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## **DISCLOSURE STATEMENT**

### **ARROWTOWN LIFESTYLE RETIREMENT VILLAGE**

**18 September 2020**

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## **DISCLOSURE STATEMENT**

### **Pursuant to the Retirement Villages Act 2003 and the Retirement Villages (General) Regulations 2006**

This Disclosure Statement sets out details about the Village, Arrowtown Lifestyle Retirement Village, the Operator, Arrowtown Retirement Investments Limited and Merryfield Investments Limited trading as Arrowtown Lifestyle Retirement Village Joint Venture, and the rights and obligations a Resident has relating to a Residential Unit at the Village.

Specific details and information relating to a particular Resident's personal interest in the Village can be found in the Schedule attached to this Disclosure Statement.

Capitalised terms used in this Disclosure Statement are explained in the Glossary on page 30.

### **DETAILS OF VILLAGE AND OPERATOR**

<b>Date of Disclosure Statement:</b>	18 September 2020
<b>Date of Registration:</b>	Lodged for registration on 18 September 2020
<b>Village's Registered Office:</b>	224 McDonnell Road, Arrowtown 9371
<b>Village's Address for Service:</b>	P O Box 23, Arrowtown 9351
<b>Village's Street Address</b>	224 McDonnell Road, Arrowtown 9371
<b>Operator's Registered Office:</b>	224 McDonnell Road, Arrowtown 9371
<b>Operator's Street Address:</b>	224 McDonnell Road, Arrowtown 9371
<b>Operator's Contact Details:</b>	Phone: 03 442 1050 Email: info@arrowtownretirement.co.nz
<b>Operator's Agent:</b>	Robyn Frey Village Manager
<b>Operator's Agent's Contact Details:</b>	Phone: (03) 443 1050 Mobile: 021 826 763 Email: robyn@arrowtownretirement.co.nz

## **IMPORTANT INFORMATION FOR INTENDING RESIDENTS**

Decisions about retirement villages are very important. They have long-term personal and financial consequences.

You should read this disclosure statement carefully.

This disclosure statement draws your attention to some of the important matters you should consider before deciding to enter a retirement village.

Ask questions.

You must obtain advice from a lawyer independent of the Operator of the village before you sign an occupation right agreement (i.e., a document which confers on any person the right to occupy a residential unit within the village and specifies any terms or conditions to which that right is subject).

It is common for there to be misunderstandings by residents and their families about:

- the kind of legal interest that the resident has in the village;
- what happens if the resident or their family wants to exit an occupation right agreement;
- the fees and charges that apply to entering, moving between units within, and leaving the village;
- the ongoing fees and charges.

It is important that you and your family understand what is involved in entering into an occupation right agreement to join a retirement village.

Although in most cases you will have 15 working days to cancel an occupation right agreement after signing it, you should consider the issues carefully before you sign any application form or agreement.

## INFORMATION ABOUT AVOIDING OCCUPATION RIGHT AGREEMENT

Section 31 of the *Retirement Villages Act 2003* gives you the right to avoid an agreement that you enter into for the right to occupy a residential unit in a retirement village, but only if you enter into the agreement in the circumstances described in a row of the table below and the circumstances involve:

- (a) a significant detriment to you; or
- (b) a material (not merely technical or minor) breach of the Act; or
- (c) deliberate misconduct by the operator of the village.

You can use the right only by giving written notice to the operator of the village, and the statutory supervisor (if there is one) of the village, within the period described in the relevant row of the table.

<b>Circumstances</b>	<b>Period</b>
The village was not registered, but was required to be	3 years after you entered into the agreement or 6 months after you knew, or ought to have known, the circumstances existed when you entered into the agreement, whichever ends first
The registration of the village was suspended and the operator had been notified of the suspension	3 years after you entered into the agreement or 6 months after you knew, or ought to have known, the circumstances existed when you entered into the agreement, whichever ends first
The agreement did not contain, in clear and unambiguous form, the material it was required by the Act to contain	1 year after you entered into the agreement or 6 months after you knew, or ought to have known, the circumstances existed when you entered into the agreement, whichever ends first
You did not receive independent legal advice before entering into the agreement	1 year after you entered into the agreement or 6 months after you knew, or ought to have known, the circumstances existed when you entered into the agreement, whichever ends first

**Circumstances****Period**

Before entering into the agreement, you did not receive a disclosure statement that complied with the Act, the residents' code of rights, the code of practice or a statement when the code would come into force, and a copy of the agreement

1 year after you entered into the agreement or 6 months after you knew, or ought to have known, the circumstances existed when you entered into the agreement, whichever ends first

You should seek legal advice before using the right.

