 Is Holiday Ownership right for me?

By owning your own holidays as a Member of Classic Holiday Club, you can largely stop worrying about the cost of future holidays. Compared to the average person or family, who pays an increasingly large amount on hotel rooms or apartment rental, generally speaking, you pay a once only acquisition cost (free of GST) plus Annual Fees to own your holidays. (See section 4 for details of other costs which may be payable in certain circumstances.)

You own a beneficial interest in the property of the Club and your Club Points are an asset which you can pass on to your family for them to enjoy in years to come. The Constitution has defined that the duration of the Club will be 80 years from the date of execution of its Constitution (dated 11 October 2004) (subject to those exceptions set out in section 8.1). It may be possible for the duration of the Club to be further extended if the Members so elect and the law then permits this to occur.

2.2 Who is Classic?

The Classic Group is the largest privately owned holiday ownership and timeshare management group in Australia, established over 30 years ago, and successfully managing the interests of around 35,000 timeshare members in Australia and New Zealand. Classic Holiday Club, of which Classic Holiday Club Membership is a part, was added to the Classic Group in 2005 and is designed to meet the needs of today's consumers.

The Classic Group currently has 13 Resorts under management, is responsible for the employment of over 450 staff, and runs a state-of-the-art reservations centre on the Gold Coast, Australia.

The Classic Group is a long-standing, reputable, wholly Australian-owned corporate group, now heading into its fourth decade of proudly providing Australians and New Zealanders with quality holidays.

2.3 What does Classic Holiday Club offer?

Classic Holiday Club provides an affordable, flexible and easy way of holidaying. The Club differs from traditional timeshare ownership thanks to its innovative system based on Club Points (meaning a Classic Point, a Limited Classic Point, a Classic Escapes Point or a Founder Point issued pursuant to the Constitution), which provides Members with access to the Classic Holiday Club network of

Resorts. You are not limited to the same week, at the same time of year, in the same apartment, at the same resort. Classic Holiday Club allows you to **holiday your way**.

2.4 How does Classic Holiday Club Work?

Classic Holiday Club Members acquire Club Points, allowing them the flexibility of using any of the current Resorts (or interests in Resorts) within the Classic Holiday Club, the Club's resort networks, plus any resort locations added to the Club in the future. Depending on the number of Club Points you own (and subject only to reservation and availability), holidays can be taken whenever you like during the year, in a variety of apartment sizes, for as long as you want – a few days, a week, or more!

Your Club Points can also be exchanged with other affiliated resorts, giving you more domestic and international holiday options.

Put simply, Club Points is a form of holiday currency - the more Club Points you own, the more days and times of year you can holiday at the various Classic Holiday Club locations.

2.5 How easy is it to use Club Points?

Club Points - Your Holiday Currency

Your Club's system works much like a traditional bank account containing what is in effect a holiday currency. When you become a Member, your Club 'Use Points' are deposited into your personal Classic Holiday Club account, **ready for immediate use**.

When you make reservations, the number of Club Points needed for that particular reservation is automatically withdrawn depending on the Resort location, size of apartment, time of year, day of the week and length of stay.

Every year on your Anniversary Date, subject to payment of Annual Fees, your account is again credited with the full number of Club Points you own (unless you have borrowed from your next year's account). You can always check your current holiday point 'balance' by contacting reservations.

Extending Your Holiday Time

You can SAVE some or all of your Club Points for one year to **extend your holiday time** the following year (all unused Club Points will automatically carry over for use in the following entitlement year, and expire at the end of that year). Also you can BORROW some or all of your Club Points from the upcoming year to extend your holiday time in the current year, as long as you have paid the Annual Fee for that year.

With potentially three years of Club Points available for **Members'** use, you could travel for an extended holiday or holidays within Australia, or to some other exciting location around the world. It's your choice!

2.6 How many Use Points do I need for each Apartment?

Each Club Apartment has been assigned a Points Value, which is listed in your Classic Holiday Members Guide. The Points Value of each Club Apartment is dependent upon four factors, namely:

- Time of year
- Number of bedrooms in the Club Apartment
- Duration of stay
- Location of the Resort

For example, a two-bedroom Club Apartment, in high season (red) over a weekend for 3 nights may have a Points Value of 12,000 Club Points. A one-bedroom Club Apartment at the same Resort, in low season (blue) for 4 nights midweek may have a Points Value of only 4,800 Club Points. To reserve this accommodation you would need to purchase that number of Use Points. With the use of the Points Table, you can determine the time and place of your holiday(s).

Here is a guideline to apartment sizes and how many people can be accommodated:

- Studio Apartment: 2 persons
- One bedroom Apartment: 4 persons
- Two-bedroom Apartment: 6 persons
- Three-bedroom Apartment or penthouse: 8 persons

NB: Apartments may vary in occupancy limits between Resorts and members will be advised of the relevant limits at the time of making a reservation.

2.7 How easy is it to make a reservation?

The beauty of the Classic Holiday Club is that reservations are easy – simply call the reservations centre toll free from anywhere in Australia or New Zealand, and remember to quote your membership number or log on to our website to search and book Club properties.

You can also fax or email a booking request, and check availability of specials online at www.classicholidayclub.com.au. Bookings are made generally on a “first-come first-served” basis (subject to an overriding discretion of the Responsible Entity to manage bookings in a manner which in its opinion is fair and reasonable and in the interests of the Club and Members as a whole). All Classic Holiday Club Members are entitled to an 11 months booking window before check-in date to make their booking, meaning you can purchase Use Points and book accommodation up to 11 months prior to when you wish to holiday.

Please note that if you cancel a booking, you may be subject to a cancellation fee – this is in order to minimise the possibility that accommodation may go unused because Members make late cancellations.

2.8 Guests and Visitors

You are welcome to have relatives or friends either stay or visit you (or stay with your permission at a Resort in your absence). Please be aware that you are responsible for:

- the behaviour of your guests,
- all charges for the use of additional services and consumables incurred by your guests, and
- your guest's compliance with the Club Regulations and any charges resulting from damage to the Resort by your guests or visitors.

You and your guests are welcome to invite visitors to a Resort but those visitors may only be at that Resort whilst in the company of yourself or your guest, and may not exceed the occupancy limit of your reservation.

2.9 May I rent out Club Apartments I reserve?

As a Member you can make a Club Apartment reservation and then give or rent it to another person subject to the Club Regulations. At the time of your reservation, you need to advise the Club of your Guest's name and then provide the reservation confirmation to your Guest.

You may charge a guest any amount for the use of your Club Points, but must adhere to your obligations set out in the Club's Regulations.

