

## THE RIDGE. A RESTRUCTURE AND EXIT PLAN ?

### PROPERTY RESEARCH PAPER NO 5 (OF A SERIES OF 5 )

#### Summary

This paper examines the complexities associated with altering the ownership structure of the Ridge, which comprises over 1,000 titles spanning various categories such as timeshare, non-timeshare ( often referred to as Private), and future development units. It underscores both the legal and practical challenges inherent to this process, emphasising that the Unit Titles Act requires near-unanimous consent from owners for any changes to the structure of Ownership.

The document presents a conceptual framework designed to secure broad-based support by delivering advantages to all ownership groups and details a phased strategy for implementing these changes. Additional context is provided through references to related papers within the series.

This document has been drafted by a small number of owners who do not have legal qualifications. Legal input is proposed in the next phase.

#### Introduction

- Given that the Ridge Ownership includes over 1,000 individual titles, any modification to the ownership structure by consensus is inherently complex. Sections **177–189** of the **Unit Titles Act (UTA)** provide for the **cancellation** of a Unit Development. History shows that approximately 90% support by all owners is necessary for success, and achieving this threshold typically results in reduced costs and expedited implementation timelines, over the 75% threshold stipulated in the UTA.
- The Ridge developers chose to create a number of different ownership classes, probably to help sales. Under the **UTA** itself, we have owners of **Timeshare Units**, **Non-Timeshare Units (Private)** and **Future Development Units**. Within the Timeshare category we then have both **annual** and **biennial** weeks and layered over that, owners with either **fixed weeks** and/or **floating weeks**.
- Further, there is at least one ownership block holding a significant percentage of weeks, three weeks are held in the name of Mascot Finance Services Ltd (**Mascot**), a company which no longer exists and an undefined number of weeks held by owners that are no longer contactable or deceased (**GNA**)
- **All ownership types, classes and blocks have their unique issues, goals, and points of view.**
- Any scheme to bring about a real change to the ownership structure must initially utilise the process to cancel the current Unit Plan under **Sec177-189 UTA**, as

discussed above. Note, this same process would be used to convert from a Body Corporate Structure to a Company Structure.

- This paper outlines a Concept, designed to pique the interest and thereby the support of the potpourri of Ridge Owners. To achieve what is a virtual unanimous level of support, this scheme aims to provide benefit to all types and classes of owners, including those who wish to continue using the Ridge in the future. Further it aims to maximise the financial upside for all plus provides a means of recovering the costs of implementation.
- This Concept Paper suggests a three staged evolution from Concept to Scheme to Formal Proposal. The process involves two separate elements; Element 1 is investigation and agreements; Element 2 is implementation.
- An understanding of the existing Title Structure at the Ridge is crucial. [See paper 1.](#)

## 1. The Concept

1.1 The Concept has five main **Goals**:

1. To cancel the current Unit Plan.
2. For Timeshare owners to replace the Body Corporate with a Company Structure.
3. For Non-Timeshare( Private) Owners to own and manage the Private Units as they determine.
4. For Timeshare Owners to be able to exit ownership of the Ridge at a fair price as and when they wish to.
5. For Timeshare Owners who wish to continue using the Ridge to do so until such time as they wish to sell, when goal four takes over.

1.2 Meeting the wants of most owners increases the likelihood of succeeding in cancelling the Unit Plan and will minimise the costs and time involved.

1.3 The scheme involves two distinct but interconnected components.

1. The first, **Element One**, involves developing and documenting a proposal to secure universal support for the cancellation of the Unit Plan.
2. The second, **Element Two**, is to set up a mutually agreed plan that takes effect once **Element One** is completed, allowing the various ownership factions to move forward in a predetermined and orderly manner.