If you use the right, you are entitled to a refund of some amounts you paid for the right to occupy the unit and for services or facilities that were not provided, interest on those amounts, and your actual and reasonable costs associated with using the right (such as legal expenses and removal costs).

The operator may dispute your use of the right, refer the dispute to a disputes panel under the *Retirement Villages Act 2003*, and refuse to pay the refund while the dispute is unresolved.

**COOLING-OFF PERIOD**

A resident also has certain rights during their cooling-off period. Please see paragraph 10 below for further details. Following is a copy of Section 28 of the *Retirement Villages Act 2003*:

- (1) An occupation right agreement must contain a provision allowing a resident (other than a person who is a resident solely because paragraph (c) of the definition of resident applies to that person) to cancel the agreement,—
  - (a) without having to give any reason, by notice given not later than 15 working days after the agreement is signed by the resident; and
  - (b) if the agreement relates to a residential unit to be built or completed at a later date and the residential unit is not finished to the point of practical completion within 6 months after the proposed date for completion of the unit, by notice given at any time after the expiry of that 6-month period.

- (2) Notice of cancellation—
- (a) must be in writing and in a form that indicates (irrespective of the exact words used) the intention of the resident to cancel the agreement; and
  - (b) may be given by the resident or any person authorised in writing by the resident to act on his or her behalf.
- (3) The notice may be given to—
- (a) the operator; or
  - (b) the real estate agent or other person who dealt with the resident on behalf of the operator when the resident acquired an occupation right, unless the operator has notified the resident that the person has ceased to act on behalf of the operator; or
  - (c) any person who the operator has notified the resident is a person authorised to receive communications on behalf of the operator.
- (4) The operator is entitled to reasonable compensation for services provided to the resident under the occupation right agreement and for damage to a residential unit or any facilities in the retirement village for which the resident is responsible before the cancellation takes effect.
- (5) Despite subsection (1), an occupation right agreement may contain a cancellation provision of the kind referred to in subsection (1) that is more favourable to the resident than the provision referred to in subsection (1), but, if the agreement fails to contain any provision of the kind referred to in subsection (1) or contains a provision that is less favourable to the resident than that provision, the agreement is deemed to contain the provision referred to in subsection (1).

## Definitions

The definitions below are taken from the *Retirement Villages Act 2003* and relate to terms used in Section 28 (above):

**facilities**, in relation to a retirement village, means facilities of a shared or communal kind provided in the retirement village for the benefit of residents of the retirement village and includes recreational facilities and amenities

**occupation right agreement** means any written agreement or other document or combination of documents that—

- (a) confers on any person the right to occupy a residential unit within a retirement village; and
- (b) specifies any terms or conditions to which that right is subject.

**operator**, in relation to a retirement village, means any person who is 1 or more of the following:

- (a) a person who is, or will be, liable to fulfil all or any of the obligations under occupation right agreements to residents of the village;
- (b) a holder of a security interest who is exercising effective management or control of the retirement village;
- (c) a receiver of the property comprising the retirement village, or the liquidator of the person to whom either of paragraph(a) or paragraph (b) applies.

**resident** means any of the following:

- (a) a person who enters into an occupation right agreement with the operator of a retirement village;
- (b) a person who, under an occupation right agreement, is, for the time being, entitled to occupy a residential unit within a retirement village, whether or not the agreement is made with that person or some other person;
- (c) if the occupation right agreement so provides or with the consent of the operator of the retirement village, the spouse, civil union partner, or de facto partner of the person referred to in paragraph (b) who is occupying the residential unit with that person, or after that person's death or departure from the retirement village.

**residential unit or unit** means a building, or part of a building, that is a house, flat, townhouse, unit, serviced unit or apartment (whether or not it has cooking facilities), villa, or similar dwelling erected, or currently used, primarily and principally as a unit of accommodation; and includes any land, improvements, or appurtenances belonging to the unit or usually enjoyed with it.

**services** means services provided at a retirement village of 1 or more of the following kinds:

- (a) gardening, repair or maintenance services;
- (b) nursing or medical services;
- (c) the provision of meals;
- (d) shops and other services for the provision of goods;
- (e) laundry services (not being the provision of facilities for residents to carry out their own laundry);
- (f) services (for example, hairdressing services) for the personal care of residents;

- (g) transport services;
- (h) services for recreation or entertainment;
- (i) security services;
- (j) other services for the care or benefit of residents.