3 WHERE CAN I GO ON HOLIDAY?

3.1 Club Owned & Leased Properties

Your membership entitles you access to all Club owned/leased property for the term of your membership. Currently the Club owns/leases physical apartments or timeshare interests in the following Resorts:

- Beach House Seaside Resort Limited, Coolangatta, Qld
- Beachcomber International Resort Limited, Coolangatta, Qld
- Tiki Village International Limited, Surfers Paradise, Qld
- Surfers Royale Limited, Surfers Paradise, Qld
- Australis Sovereign Resort, Surfers Paradise, Qld
- Golden Shores Holiday Club Limited, Labrador, Qld
- Sandy Point Beach Resort Club Trust, Labrador, Qld
- Palm Court Limited, Noosa, Qld
- Don Pancho Beach Resort Limited, Bargara, Qld
- Cedar Lake Country Club, Nerang, Qld
- Pacific Palms Resort Limited, Pacific Palms, NSW
- Capri Waters Country Club Limited, Mulwala, NSW
- Port Pacific Resort, Port Macquarie, NSW
- Korora Bay Village, Coffs Harbour, NSW
- Boambee Bay Resort, Coffs Harbour, NSW
- Vacation Village (Vacation Club Limited), Port Macquarie, NSW
- Mansfield Country Club, Mansfield, Vic

The Club also has an agreement with the Manager, Classic Leisure Pty Ltd, to access the following properties:

- Seamark on First, Mooloolaba Qld
- Chevron Renaissance, Surfers Paradise, Qld
- Drift Apartments, Kingscliff NSW

The initial resorts in which the Club holds interests are located in tourist areas. Future expansion plans will be based on the size of Club membership, owner's feedback and holidaying needs.

3.2 Points & Play Access to Global Timeshare Network

The flexibility of membership gives you additional opportunities. The Manager of the Club enables Members of the Club through its "Points & Play" membership, to access a global network of over 5000 resorts and cruises through its agreements with international resort and cruise exchange companies. Membership of the Classic Points & Play system attracts a one-off AUD\$2,500 enrolment fee and a three-year membership fee of AUD\$295. Subsequent renewal is currently AUD\$295 for three years. The Manager (or Classic with the approval of the Manager) may elect to reduce or waive any part of these fees on any occasion.

Points & Play Member benefits:

- Exchange into timeshare Resorts, Australia & New Zealand, Free of charge.
- Exchange into timeshare resorts, Internationally (Weeks), for AUD\$100 per week (current price subject to change). This exchange fee may vary from time to time as determined by the relevant exchange organisation or the Manager as the case may be.
- Membership with an International Cruise Exchange company.
- Vouchers for non-timeshare accommodation, car hire and other tourism and leisure products.
- Ability to convert Use Points for a rebate against your Maintenance Levy, subject to the terms and conditions of "Points and Play" membership.

4 WHAT ARE THE COSTS?

Your Membership costs in the Club consist of your initial purchase of Club Points and an Annual Fee which covers operational costs and expenses.

4.1 What is the cost of Club Points?

The current price list for Club Points is set out in the Loose-Leaf Price List. The current Minimum Holding of Club Points is 10,000. You must maintain the Minimum Holding requirement to remain a Member of the Club. The Minimum Holding of Club Points is determined by the Responsible Entity from time to time.

The Annual Fee is payable by each holder of Club Points.

4.2 Annual Budget

Each Financial Year, the Responsible Entity must prepare a budget for the following Financial Year containing full details of the expected annual outgoings for the year for the operation of the Club and the calculation of continuing annual charges and fees to be imposed on Members.

The Annual Budget for the Financial Year to June 2011 appears in Schedule 2 of this PDS (page 18). Additional copies are available on request, free of charge, by sending a written request (mail, facsimile or email) to the Responsible Entity – PO Box 384, Coolangatta, Qld, 4225; facsimile no. +61 7 5595 7500; or to points@classicholidayclub.com.au.

4.3 Annual Fees

To ensure the ongoing viability of the Club, Annual Fees are imposed to cover the expenses of operating the Club. The Annual Fee comprises an account fee and a Maintenance Levy, inclusive of GST. The Responsible Entity may also establish a reserve in the form of a Refurbishment Fund and/ or a Sinking Fund or such other reserves as the Responsible Entity determines. The amount of Club Points you own determines the amount of Annual Fee you pay. Annual Fees will vary from year-to-year as determined by the Responsible Entity having regard to the Annual Budget and Constitution.

The current Annual Fee payable by a Member is:

- **Account Fee AUD\$155;** and
- **Maintenance Levy of AUD2.65¢ per Club Point.**
(both GST inclusive).

Liability to pay the Annual Fee commences on the date your Club Points are registered to the next 30 June. In respect of the first year registered, the Member is only required to pay the Annual Fee on a

pro rata basis for the remainder of the year for which the Annual Fee relates. For example, if you purchase your Club Points on 1 November, you will only be required to pay the Annual Fees for the remaining 8 months (that is, November to June inclusive).

In the first year of registration of a Member as a holder of Club Points, the Member is required to pay the relevant pro rata amount of the Annual Fee on the first day of the month immediately following the registration of the Membership. Thereafter, Annual Fees are payable by Members on 1 July each year.

According to the Constitution, Members may incur interest at the then current rate or a return cheque fee (if applicable) if payment is not received by the specified date (refer to Appendix 1 for the current fees).

A Member cannot exercise any of its rights in relation to Club Points until all outstanding Annual Fees are paid. The Constitution also provides that if Annual Fees (or any Special Levies) remain unpaid, the Member's Club Points may be forfeited if the Member has not paid the outstanding amounts within 3 months after becoming due.

The basis of calculating the fees is set out in paragraph 4.4.

4.4 Determination of Annual Fees

The Annual Fee comprises the Account Fee and the Maintenance Levy.

A Member (other than the Developer) will pay one Account Fee for the first 100,000 Club Points owned and an additional Account Fee for each whole batch of 50,000 Club Points owned. Examples of the Account Fee contribution payable by Members is as follows:

eg 100,000 Club Points owned = 1 Account Fee payable (i.e. AUD\$155.00)
115,000 Club Points owned = 1 Account Fees payable (ie: AUD\$155.00)
150,000 Club Points owned = 2 Account Fees payable (i.e. AUD\$310.00)
210,000 Club Points owned = 3 Account Fees payable (i.e. AUD\$465.00)

Further details as to the formula for calculation of the Account Fee are contained in section 10.

The Developer holds the Founder Points and is also liable to contribute to Annual Fees which are authorised but un-issued as if it were a Member. The Developer must also pay any Annual Fees (and any Special Levies) for those Club Points which are issued and held in its name (with the exception that the Developer will only be obliged to pay one Account Fee each Financial Year). The Developer is required to pay its levies each month within 14 days of the end of that month in relation to the number of Club Points issued to or held by it and the number of authorised but un-issued Club Points as at the last day of that month.