1.4 At the end of **Element One**, the complex will be merged into one title owned by one entity in the interim. As an example of one of numerous details requiring consideration and resolution as the proposal is refined, some of the Private Unit

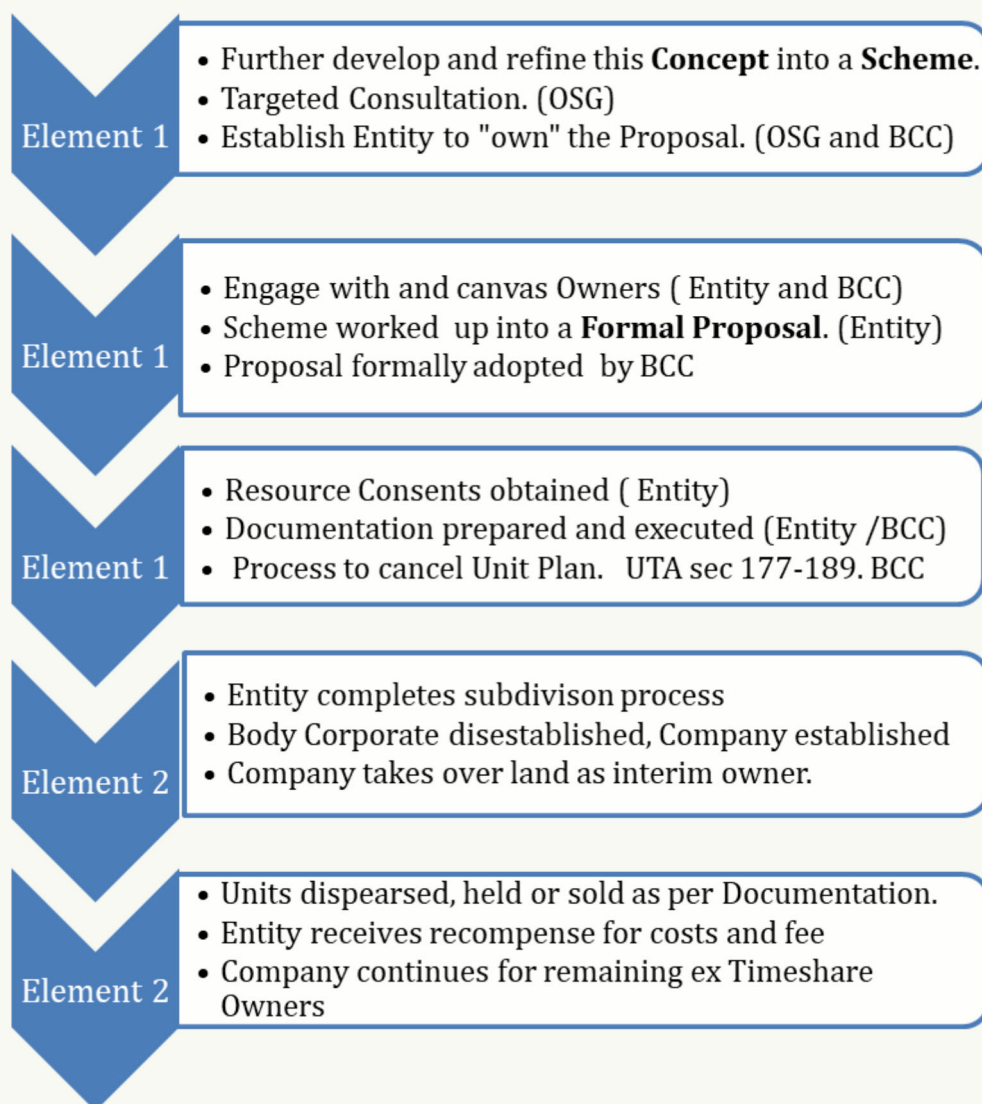
Titles will currently have mortgages registered against them, and how these are best accommodated in the interim phase requires legal input.