## **OWNERSHIP, MANAGEMENT AND SUPERVISION**

### **1. OWNERSHIP STRUCTURE AND OCCUPANCY RIGHTS**

#### **1.1. Legal Nature of Operator**

The Operator is a joint venture between Arrowtown Retirement Investments Limited and Merryfield Investments Limited created by Joint Venture Agreement dated 6 March 2017. Each joint venture partner is a company registered under the Companies Act 1993. Merryfield Investments Limited is registered under number 6233522, and Arrowtown Retirement Investments Limited is registered under number 6151388.

#### **1.2. Details of Operator**

The directors of Arrowtown Retirement Investments Limited are Richard Peter Anderson, Ronald Douglas Anderson, Aaron James Ivan Armstrong and Jennie Frances Anderson. The director of Merryfield Investments Limited is Roger Francis Monk.

#### **1.3. Operator's Interest in the Village**

The Operator owns the underlying freehold interest in the Village land, which is registered as certificate of title number 766317 (Otago Land Registration District).

#### **1.4. Charges over or Interests in the Operator's Interest**

The Village land is subject to the following charges:

- (a) A first-ranking encumbrance in favour of the Statutory Supervisor to protect the Operator's obligations to the Residents. There is no maximum sum secured by the encumbrance.

The Operator has also granted a second-ranking general security agreement in favour of the Statutory Supervisor, to secure the performance of the Operator's obligations to the Residents.

- (b) A second-ranking mortgage in favour of ASB Bank Limited ("ASB") to secure all amounts payable to ASB including the amounts payable pursuant to a loan facility which has a facility limit of \$17,000,000. As at the date of this Disclosure Statement, \$13,127,356 has been drawn down pursuant to this loan facility.
- (c) A third-ranking mortgage in favour of Roger Francis Monk and Cook Adam Trustees Limited as trustees of the Mount Soho Trust to secure a loan facility of \$1,600,000 to purchase the Village land. As at the date of this disclosure statement, the facility is fully drawn down.

## 1.5. Nature of Resident's Interest and Occupancy Rights

A Resident has no interest in the Village land.

Residents at the Village are offered a contractual licence to occupy their Residential Unit that does not grant the Resident any interest in the land relating to that Residential Unit. That Occupation Licence constitutes an Occupation Right Agreement and is secured by the encumbrance in favour of the Statutory Supervisor described in paragraph 1.4 above.

## 2. RESIDENT'S RIGHTS

### 2.1. Rights the Resident has

A Resident has the following rights:

Right	Details, conditions and limitations
To have a member of the Resident's family (including a de facto partner of the Resident) stay with the Resident in the Residential Unit	A Resident may have friends or relatives stay in the Residential Unit for periods not exceeding three weeks. The Operator's prior consent is required if the person stays for a longer period. The Operator may revoke this consent if the Operator considers that the arrangement may interfere with other Residents' quiet enjoyment of the Village.
To have a person stay with the Resident in the Residential Unit as a companion or carer for the Resident	Only with the Operator's prior consent. The Operator may revoke this consent if the Operator considers that the arrangement may interfere with other Residents' quiet enjoyment of the Village.
To keep a pet in the Residential Unit	Only with the Operator's prior consent. Such consent can be withdrawn at any time.

### 2.2. Rights the Resident does not have

A Resident does not have the following rights:

- To sell or market the Residential Unit. Please see paragraph 2.5 below for further information on selling and marketing the Residential Unit.

- To mortgage or otherwise borrow against the Resident's interest in the Residential Unit.
- To grant a security interest in the termination proceeds.
- To have a person board with the Resident in the Residential Unit.
- To have a person stay in the Residential Unit to mind it for the Resident whilst the Resident is away.
- To let the Residential Unit to another person.

### **2.3. Rules**

A Resident must comply with the Operator's rules for the Village. A copy of the rules is attached to the Resident's Occupation Right Agreement but those rules may be changed by the Operator from time to time. If the Operator wishes to change the rules it will consult with the Residents and notify them of any changes before requiring Residents to comply with them.

### **2.4. Limits on living in or using the Residential Unit**

#### ***Alterations***

A Resident may not make any alterations or additions to the Residential Unit or modify the Operator's Chattels, or fit aerials or other appurtenances without the Operator's prior consent.

However, if the Resident has a disability they are entitled to alter their Residential Unit if it does not meet their needs. If a Resident wishes to make such alterations they must give the Operator written notice and consult with the Operator. The Operator will undertake such alterations at the Resident's cost and may require the Residential Unit to be reinstated to its original condition on termination (at the Resident's cost).