4.5 Special Levies

If the Responsible Entity determines that the provision in the Annual Budget is inadequate or there are no (or insufficient) reserves for capital improvements, major expenses, repairs, acquisitions, reserves or any other matter determined by the Responsible Entity, the Responsible Entity may determine that a special levy is necessary.

A Special Levy is levied against each Member on the same basis as Annual Fees and is payable on the date that the Responsible Entity determines.

5 PROTECTION OF YOUR INTEREST

There are various safeguards in place to protect your, and the Club's interests, such as:

- Classic Holiday Club is a registered managed investment scheme and must comply with the requirements of the Corporations legislation and ASIC.
- Classic Clubs Limited is the Responsible Entity which holds an Australian Financial Service Licence issued by ASIC.
 - It must act in the best interests of Members at all times.
 - It is responsible for the operation of the Club for the benefit of Members.
 - Holds all Club Property on trust for members.
 - Issues Memberships in the Club.
- If a Resort or Club Apartment is sold, transferred or assigned, the Responsible Entity must ensure there is a replacement of at least equal quality to that sold, transferred or assigned

Resort or Club Apartment and the Points Value is at least equal to that of the sold, transferred or assigned Resort or Club Apartment (including leased property).

- The liability of Members is limited to the amounts which are unpaid on their Club Points and their contribution to Annual Fees and Special Levy.
- Members have the right by extraordinary resolution (as defined by the Corporations Act) to remove Classic Clubs Limited as Responsible Entity and to appoint a new Responsible Entity in its place. Furthermore, the Responsible Entity must retire if it is removed pursuant to the Corporations Act or the Constitution. Members also approve any amendment of the Constitution where the amendment will adversely affect Member's rights, and to approve transactions between the Club and related parties of Classic (where a financial benefit is given to a related party on non-arms length terms or unless otherwise exempted).
- The Club has a Compliance Committee and an independent Compliance Plan auditor. The Compliance Committee reports on the compliance of Classic with the Compliance Plan, the Corporations Act and the Constitution. The Compliance Committee also assesses the adequacy of the Compliance Plan and recommends changes to the Compliance Plan if necessary.
- Classic Clubs Limited is a member of the Australian Timeshare & Holiday Ownership Council (ATHOC) which is the timeshare industry's governing body having a Code of Ethics and Code of Practice.

5.1 Member's Voting Rights

Members have the right to vote on various issues such as the removal and appointment of the Responsible Entity and amendments to the Constitution affecting Member's rights. On a poll, each Member is entitled to one vote for each dollar of value of all Club Points (other than the Founder Point) issued to it or in the case of the Founder for all authorised but unissued Club Points held or deemed to be held by it.

5.2 Club operational details

Each Club Apartment is graded and the Responsible Entity determines how many additional Classic Points or Limited Classic Points can be created and made available for issue. The Responsible Entity cannot issue more Classic Points and Limited Classic Points than the total Points Value of all Club Apartments.

Classic Points and Founder Point give the holders a beneficial interest in the Club assets.

An Annual Fee, comprising the Account Fee and a Maintenance Levy, is payable by holders of Classic Points, Limited Classic Points and the Founder Point. Special Levies may be also be charged to holders of Classic Points, Limited Classic Points and the Founder Point if the Responsible Entity determines that the provision in the Annual Budget is inadequate or there are no (or insufficient) reserves for capital improvements, major expenses, repairs, acquisitions, reserves or any other matter determined by the Responsible Entity.

However, the Constitution provides that Responsible Entity must only create and issue Classic Holiday Club Membership where it reasonably believes:

- the Club has sufficient Club Apartments available (having regard to the expected utilisation of Club Apartments by existing Members); or
- it can otherwise source accommodation to satisfy the anticipated demand for Use Points by Classic Holiday Club Members.

5.3 Complaints by Members

The Constitution contains procedures for the handling of complaints from Members. If you have any complaints in relation to your membership, you should contact the Complaints Officer in writing (Classic Clubs Limited, PO Box 384, Coolangatta, Queensland, 4225, Fax: +61 (0)7 5595 7500). You can also raise any issues by telephone to +61 (0)7 5595 7555.

If you are not satisfied with the handling of the matter by the Complaints Officer, you may refer the matter to our external complaints resolution body, currently, Financial Ombudsman Service Limited ('FOS'), PO Box 3, Melbourne VIC 3001, Australia. Ph: 1300 78 0808.

5.4 Invitation to subscribe

Classic memberships, including Escapes, are only available for subscription by invitation during a presentation made by one of Classic Clubs Limited's authorised representatives. If a member of the public does not apply for a Classic Holiday Club or Classic Escapes membership at the time it is presented to them, they will not be entitled to apply for membership until next invited to do so by Classic Clubs Limited.

Section B

6 WHO IS CLASSIC?

Classic Holiday Club was established by Classic Property Holdings Pty Ltd, the Developer. The Developer will provide the funds needed to acquire or develop Club Apartments (including the acquisition of physical apartments in resorts or timeshare weeks or other interests in resorts) and cause those properties to be placed into the Club. Club Apartments will be free from encumbrance.

6.1 The Developer - Classic Property Holdings Pty Limited (ACN 053 220 269)

The Developer is the holding company behind the Classic Group and is responsible for developing and holding group assets (but not those of the Club which are held by Classic Clubs Limited which is responsible entity for the Club and holds Club assets on behalf of Members in accordance with the Constitution).

The Developer has the exclusive right to promote and market Classic Holiday Club Membership and is entitled to be paid all funds from the issue of Classic Holiday Club Membership for doing so.

6.2 The Manager – Classic Leisure Pty Ltd T/A Classic Holidays (ACN 097 693 144)

The Manager is a wholly owned subsidiary of the Developer. The Manager manages resorts having around 35,000 timeshare members in Australia & New Zealand and is responsible for resort management and member services of 14 resorts and clubs.

The right to manage other resorts may be acquired by the Developer or other members of the Classic Group and management delegated to the Manager.

6.3 The Responsible Entity - Classic Clubs Limited (ACN 104 824 964)

Classic Clubs Limited is the Responsible Entity of the managed investment scheme, Classic Holiday Club. It is the holder of Australian Financial Services Licence Number 246232. Classic Clubs Limited was established on 22 May 2003 as a special purpose entity for the operation of the Club.