- 1.5 In theory, the Resort as a whole could be sold once the Unit Plan is cancelled, however promoting that course of action on its own would be unlikely to gain the support of Non-Timeshare Owners, Future Development Unit Owners, or those who want The Ridge to remain a jointly owned holiday resort.
- 1.6 Further, selling in one parcel does not always produce the highest profit. Smaller parcels often generate better returns than larger ones since they attract more buyers, which increases competition.
- 1.7 Selling outright does not provide any scope to meet differing time agendas.
- 1.8 To deal with the matters highlighted in 1.4 through 1.7 above, Concept envisages a **Limited Liability Company** to be incorporated at a time yet to be determined. This Company will take ownership of the Ridge as a Nominee once the Unit Plan is **cancelled**. The Company would initially hold all Units, **Non-Timeshare, Timeshare and Future** whilst **Element 2** is completed. **Non-Timeshare Units** will be returned to their owner's names with the new title format, whatever that may end up, and the Company will manage sales of the former **Timeshare Chalets** for those exiting. It will retain unsold former Timeshare Chalets and take on the responsibilities of the former Body Corporate once disestablished. **Shareholders** will be the current Ridge Owners.
- 1.9 A **Company Ownership** structure is not suitable for the **Non-Timeshare Owners**, as they require individual titles suitable for mortgage purposes. As a result, **subdivision is essential** to separate the **Non-Timeshare** and the **Timeshare** units. Given this need, it makes sense to also undertake subdivisions of the timeshare units onto smaller parcels at the same time. The optimum solution is likely to be placing each unit on its own title; however, this outcome is contingent on whether the dividing walls meet current regulations. This issue should be investigated promptly to inform both the subdivision application and parcel configuration.
- 1.10 If it is not possible for all **Non-Timeshare Units** to obtain individual **freehold** titles, a Unit Plan will need to be reinstated for those units. Alternatively, if the common walls present a complication, the three building blocks may be separated so that each has its own distinct Unit Plan. The Non-Timeshare Owners will determine the optimal configuration according to their preferences.
- 1.11 The two **Future Development Units** would end up with their own title or titles. The owner(s) would be big winners out of this as currently and despite what they may think these would be difficult to sell at present.

1.12 **Continuing Resort Owners** would retain their shares in the Company, which will oversee a smaller Ridge Resort consisting of Chalets 28-32, along with the common room, office, and all other unsold Chalets. There will need to be a plan for how current Fixed week ownership is handled.

1.13 The **Exiting Owners** would be compensated by the Company based on a set formula, as and when the company sells units, through a share-back scheme.

## 2 The Process (Summary)



### **3 The Proposal**

- 3.1 This paper envisages a two-stage evolution into a Full Proposal for the ultimate consideration of owners. This process will require expert input which would need to be on a fee-paid basis.
- 3.2 If successful, all owners will benefit from the **Proposal** in diverse ways and amounts. Achieving the goals in 2.1 will demand substantial work and funding to meet associated expenses. As a result, the **Proposal** should be considered a commercial venture, significantly surpassing the limits of voluntary efforts. Additionally, there are inherent risks that must be properly addressed. It is expected that an **Entity**, most likely a Company, will be established for this purpose, and a contract will be formed between the **Entity** and the **BCC**.
- 3.3 This aspect requires discussion followed by a stand-alone paper that considers how it could be achieved. In theory at least, the “**entity**” would receive a success fee and have its costs covered out of the sale of the first Unit. This whole aspect will have to be addressed delicately so it is correctly perceived as reward for value added rather than as a cost or profiteering.
- 3.4 **Timing** of when the **entity** ceases and the **Company** replacing the Body Corporate takes over implementation of the **Proposal** will need determination. Financial Markets Authority requirements may well influence this.
- 3.5 To put things in perspective, the Proposal is complex, as will be any change involving the existing structure at The Ridge. There are no simple solutions except accepting loss. Converting the **Body Corporate** into a **Company** structure follows the same process, but that offers no direct financial benefit to cover costs.
- 3.6 The concept outlined aligns with the work that owners requested the BCC to undertake through the motion passed at the 2025 AGM.
- 3.7 Finally, all Owners, including those with a significant holding, face the same challenges. The current structure can only be changed, and any “sale” can only be achieved through cooperation and near to 100% agreement.

#### **4 Actions/Conclusions.**

1. This paper demonstrates that there is no easy solution to change the ownership Structure of the Ridge.
2. The **Concept** outlined, and the word **outlined** is stressed, seeks to be both **politically** acceptable and **commercially** viable.
3. OSG would appreciate feedback on this paper.

**Disclaimer: Although this paper aims to present accurate and reliable information, the OSG does not guarantee complete accuracy or completeness. Readers are encouraged to independently verify critical information.**