#### ***Personal Use and Occupation***

The Residential Unit must only be used for the Resident's personal use and occupation, subject to any rights to have people stay in the Residential Unit as described in paragraph 2.1 above.

#### ***Nuisance or Annoyance***

A Resident must not do anything or allow anything to be done (within the Resident's control) which is or could be a nuisance or annoyance to or cause distress to other Residents or to the Operator.

#### ***Damage***

A Resident must not do anything which damages the Residential Unit or vitiates or avoids the Operator's insurance.

## **2.5. Marketing of the Residential Unit**

The Operator controls the sale and marketing of the Residential Unit when a Resident's Occupation Right Agreement terminates. Following termination, the Operator will take all reasonable steps to obtain a new Resident for the Residential Unit. The Resident does not have any control over the selling and marketing process but is entitled to introduce a new Resident.

A new Resident must be suitable for the Village (in the Operator's opinion) and must be prepared to enter into an Occupation Right Agreement on the Operator's then standard terms and conditions and for the best price reasonably obtainable.

The Operator will consult with the Resident about when the Residential Unit goes on the market, the general nature of the marketing plan and the actual charges relating to marketing or selling that the Resident must pay. The Operator will keep the Resident informed of the marketing progress on a monthly basis.

If a new Occupation Right Agreement is not entered into within three months of termination, the Operator will let the Resident know in writing and will then provide monthly written reports on the process, stating the steps the Operator has taken and the progress that has been made.

If a new Occupation Right Agreement is not entered into within six months of termination, the Operator will obtain a valuation (at its cost) of the Residential Unit by an independent registered valuer with experience in valuing retirement village units, to establish a suitable price for marketing the Residential Unit. The Operator will market the Residential Unit at this price. If the Resident does not agree with the valuation, they have the right to obtain a second valuation performed by an independent registered valuer, at the Resident's cost. If a second valuation is obtained, the Operator will consider it when setting the price.

If a new Occupation Right Agreement is not entered into within nine months of the Residential Unit becoming available for re-occupation, the Resident may be entitled to issue a Dispute Notice.

The Operator may agree in writing to buy a Resident's interest in the Residential Unit. Settlement of such agreement will be within 20 Working Days of the agreement and will be at a price determined in accordance with the Resident's Occupation Right Agreement or such lower price as agreed by the Operator and the Resident.

## **2.6. Circumstances in which a Resident is entitled to a Refund**

A Resident is entitled to a refund of their Entry Payment if they exercise their rights pursuant to the Cooling-off Period. Please see paragraph 10 below for further details.

A Resident will also be entitled to a refund of their Entry Payment if they avoid their Occupation Right Agreement under section 31(1) of the Retirement Villages Act 2003.

If an intending Resident has paid a deposit upon applying for an Occupation Right Agreement but that application does not proceed and no Occupation Right Agreement has been entered into, the Resident is entitled to a refund of that deposit and any interest earned on that deposit.

### **3. MANAGEMENT ARRANGEMENTS FOR THE VILLAGE**

#### **3.1. Details of Manager**

The Operator has not delegated its duties to manage the Village to any other party.

#### **3.2. Legal Relationship Between Manager and Operator**

The Operator fulfils the role of Manager itself. The day to day Village Manager is employed by the Operator.

The Operator will consult with Residents if it wishes to appoint another entity as manager, but will not consult regarding the employment of an individual in the role of Village Manager.

#### **3.3. Key Management Personnel and Staff at the Village**

Robyn Frey – Village Manager

224 McDonnell Road, Arrowtown 9371

Phone: (03) 443 1050

Mobile: 021 826 763

Email: [robyn@arrowtownretirement.co.nz](mailto:robyn@arrowtownretirement.co.nz)

#### **3.4. Times when the Manager is at the Village or has staff at the Village**

The Village Manager is available during usual business hours, Monday to Friday.

Administrative staff and duty staff are available between usual business hours, Monday to Friday.

#### **3.5. Times the Manager can be Contacted**

The Village Manager can be contacted during usual business hours from Monday to Friday.

The Village Manager can be contacted on the number above after hours for urgent issues.

### **3.6. Contact Details of Manager and Staff at Village**

The Operator's contact details are in the section of this Disclosure Statement headed "DETAILS OF VILLAGE AND OPERATOR" on page 1. The day to day manager is Robyn Frey and her contact details are in paragraph 3.3 above.