The Responsible Entity:

- Has appointed the Manager, Classic Leisure Pty Ltd trading as Classic Holidays, to provide management and reservation functions for the Club.
- Has appointed Classic Holiday Club Pty Ltd and its agents for Sales and Marketing functions of the Club.
- Is entitled to an annual fee (**Remuneration**) for managing the operation of the Club of 15% of the Annual Outgoings in the Annual Budget for the Club for the Financial Year to which the Remuneration relates, disregarding any income or offset pursuant to any Deed of Subsidy by the Founder or Developer of the Club.
- Is entitled to be paid or reimbursed from the Club Assets for all costs, charges and expenses incurred by it in properly performing its duties in relation to the Club.
- Is not liable to Members in contract, or otherwise for any loss suffered except to the extent the loss arises out of the Responsible Entity's fraud, negligence or breach of trust.

6.4 The Directors and Key Executives

The Directors of the Responsible Entity are Ramy Filo (Chief Executive Officer and Responsible Officer), Anthony Wilson (Company Secretary and Director of Finance), Mark Stephenson (Director of Sales and

Marketing and Responsible Officer), Carole Smith (Director of Operations) and Karim Filo (Director of Property and Acquisitions), who between them have extensive experience in timeshare operations, compliance, sales, resort management, accounting and development.

7 RISK FACTORS

In becoming a Member in the Club, there are a number of risk factors that should be considered including, but not limited to:

Number of Participants

The growth of the Club is dependent upon the sale of Club Points, including Classic Holiday Club Membership, to the general public and general market acceptance.

Annual Fee

An Annual Fee is payable by each Member in order to maintain the operation of the Club. Any increase in the operating costs of the Club will be reflected by an increase in the Annual Account Fee.

Defaulting Members

If a substantial number of Members or the Developer were not to pay their levies, the Club may have inadequate funds to function. However, the Constitution enables Classic to forfeit Club Points if that Member has not paid their fees in relation to those Club Points.

Regulation

The Club is regulated in Australia by the Corporations Act, which is administered by ASIC and is subject to change to the laws and to regulations over which Classic has no control. Legislative and regulatory changes may have an effect on the way the program operates in the future.

Exchange Program and Affiliation

There are exchange agreements and/or arrangements between Classic Clubs Limited and the Manager. There is no guarantee that the Club will remain affiliated with any particular exchange program nor that those exchange programs will continue to exist. However, there are many timeshare and/or holiday or tourism exchange companies which exist and which would be able to provide alternative exchange arrangements to resorts and other tourism benefits worldwide if any existing exchange affiliations, agreements or arrangements were to cease for any reason.

Developer Subsidy

The Developer currently subsidises the operations of the Club at approximately AUD\$100,000 per annum on a year to year basis. If the Developer declined to continue the subsidy or it was materially reduced then the annual levies payable by Members would increase significantly.

Secondary Market

The Club does not operate a resale or redemption service for issued Club Points. Members may wish to dispose of their Classic Holiday Club Membership on the open market. Classic Holiday Club Membership are not intended to provide financial returns - they offer holiday lifestyle opportunities and as such, there is a limited market for the resale of the Classic Holiday Club Membership.

Availability of Holiday Accommodation

As all accommodation is subject to availability and as the Responsible Entity has an overriding discretion to manage bookings in a manner which in its opinion is fair and reasonable and in the interests of the Club and Members as a whole, Members may not be able

to obtain accommodation at their preferred locations at their preferred times. The earlier you make your reservation, the higher the probability of obtaining your preferences. An 11-month advance-booking window (or 12 months for a home resort) is available to reduce this risk. However there is sufficient accommodation available to satisfy all issued Club Points in any given year.

General Business Risks

There is a risk that Members may be affected by changes in local and world economic conditions, including competition and interest rates, taxation, government legislation or intervention, inflation, natural disasters, social upheaval, civil or political uprising, and general commercial and economic risks faced by businesses including litigation, supply of building products and their pricing and terms, the success or otherwise of any marketing campaign, loss of key staff, and other events that unforeseeably and unpredictably could interrupt normal commercial activity.

8 SUMMARY OF MATERIAL CONTRACTS

The following is a summary of some of the provisions of the Constitution, the Club Regulations, Compliance Plan, Club Management Agreement, Exchange Arrangements and Deed of Subsidy. This summary can only be relied upon as a guide.

The following documents are available for inspection at the office of the Responsible Entity during normal business hours and the Responsible Entity may charge a fee prescribed by the Corporations Act for inspection:

- Constitution
- Club Regulations
- Compliance Plan
- Club Management Agreement
- Exchange Arrangements
- Deed of Subsidy

8.1 Constitution

The Constitution governs the relationship and is legally enforceable between the Members and the Responsible Entity. The summary set out below is the main terms of the constitution applicable to Classic Holiday Club Members. A copy of the constitution is available from the Responsible Entity.

Modifications to Constitution

The Constitution is dated 11 October 2004 and was registered by ASIC on 27 October 2004. The Constitution provides that it may be modified, repealed or replaced:

- by the Responsible Entity by deed executed by the Responsible Entity provided that the Responsible Entity reasonably considers that a change to the Constitution will not adversely affect Member's rights; or
- by the Members by a Special Resolution.

The Constitution was amended by the First Deed of Amendment dated 1 April 2005 and Supplementary Deed Poll dated 24 November 2008.

Limited Liability of Responsible Entity

Subject to the Corporations Act, the Responsible Entity is not liable to any person by reason of, for example, the Club Points or Property not yielding any return, or the acts, omissions or default of any person

and the Responsible Entity acting in good faith on the advice of that person.

Obligations of Members

Members are obliged to:

- comply with the Corporations Act, the Constitution and the Club Regulations;
- pay all Taxes (including GST) in relation to, amongst other things, Membership Fees and the exercise of any rights available to Members;
- comply with any finance agreement;
- comply with any other relevant conditions relating to Memberships.

Termination

The Club may be terminated in circumstances provided for in the Constitution which include the expiration of 80 years from the commencement date (**Expiry Date**), the date the Responsible Entity determines to wind up the Club if it considers the purpose has been accomplished or cannot be accomplished, or such other event referred to in the Constitution such as by Court order or special resolution of Members eligible to vote.

Members should refer to the Constitution for full details of the termination procedure.

Types of Membership

The Club currently has 4 classes of Membership, namely Founder Points, Classic Points, Limited Classic Points and Classic Escapes Points.

Founder Points are held by the Developer, which has the sole and exclusive right to approve creation of Club Points and market and promote all Classic Holiday Club Memberships.

Classic Points

The beneficial interest in the Club is divided into Club Points with each Club Point representing an equal undivided part of the beneficial interest in the Club, unless the Constitution provides otherwise. No right to a particular part of or asset of the Club is given to any Member by reason of Membership of Club Points.

Rights and Obligations of Members

Generally the rights of Members include the right to:

- receive Use Points for each Use Year (subject to prior payment of Annual Fees);
- attend and vote at Club meetings in accordance with the Constitution;
- participate in a distribution on the winding up of the Club in accordance with the terms of the Constitution;
- such further or other rights, licences and obligations as apply to Members.