### **3.7. Experience and Core Duties of Manager**

The Operator is a joint venture established in 2017 for the purpose of developing and operating the Village. Most of the directors of Arrowtown Retirement Investments Limited have been involved for more than ten years in managing and operating retirement villages in New Zealand. The director of Merryfield Investments Limited is Roger Monk, an experienced business owner and operator in the Queenstown Lakes District. Having farmed in the area for some time Roger Monk also brings experience in development projects in the region.

The core duties of the Manager are to ensure Resident satisfaction and manage the Village in a correct and proper way ensuring the safety, lifestyle and security of Residents and to control expenditure in a responsible and transparent manner. It is also the Operator's role to consult with the Residents on changes that may affect them.

### **3.8. Residents' Committee**

A residents' committee has been established in the Village. The responsibilities of the residents' committee include raising and discussing issues with management and organising resident activities. The Operator is not bound to incur any expenditure or make any particular decision following any such discussion with the residents' committee.

## **4. STATUTORY SUPERVISOR**

Under the Retirement Villages Act 2003, the Operator of a retirement village must appoint a statutory supervisor for the village unless the Registrar of Retirement Villages grants the Operator an exemption.

The core duties of a statutory supervisor are to:

- provide a stakeholder facility for intending Residents and Residents who pay deposits or progress payments in respect of occupation right agreements or uncompleted Residential Units or facilities at the retirement village; and
- monitor the financial position of the retirement village; and
- report annually to the Registrar and Residents on the performance of its duties and the exercise of its powers; and

- perform any other duties that are imposed by the Act or any other Act, any regulations made under the Act, and any documents of appointment.

#### **4.1. Details of Statutory Supervisor**

The Statutory Supervisor of the Village is:

Covenant Trustee Services Limited  
Level 6, 191 Queen Street, Auckland  
Ph: 302 0638, Fax: 302 1037  
Email: team@covenant.co.nz

## **STATE OF VILLAGE, SERVICES, CHARGES AND ACCOUNTS**

### **5. STATE OF THE VILLAGE**

#### **5.1. Details of Village**

Construction of the Village began in August 2017. The Village buildings are or will be constructed of weatherboard, cedar, plaster and schist.

#### **5.2. Completion of Village**

As at the date of this Disclosure Statement, the Village is under construction.

Earthworks commenced in August 2017 and construction began in December 2017. Stage One consisting of 27 two and three bedroom villas and the temporary community centre is complete.

Stage Two will comprise 26 villas. Earthworks for Stage Two villas have been completed and construction is expected to be completed in June 2021. The community centre, called The Lodge, is scheduled for construction at the end of Stage Two.

It is anticipated that the development of the Village will be completed by 2026 subject to demand. Both the composition of the Village and the completion date are subject to market demand and financial conditions.

The effect of the development on Residents may be that some inconvenience, traffic and noise is associated with construction. However the Operator intends to minimise any adverse effect on Residents. The development will not have any effect on the periodic charges payable by Residents, other than increases as described in paragraph 7.4.

### 5.3. Residential Units at the Village

The Operator intends to build 195 Residential Units, comprising 120 villas and 75 independent apartments, of which 32 villas have been completed as at the date of this Disclosure Statement. Of the completed Residential Units 5 are unoccupied as at the date of this Disclosure Statement.

### 5.4. Disposals in the last 12 Months

There were no previously occupied Residential Units disposed of during the twelve months prior to the date of this Disclosure Statement.

Listed below are details of Residential Units which were disposed of in the twelve months prior to 10 August 2020 and which were occupied prior to their disposal:

<b>Residential Unit</b>	<b>Time Taken to Dispose of</b>
Villa 53 Homeward Bound Drive	1
Villa 52 Homeward Bound Drive	19
Villa 42 Homeward Bound Drive	1
Villa 47 Homeward Bound Drive	1
Villa 61 Homeward Bound Drive	1
Villa 65 Homeward Bound Drive	1
Villa 6 Homeward Bound Drive	149
Villa 49 Homeward Bound Drive	1
Villa 46 Homeward Bound Drive	79
Villa 4 Homeward Bound Drive	173
Villa 37 Homeward Bound Drive	1
Villa 41 Homeward Bound Drive	1
Villa 35 Homeward Bound Drive	20
Villa 50 Homeward Bound Drive	249

The average time taken to dispose of unoccupied Residential Units, all being Villas was 49.79 days.

The time taken to dispose of a previously unoccupied Residential Unit is calculated from the date the Residential Unit became available for occupation, to the date on which an Occupation Right Agreement for that Residential Unit was settled.

## **6. SERVICES AND FACILITIES AT THE VILLAGE**

### **6.1. Services Offered at the Village**

The following services are available in the Village:

<b>Service</b>	<b>Details, including frequency and charges</b>
Gardening	Gardening of the common areas of the Village, as well as the villa gardens (other than any raised planters), is carried out by the Operator as required. The costs of this service are included in the Village Outgoings Payment.
Lawn mowing	Lawn mowing of lawns within the Village is carried out by the Operator as required. The costs of this service are included in the Village Outgoings Payment.
Repair and maintenance	Repairs and maintenance of the common areas of the Village and the Residential Units (excluding interior maintenance) is carried out by the Operator as required. Some of the costs of this service are included in the Village Outgoings Payment. Some costs are invoiced to residents as set out in clause 8.2 below.
Nursing services	A range of nursing services are available on request. Costs will be invoiced separately to the Resident as Additional Services Costs.
Provision of meals	Social meals are organised regularly by the Operator, subject to demand. A fee is charged to Residents who attend these meals.
Transport services	Outings are arranged according to Residents' requests. Residents who use this service pay a set fee to contribute towards the cost of transport.

<b>Service</b>	<b>Details, including frequency and charges</b>
Recreation and entertainment services	The Operator arranges recreational and entertainment services. Some services may be free but a fee may be payable for other services as and when the services are used.
Security Services	The Village has security gates with 24 hour remote monitoring. These gates automatically close between 10.00pm and 6.00am. The costs of these services are included in the Village Outgoings Payment.

## **6.2. Planned Services**

The Operator intends to make the following services available as development of the Village continues:

<b>Service</b>	<b>Details, including frequency and charges</b>
Provision of meals	Once The Lodge is constructed, regular meals will be available for Residents who have selected this service as part of their optional service package and the costs are included in the Care Services Payment.
Hairdressing and other personal care services	The Operator will arrange for a hairdresser to visit the Village at such times as reasonably required by Residents. If a Resident uses this service they will pay the hairdresser directly.

## **6.3. Services Not Offered At the Village**

The Operator does not intend to offer the following services at the Village:

- shops and other services for the provision of goods; and
- laundry services.

## **6.4. Facilities Offered at the Village**

The following temporary facilities are available in the temporary community centre:

<b>Facilities</b>	<b>Details, including limits on availability and charges</b>
Dining Facilities	Available for meals as scheduled, or by special arrangement

Lounge or television room	Daily between 9am to 5pm, or after hours by arrangement
Gymnasium	Daily between 7am to 5pm
Spa pool	Daily between 7am to 5pm
Petanque court	Daily between 9am to 5pm
Indoor Bowling mat	Daily between 9am to 5pm
Library	Daily between 9am to 5pm
Bar	A Village Bar is available for regular happy hours as advertised from time to time. Residents pay for their own drinks on a user pays basis
Putting green	Daily between 9am to 5pm
Vegetable gardens	Daily between 7am and 7pm.
Barbeque Area	Daily between 7am and 7pm
Walking paths	Daily

The cost of providing these facilities is included in the Village Outgoings Payment (unless otherwise specified above).

#### **6.5. Facilities intended to be Offered at the Village**

The Operator intends to offer the following additional facilities at the Village after the completion of The Lodge:

- Indoor swimming pool
- Croquet lawn

#### **6.6. Facilities Not Offered at the Village**

The Operator does not intend to offer the following facilities at the Village:

- Communal laundry
- Health clinic
- Tennis court
- Recreational vehicle, trailer, caravan and campervan parking

## **7. CHARGES**

### **7.1. Entry Payment**

To secure an interest in a Residential Unit, the Resident must pay the Operator an Entry Payment.

The amount required to be paid as an Entry Payment depends on the Residential Unit the Resident is interested in, the market value of the Residential Unit and the type of payment plan offered to the Resident (as set out below). The Entry Payment is shown in the Schedule attached to this Disclosure Statement.

A deposit is payable when a Resident applies for the Residential Unit with the balance of the Entry Payment payable on settlement of the Occupation Right Agreement. The amount of the deposit for a villa is \$2,500.

The Operator may, in its absolute discretion, offer an intending Resident the following payment plans (see paragraph 7.2 below and the Schedule for further details and amounts):

- Usual Payment Plan – The Resident pays an Entry Payment equal to the Market Price and is required to pay a Village Contribution to a maximum of 25% of the Entry Payment.
- Finance Payment Plan – The Resident pays an Entry Payment less than the Market Price and is required to pay a Village Contribution higher than 25% of the Entry Payment. The exact percentage will be determined by the Operator and will take into account payment of less than the Market Price.