Members are obliged to:

- comply with the Corporations Act, the Constitution and the Club Regulations;
- pay all Taxes (including GST) in relation to, amongst other things, Membership Fees and the exercise of any rights available to Members;
- comply with any finance agreement;
- comply with any other relevant conditions relating to Memberships.

Limited Classic Points holders are liable for all annual fees and any special levies payable under Classic points to the date of their expiry date (Expiry Date).

The above classes of Membership receive an annual allocation of Use Points. Founder Points have access to Use Points equivalent to the number of authorised but unissued Points, including all Use Points associated with those Points. Classic Points and Limited Classic points are offered under a separate PDS which can be obtained from the Responsible Entity.

Classic Escapes Points

Classic Escapes Point holders do not have any beneficial or other interest in any Club Assets. The holders are entitled to purchase Use Points from time to time, subject to any restrictions or conditions imposed by the Responsible Entity as disclosed in the PDS or otherwise notified to the holder by the Responsible Entity.

8.2 Club Regulations

The Responsible Entity has established regulations governing the use and operation of the Club Property. All Members, guests and other persons at each Club Apartment or Resort must comply with the Club Regulations. In addition Members must comply with all rules and regulations for the reservation or use in any affiliated program.

8.3 Compliance Plan

The current Compliance Plan is dated 15 December 2008 and signed by all the Directors of the Responsible Entity and was lodged with ASIC on 18 December 2008. The Compliance Plan may be modified or replaced with a new Compliance Plan during the life of this PDS. Any modified or new Compliance Plan must be lodged with ASIC.

The Compliance Plan is required by the Corporations Act and is a set of principles, guidelines, procedures and systems, which establishes a compliance program for the Responsible Entity to comply with the laws applicable to operating the Club and the Constitution of the Club. The Compliance Plan allocates resources to, and identifies duties for responsible persons identified in the Compliance Plan in respect of relevant compliance requirements.

The Responsible Entity must ensure that a registered company auditor is engaged to audit compliance with the Compliance Plan, report to the Responsible Entity and lodge a report with ASIC annually. The majority of members of the Compliance Committee must be external, (i.e. independent of the Responsible Entity).

8.4 Club Management Agreement

The Responsible Entity on behalf of the Club has entered into a Club Management Agreement with Classic Holidays (Classic Leisure Pty Ltd ACN 097 693 144) dated 1 April, 2005. Under this agreement the Club has contracted the Manager to manage the Club operations, the Resorts and Club Apartments, provide a reservations system for the Club, and conduct billing and collection services.

The RE will pay the Manager:

- 10% of the total annual outgoings of the Annual Budget of the Club for the financial year to which the Remuneration relates;

The Club will pay the Manager:

- AUD\$75.00 per Club Member per annum (incl GST), or if the Member owns 100,000-150,000 Club Points then the amount is AUD\$150.00 and for ownership of each whole lot of 50,000 Club Points an additional amount of

AUD\$75.00. This amount is increased on 1 July in each year having regard to the increase in the Consumer Price Index All Groups (City of Brisbane) over the previous year ending March prior to the effective date of invoice.

- Out of pocket expenses in relation to the management of the Resort and Club operations that are not specified as being payable by the Manager.

The agreement is for a term of 10 years commencing on 1 April, 2005 and terminating on 31 March, 2015. The agreement is automatically renewed for a further 10-year term unless either party gives to the other written notice at least 3 months prior to the last day of the relevant term that it intends to terminate the agreement.

The parties to the agreement are Related Entities.

8.5 Exchange Arrangements

The Responsible Entity on behalf of the Club has entered into an arrangement with **RCI Pacific Pty Ltd [RCIP]**, whereby all Members in the Club will be offered the opportunity to participate in the Classic Points and Play system owned and/or operated by the Manager, Classic Leisure Pty Ltd.

RCIP acknowledges that the Club has an arrangement with Classic Leisure Pty Ltd trading as Classic Holidays (the Manager) and that Members of the Club may, via Classic Holidays, access membership to the Points & Play program on the terms and conditions of that program. The Manager and/or the Club reserves the right to negotiate with and enter into other exchange networks or enter into other arrangements to provide similar or more services to Members. RCIP will be paid \$180 (inclusive of GST) per member each three years and AUD\$100 per confirmed exchange for resorts outside Australia and New Zealand.

RCIP has consented to being named in the PDS as the exchange company to the Club, but does not make any statement in this PDS, nor is any statement in this PDS based on any statement by RCIP.

8.6 Deed of Subsidy

The Club has arrangements with the Developer under a Deed of Subsidy dated 31 May 2010 whereby the Developer agrees for a defined term (being 12 months from 1 July 2010) within 10 business days of the Club notifying it that Administration Costs (as defined) exceed the revenue from Account Fees collected from Members, to subsidise the Club by way of advance to it of an amount equivalent to the shortfall. The Developer is not entitled to repayment of this amount except if and to the extent that the shortfall is caused by non-payment by Members of Account Fees or Special Levies and such amounts are later recovered. Administration Costs, for the purposes of the subsidy calculation, include all costs and expenses associated with the general administration of the Club and specifically include accounting, audit, insurance and compliance costs. The subsidy is capped at AUD\$100,000 and any further subsidy requirements will be paid at the discretion of the Developer.

The subsidy has been provided for the past four years. However, there is no guarantee this will continue. In the event the subsidy was removed or substantially reduced, it is likely the annual levy payable by Members would increase significantly.

The parties to this agreement are Related Entities.

9 FINANCIAL INFORMATION

The Club and Responsible Entity are under regular reporting and disclosure obligations pursuant to the Corporations Act 2001. A half yearly reviewed financial report and an annual audited financial report as well as an annual compliance plan audit report for the scheme are required to be lodged with ASIC. The Responsible Entity must also lodge with ASIC its annual audited financial report. Persons may obtain or inspect copies of documents lodged with ASIC by the Responsible Entity or the Club at an ASIC office nearest to them.

Persons have the right to obtain, free of charge, a copy of the most recently lodged financial reports of the Club by sending us a written request (mail, facsimile or email) to the address of the Responsible Entity in the Corporate Directory subject to any change notified to Members. Your request will be attended to within 5 days of receipt of your request.

10 ADDITIONAL INFORMATION

Non-Fully Developed Property

The Developer may from time to time fund the acquisition and/or development of vacant land, or apartments in resorts where refurbishment is to occur, to be placed into the Club. Until the development or refurbishment of the Non-Fully Developed Property reaches a stage where suitable accommodation areas are completed and ready for occupation, no Club Points will be created and allocated in respect of that property. The Club will not be required to fund any acquisition, development or other costs or expenses in relation to such Non-Fully Developed Property, as all such costs and expenses will be paid or caused to be paid when due by the Developer.