The Entry Payment is refundable if the Resident exercises their rights under the Cooling-off Period (see paragraph 10 below for further details), or if the Resident avoids the Occupation Right Agreement (see paragraph 2.6 above).

### **7.2. Exit Payment**

After the Occupation Right Agreement is terminated, the Operator pays to the Resident the Exit Payment, which is an amount equal to the Entry Payment, subject to the following deductions:

- (a) A Village Contribution, which the Resident must pay to the Operator. The Village Contribution payable by a Resident will depend on the payment plan offered to and accepted by the Resident. The Village Contribution is set by the Operator when the Resident applies for an Occupation Right Agreement and represents a contribution towards the provision of communal Village facilities and buildings. The maximum amount and

method of calculation of the Village Contribution is set out in the Schedule to this Disclosure Statement;

- (b) The outstanding balance of any payments due to the Operator under the Occupation Right Agreement;
- (c) Any actual costs of reinstating or repairing any damage over and above fair wear and tear if the Resident causes it or allows it to be caused to the Residential Unit. These costs are set by the Operator in its sole discretion upon inspection of the Residential Unit when the Resident leaves it.

Where the Occupation Right Agreement is terminated upon damage or destruction of the Residential Unit and paragraph 14.3 applies, the above payments will be adjusted as set out in that paragraph.

***Exit Payment Date***

The Operator is obliged to pay the Resident the Exit Payment minus the deductions listed above not later than five Working Days after the Operator receives full settlement of a new Resident's Entry Payment for the Residential Unit.

However, in some circumstances the payment will be made on a different date, as set out in the Occupation Right Agreement.

**7.3. Transfer Payments**

The Operator will endeavour to accommodate a request of a Resident to transfer to another Residential Unit within the Village ("New Unit"). This will be subject to the availability of a New Unit and the Operator being satisfied that it will be suitable for the Resident and the Operator finding a new Resident to enter into a new Occupation Right Agreement for the original Residential Unit. Before a Resident may transfer, the Operator may require at its option:

- (a) A new Resident to enter an Occupation Right Agreement in respect of the Residential Unit that the Resident is vacating and to make full payment for that Occupation Right Agreement to the Operator;
- (b) Receipt by the Operator of an acknowledgement of termination of the Occupation Right Agreement signed by the exiting Resident (who will receive the Exit Payment less the deductions set out in the Occupation Right Agreement);
- (c) The exiting Resident signing an Occupation Right Agreement for the New Unit on the Operator's then standard terms and paying an Entry Payment at the then current Market Rate; and
- (d) The Resident paying, at the time of transfer, a transfer fee of 3.5% of the Entry Payment of the original Residential Unit; and

(e) The Resident meeting our legal costs associated with the transfer.

A Resident will be responsible for:

- (a) All costs associated with physically moving to the New Unit; and
- (b) Payment of his or her legal costs associated with the transfer.

#### **7.4. Periodic Charges**

When a Resident enters into an Occupation Right Agreement for a Residential Unit, they are liable to pay the periodic charges detailed below. Specific amounts of these charges (where applicable to a particular Resident in relation to the Residential Unit they are interested in) are shown in the Schedule attached to this Disclosure Statement, as at the date shown in that Schedule.

##### ***Village Outgoings Payment***

The Village Outgoings Payment is a Resident's contribution to the cost of the Village Outgoings that the Operator incurs in the operation of the Village. The Resident's Occupation Right Agreement sets out details of those Village Outgoings.

The Village Outgoings Payment is fixed for the term of each Resident's Occupation Right Agreement. The amount of the Village Outgoings Payment will be determined by the Operator and advised to each intending Resident. The Operator may set different Village Outgoings Payments for different Residents.

The Village Outgoings Payment will not include any outgoings of the Village payable by the Operator for any part of the Village which is under construction or any construction works.

The Village Outgoings Payment is payable from the Commencement Date until the Vacation Date. It is payable in advance on the first day of each month.

The Operator retains the Village Outgoings Payments it receives to cover the costs of the Village Outgoings.

##### ***Care Services Payment***

The Care Services Payment covers the cost of the Care Services that the Operator provides to a Resident as set out in that Resident's Occupation Right Agreement. All Residents are required to receive Level One Care Services. As the Village develops, the Operator may offer higher care service levels. Subject to Level One Care Services being compulsory, a Resident may elect to alter the Care Services they purchase from the Operator as long as they give the Operator reasonable prior written notice. The Care Services Payment will then be altered accordingly.