The Developer has all the rights to proceeds of use and sale of Non-Fully Developed Property and the Responsible Entity must if requested by the Developer, deal with such Non-Fully Developed Property in the manner which is reasonably consistent with the Developer's rights to proceeds of use and sale of the Non-Fully Developed Property, subject only to the Responsible Entity being able to deduct from any proceeds any amount of costs and expenses expended by the Responsible Entity on the Non-Fully Developed Property and for which it has not received reimbursement from the Developer. These rights will not apply in the event of termination or winding up of the Club.

Account Fee calculation formula

The Account Fee contribution payable by each Member may be calculated in accordance with the following formula:

$$X = AF + (MF \times AF)$$

where

X is the aggregate Account Fee contribution payable by the Member.

AF is the amount determined by the Responsible Entity as the Account Fee, noting that a Member may pay more than one Account Fee depending upon the number of Club Points owned.

MF is a multiplication factor being $(Z - 100,000)$ divided by 50,000 but rounded down to the last whole number and will not be less than zero. If MF would otherwise result in a negative number, MF will be deemed to be zero.

The Maintenance Fee is determined in accordance with the following formula:

$$MLC = Y/A \times Z$$

where:

MLC is the contribution to the Maintenance Levy payable by each Member.

Y is the amount determined by the Responsible Entity from time to time in accordance with the Constitution.

A is the number of Total Club Points

Z is the number of Club Points owned by a Member.

Tax

You should obtain your own tax advice in relation to the purchase of Club Points. However, please note that GST does not apply to the purchase of Club Points. There is however GST impost on any fees and charges levied by or on behalf of the Club. All fees and charges referred to in this PDS are inclusive of GST unless otherwise mentioned. You will also be required to pay any stamp or other duties on the purchase, transfer or disposal of Club Points.

Ethical Considerations

The Responsible Entity makes no claim regarding labour standards or environmental, social or ethical considerations that may be taken into account in the selection, retention or realisation of Club Property or Memberships.

Disclosure of Related Party Interests

Responsible Entity

The Developer owns all of the shares in the Responsible Entity, and the Manager. Additionally, the Developer owns all of the shares in Tiki Village International Ltd and Surfers Royale Management Pty Ltd. The Developer has a half interest in the sales manager, Classic Holiday Club Pty Ltd, with the other 50% currently held by Pacific Rim Marketing (Aust) Pty Ltd. The Developer also owns all of the shares in the Management Company of Don Pancho Beach Resort and Pacific Palms Resort. The Developer is also the manager of Sandy Point Beach Resort and Capri Waters Country Club and owns shares in Capri Waters Country Club Limited. The Manager is also contracted to manage Beach House Seaside Resort, Beachcomber International Resort, Golden Shores Holiday Club, Palm Court Noosa, Lake Eildon Country Club Limited, Vacation Club Limited and Cedar Lake Country Club.

Directors

As at the date of this PDS, the Directors of the Responsible Entity, have interests in the Club through the following holdings in companies either directly or indirectly related to the Club as follows:

Ramy Filo is a Director of the Developer, the Manager, the Sales Manager and has interests in the Developer and Classic Property Management Pty Ltd, Classic Property Holdings Pty Ltd, Tiki Village International Ltd, Pacific Palms Resort Ltd, Don Pancho Beach Resort Ltd, Beach House Seaside Resort Ltd, Golden Shores Holiday Club Ltd, Surfers Royale Management Pty Ltd, Mansfield Country Club and Atex Investments Pty Ltd; and a Director and has interests in Classic Finance Services Pty Ltd and Freedom Financial Services Pty Ltd.

Tony Wilson is a Director and Secretary of Tiki Village International Limited, Beachcomber International Resort Ltd, Beach House Seaside Resort Ltd, Surfers Royale Ltd and Golden Shores Holiday Club Ltd and is Secretary of the Developer, the Manager, the Sales Manager, Classic Property Management Pty Ltd, Don Pancho Beach Resort Ltd, Palm Court Ltd, Beach House Seaside Resort Ltd and Surfers Royale Management Pty Ltd.

Mark Stephenson is a Director of the Sales Manager, a Director, Secretary and has interests in Pacific Rim Marketing (Aust) Pty Ltd, and is a Director and has interests in Classic Finance Services Pty Ltd.

Carole Smith is a Director of the Manager, Beachcomber International Resort Ltd, Surfers Royale Ltd, Capri Waters Country Club Ltd and Don Pancho

Beach Resort Ltd, and Secretary of Pacific Palms Resort Ltd.

Karim Filo is a Director of the Developer, the Manager, Surfers Royale Management Pty Ltd, Tiki Village International Ltd and Classic Finance Services Pty Ltd. He has interests in the Developer, Classic Property Management Pty Ltd, Classic Finance Services Pty Ltd and Freedom Financial Services Pty Ltd.

Transactions with related parties

As set out in this PDS, it is expected that the Responsible Entity will be involved in certain transactions with the following:

- The Developer (property development)
- The Manager (management services)
- The Sales Manager (sales and marketing)
- Tiki Village International Ltd
- Classic Property Management Pty Ltd (involved with the management of some of the Resorts)
- HWC Accountants (accounting services)

No commission in relation to the promotion, sale or issue of Club Points will be paid by the Responsible Entity.

Certain employees of the Developer act by arrangement with the Responsible Entity, which is the issuer of this PDS and holds the Australian Financial Services licence that permits dealing with the Club Points. The Developer, or related party, will pay or cause to be paid (including a direction to Classic Holiday Club Pty Ltd as Marketing Company) commissions, fees, or any other benefits or advantages to each of its employees in connection with the making of the recommendation or the subsequent sale and /or issue of Club Points, such amount not exceeding 26% of each sale.

Professional Indemnity Insurance

The Responsible Entity has taken out and is maintaining a professional indemnity insurance policy to cover those claims insured up to an aggregate of AUD\$5,000,000. The Responsible Entity has paid the premiums required to maintain this cover.

Interests of Experts and Advisers

WHK Horwath (Brisbane) has prepared the independent report on projected financial information and the financial statements for the Club & Responsible Entity. In respect of this work, the Responsible Entity has agreed to pay WHK Horwath an amount not exceeding \$5,000 for these services up to the date of this PDS. It is anticipated that WHK Horwath will provide further accounting and auditing services for the usual time based fees plus disbursements. WHK Horwath has given their written consent to the inclusion in this PDS of their name as auditors of the Club and has not withdrawn their consent prior to the date of this PDS.

Anti-Money Laundering & Counter-Terrorism Financing Regulations 2008 ('AML/CTF Regulations')

The AML/CTF Regulations came into effect on 31 January 2008 and, in accordance with the AML/CTF Act 2006 & the Regulations, all applicants are required to provide adequate identification to Classic Holiday Club Pty Ltd and its agents.

Classic Clubs Ltd has formed a 'Designated Business Group' with Classic Holiday Club Pty Ltd, its agents and Classic Finance Services Pty Ltd and has adopted a joint AML/CTF Program. The Classic designated business group must report annually to AUSTRAC.

Authorised and Issued Club Points

As at the date of this PDS [01 July 2010], The Club has 1872 Members and 40,950,874 Club Points on issue, comprising 2434 Classic Escapes Memberships, 40,950,874 Classic Points, Nil Limited Classic Points and 1 Founder Point.

Definition

Club Point means a Classic Point, a Limited Classic Point, or a Founder Point issued pursuant to the Constitution.

Directors' Consent

Each of the directors of Classic Clubs Limited has consented to and authorised the issue of the PDS and have not withdrawn that consent.

Signed by the following Director of the Responsible Entity on 1 July 2010.


.....
Ramy Filo
Director

**SCHEDULE 1
CLASSIC HOLIDAY CLUB - ARSN 111 354 440
COOLING-OFF STATEMENT**

This cooling-off statement forms part of the PDS, dated 01 July 2010 and must not be read separately.

This Statement must be given to all applicants for Classic Holiday Club Membership in Classic Holiday Club at the time of, or prior to, their entering into an agreement to purchase Classic Holiday Club Membership in Classic Holiday Club. A person to whom this statement is provided is entitled to retain a copy of it.

COOLING-OFF PERIOD FOR CLASSIC HOLIDAY CLUB ARSN 111 354 440

Your right to change your mind

You may withdraw your offer or terminate your agreement to purchase Classic Holiday Club Membership in Classic Holiday Club within seven (7) calendar days commencing from the Acknowledgment Date.

The Acknowledgment Date is the date when you sign an acknowledgment that you have received all relevant documents relating to the Club (these being the Membership Application Form, the Product Disclosure Statement, and this Cooling-off Statement).

How can I exercise my right?

You may exercise your right to withdraw from the purchase by giving the Responsible Entity of the Club a notice in writing to that effect within seven (7) calendar days of the Acknowledgement Date. (The notice of withdrawal must be received by 5pm on the seventh day.) The recommended form of written notice is attached to this statement.

The responsible entity's address for service of notice is:

Classic Clubs Limited ACN 104 824 964, PO Box 384 Coolangatta, Qld 4225 Australia

Acknowledgment

I/We acknowledge receipt of this Cooling-off Statement, the Membership Application Form and the Product Disclosure Statement.

Signature(s):
Applicant (1) Applicant (2)

Date:

[cut off section] WRITTEN NOTICE

To: Classic Clubs Limited ACN 104 824 964
PO Box 384, Coolangatta, Qld 4225

I/We,*[insert your full name(s) here]*, hereby exercise my/our cooling-off rights and withdraw from my/our proposed purchase of Classic Holiday Club Membership in Classic Holiday Club ARSN 111 354 440. Please return all money I have paid by way of deposit or otherwise as soon as possible to my address which is

(Postal Address):
.....

Signature(s)
Applicant (1) Applicant (2)

Dated: / /

NOTE: I / We acknowledge that the sum of AUD\$100 will be retained by the Responsible Entity ('RE') but will be repaid to me/us if we return to the RE the Member Kit and its contents (except for the PDS) in substantially the same condition as was provided to me/us by the Responsible Entity.

CLASSIC HOLIDAY CLUB TRUST
BUDGET FOR THE YEAR ENDING 30 JUNE 2011

	\$
REVENUE	
Maintenance Levies	1,350,198
Account Fee	890,475
Other Income	1,396,381
	<u>3,637,054</u>
EXPENDITURE	
Levies timeshare interests	1,572,227
Apartment holding costs	37,752
Rental accommodation	980,000
Member services	401,497
Bad debts	27,130
Bank charges	1,000
Bankcard charges	26,950
Compliance Costs	40,000
Debt Collection	4,000
Depreciation	4,000
Filing Fees - ASIC	1,500
Legal Fees	5,000
Insurance	750
Accounting Fees	11,250
ATHOC membership	11,435
Printing Costs	4,000
Compliance audit	6,952
Scheme Audit	20,592
Contingency Fund	35,000
Responsible entity fees - account fees	84,011
Responsible entity fees - levies	362,008
	<u>3,637,054</u>
NET PROFIT	<u>-</u>

The budget has been prepared by the responsible entity directors to provide potential Club Members with an understanding of the likely operations of the Club. The directors have exercised due care in preparing the budget and the assumptions upon which it is based. In the opinion of the Directors, the budget and the underlying assumptions on which it is based are reasonable.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Club. Accordingly, the Directors are unable to guarantee the budget will be achieved. Prospective Club Members should refer to section 7 of the Product Disclosure Statement ("PDS") for an analysis of the risk factors associated with becoming a Member in the Club.

The material assumptions used to prepare the budget for the year ending 30 June 2011 are a combination of best-estimate and hypothetical assumptions. These two types of assumptions are defined as follows:

- ◆ **Hypothetical assumptions** relate to prospective financial information ("projections") that have been prepared using a set of assumptions that include assumptions about future events and management's actions that are not necessarily expected to occur or are significantly dependant on factors that management cannot control or substantiate.

- ◆ **Best-estimate assumptions** relate to prospective financial information (“forecasts”) that have been prepared on the basis of assumptions as to future events which management expects to take place, and the actions management expects to take as of the date the information is prepared.

The material assumptions used in preparing the budget are as follows:

Best-estimate assumptions

1. **Club Apartments** – Club Apartments comprising strata-title units and interests in various time-sharing schemes will be progressively transferred into the Club over the period from 1 July 2010 to 30 June 2011:

The term, Club Apartment, is defined in the Glossary of Terms section of the PDS and includes a unit or condominium apartment and an interest in a time-sharing scheme to which Club Points have been allocated.
2. **Club Points:** - At 30 June 2010 there will be 40,950,874 Club Points issued or available to be issued to members. The Club Apartments transferred to the Club during the period from 1 July 2010 to 30 June 2011 year will create an additional 10,000,000 Club Points.
3. **Points Members:** - At 30 June 2010 there will be 1875 points members owning 39,600,000 points. During the year to 30 June 2011, 120 new Points Members owning 2,400,000 Club Points will be added.
4. **Escape Members:** - At 30 June 2010 there will be 2,725 Escape members. 65% of existing Escape members will purchase on average 25,000 Use Points during the year to 30 June 2011 at an average of 2.80 cents per Use Point. In addition, there will be 2,380 new Escape members added in the year to 30 June 2011. Because of the availability of bonus points, it is expected that nil Use Points will be purchased by the new Escape members.
5. **Club Operation:** - The Club will be operated to break even on an annual basis. Club Members will be charged an annual Maintenance Levy and an annual Account Fee sufficient to cover all levy/property, operating, administration and compliance costs less any amount received from the Developer in accordance with the Deed of Subsidy.
6. **Maintenance Levy:** - A Maintenance Levy is charged on all Club Points created. The levy is payable either by Club Members in July each year for the corresponding financial year, or by the Developer on a monthly basis on all unsold Club Points. The Maintenance Levy has been set at 2.65 cents per Club Point.
7. **Account Fee:** - Club Members will be charged an annual Account Fee to cover the operating, administration and compliance costs of the Club. The Account Fee has been estimated to average \$155 per Member.
8. **Developer Subsidy:** - In accordance with the Deed of Subsidy between the Club and the Developer, with respect to the year ended 30 June 2011, the Developer has agreed to subsidise the amount that the Administration Costs/Levy Costs of the Club exceed the Account Fees/Maintenance Levies for the year up to a limit of \$100,000.

Hypothetical assumptions

9. The number of Club Points available for sale at any specific time depends on the timing of the transfer of Club Apartments into the Club over the budget period. If the Club does not acquire Club Apartments at specific locations and at specific times in accordance with its budget, there will be little or no impact on the budgeted result as the Club operates on a breakeven basis and revenue and expenditure are expected to reduce by the same amounts, i.e. revenue and expenditures will vary in direct relationship to one another.
10. The availability of Club Points for sale is directly dependent on the Club being able to readily acquire Club Apartments progressively over the budget period. If the Club does not acquire Club Apartments, in accordance with its budget, there will be little or no impact on the budgeted surplus as the Club operates on a breakeven basis and revenue and expenditure are expected to reduce by the same amounts.

Actual results may vary from the budget and any variation may be materially positive or negative because the underlying assumptions are by their very nature subject to uncertainties and contingencies, many of which are outside the control of the Directors. As a result, events and outcomes may differ in quantum and timing from the assumptions.

LOOSE LEAF PRICE LIST

Issue Price of Membership

This Price List, dated 01 July 2010, must be read together with the Product Disclosure Statement (PDS) Version 11 dated 01 July 2010, in relation to the purchase of Club Points in Classic Holiday Club.

All terms commencing with capital letters in this document have the meaning attributed to them in the PDS.

Costs

The price per Club Point shown in the table below:

Price per Point when purchasing less than 13,500 Points*	Price per Point when purchasing between 13,500 and 16,499 Points*	Price per Point when purchasing between 16,500 and 19,999 Points*	Price per Point when purchasing between 20,000 and 25,999 Points*	Price per Point when purchasing equal to or more than 26,000 Points*
AUD\$1.35	AUD\$1.15	AUD\$1.00	AUD\$0.96	AUD\$0.94 (Top Volume Discount Price)

Conversion of Timeshare Interest into Classic Points: AUD\$5,800.

*Note: A person wishing to purchase additional Points (i.e. upgrading) within 12 months of their first purchase of Points in the Club may, at the discretion of Classic Clubs Limited and the Developer, be offered an incentive to do so. The effective average price paid per Point for all Points acquired by that person during that 12 month period will be at least the Top Volume Discount Price applicable at the time of purchase of the Points first acquired by the person during that 12 month period.

*Other incentives may from time to time be offered by the Developer and/or Classic Clubs Limited and the right to do so is reserved.

*As the entity entitled to the proceeds of issue of memberships under the Constitution, the Developer at its sole discretion may request Classic Clubs Limited to offer discounts to staff of the Developer or its subsidiaries, related entities or sales and marketing agents. In respect of the latter, staff may acquire no more than 3% of the total issued points. Any discounts offered shall be expended from the Developer's entitlement to the proceeds of such issues.

This loose-leaf price list may be superseded by a loose-leaf price list with a later date.

Applicants can only apply for an interest by completing the Application Form accompanying the Product Disclosure Statement.



ASRN 111 354 440

MEMBERSHIP APPLICATION FORM FOR CLUB POINTS

Issued by Classic Clubs Limited ACN 104 824 964 – AFSL 246232
as Responsible Entity and Issuer

Application Date: _____ **Application Number:** _____

This Membership Application Form must not be circulated separately from the Product Disclosure Statement (“PDS”) Version 11 dated 01 July 2010 of which it forms a part.

FIRST APPLICANT

SECOND APPLICANT

Mr Mrs Ms Miss **DOB** __/__/__ Mr Mrs Ms Miss **DOB** __/__/__

SURNAME _____ **SURNAME** _____

GIVEN NAMES _____ **GIVEN NAMES** _____

PAYG **Self Employed** **PAYG** **Self Employed**

ADDRESS _____

TEL Home _____ **Home** _____

Work _____ **Work** _____

Fax _____ **Fax** _____

Mob _____ **Mob** _____

EMAIL _____

(For Company Purchasers or where there are more than two joint purchasers)

NAME OF NOMINATED PERSON(S)

I/We hereby apply to Classic Clubs Limited, the Responsible Entity, to **purchase** _____ Club Points (as Classic Points*/Limited Classic Points) and to apply for _____ Club Points (as Classic Points*/Limited Classic Points) to be issued for **trade-in** of Timeshare. **TOTAL** Classic Points*/Limited Classic Points **allocated:** _____. [*Please delete alternative which is not applicable]. Classic Points allow the use and occupancy of the Resort Apartments in the Club.

Subscription moneys \$ _____

Establishment Fee \$ _____

Deposit/Cash Payment \$ _____

Trade-in Details: _____

HRP: _____

HWP: _____

Balance Payable \$ _____ on _____ day of _____ 200_____

I/We (the Applicant/s) by completing and signing this Application hereby:

- 1 Make application for the number of Club Points of Classic Holiday Club, specified in this Application and agree to pay the price specified in this Application and any applicable stamp duty, taxes or imposts in respect of the Application.
- 2 Agree to pay all Classic Holiday Club levies which become due and owing during the life of the Club.
- 3 Agree to be bound by the provisions of the Constitution dated 4 April 2005 as amended from time to time constituting the Club.

I/We acknowledge that the Responsible Entity has the right to accept or reject this Application.

I/We hereby apply for the above Club Points under the terms of this application and acknowledge having received a copy of the PDS and a copy of this Membership Application Form.

Dated: _____

Signed: First Applicant _____ Second Applicant _____

For and on behalf of the Responsible Entity as Issuer: _____