The cost of Level One Care Services will be determined by the Operator and will remain fixed for the term of the Occupation Licence. The Operator may change the Care Services Payment for any other Care Services at any time to cover any increased costs of providing the selected Care Services or it may choose to alter the Care Services it offers. Any change in the Care Services Payment will only take effect no earlier than one month after the Operator has given the Resident notice of the change.

The Care Services Payment is payable from the Commencement Date until the date the Resident stops living in the Residential Unit. It is payable in advance on the first day of each month.

The Operator retains the Care Services Payments it receives to cover its costs of providing the Care Services.

***Additional Services Costs***

If a Resident requests the Operator to provide any additional services not included in the Care Services or the Village Outgoings, the Resident will pay the actual cost of providing such service. The Operator will invoice such costs to the Resident at the end of the month and they are payable no later than the 20<sup>th</sup> of the following month.

The Operator retains the Additional Services Costs it receives to cover its costs of providing the Additional Services.

***Other Costs***

A Resident is liable to pay their utility costs relating to the Residential Unit.

If any periodic charge is not paid within five Working Days of the due date, the Operator is entitled to charge default interest on the outstanding amount at a rate of 3% per annum above the overdraft rate charged to the Operator by its bankers, until the amount is paid in full.

As at the date of this disclosure statement, the Operator does not anticipate introducing any new periodic charges or changing the existing periodic charges, except as discussed above.

In some circumstances a Resident may be liable to pay the Operator's insurance excess as detailed in paragraph 14 below.

**7.5. Amounts Payable for Maintenance, Rates and Insurance**

Amounts payable for maintenance, rates and insurance are included in the Village Outgoings Payment detailed above. Details of specific charges can be obtained on request.

**7.6. Maintenance or Sinking Fund**

The Operator does not maintain a sinking fund.

## **8. MAINTENANCE AND REFURBISHMENT**

### **8.1. Operator's Maintenance Responsibilities**

The Operator is responsible for maintaining the common areas and buildings of the Village (including each Residential Unit) and keeping them in good order and condition.

The Operator will endeavour to ensure that the Village meets Residents' current needs by maintaining the Village in good order and condition. The Operator cannot ensure that the Village meets Residents' changing needs.

The Village is designed to (including the Residential Units, facilities, grounds and common areas) meet the requirements of the national standards identified in NZS 4121:2001 (Design for Access and Mobility: Buildings and Associated Facilities).

The ongoing costs and expenses of providing utilities and maintaining the Village and the Residential Units fall within the Village Outgoings, and are met by Residents, except where such costs are the individual responsibility of the Resident as set out in paragraph 8.2 below.

### **8.2. Resident's Maintenance Responsibilities**

The Resident is responsible for keeping the Residential Unit and its surrounds, together with the Operator's Chattels, in a proper, tidy, clean and sanitary condition and (where appropriate) working order.

The Resident is responsible for replacing (at their cost with equivalent items) light bulbs and batteries, when they cease working.

The Resident is also responsible for paying the following Operator's costs, upon invoice:

- (a) Costs of any repairs and maintenance that the Resident is responsible for under the Occupation Right Agreement; and
- (b) Costs of repairing any damage to the Operator's Chattels caused by the Resident or their guests.

If the costs of any repairs, maintenance or replacement that the Operator carries out to the Operator's Chattels are, in the Operator's sole opinion, due to fair wear and tear, the costs will be paid by the Operator and may form part of the Village Outgoings.

## **9. FINANCIAL ACCOUNTS**

### **9.1. Accounts Required by Legislation**

The Retirement Villages Act requires the Operator to prepare and register audited financial statements of the Operator, but not of the

Village. These financial statements will be prepared by the Operator and audited by PKF Goldsmith Fox. The audited financial statements must be completed within 5 months after the balance date of the Operator.

### **9.2. Other Accounts**

The Statutory Supervisor does not require the Operator to prepare unaudited financial statements relating to the Village.

### **9.3. Availability of Accounts**

The Operator's audited financial statements are available on the Village's file on the Retirement Villages Register. This can be accessed on the Companies Office website at [www.companiesoffice.govt.nz/](http://www.companiesoffice.govt.nz/) under "All Registers". The financial statements will be an attachment to the annual return and are also available to all Residents and intending Residents upon request made to the Operator or the Operator's staff or agents.

## **OCCUPATION RIGHT AGREEMENTS, TERMINATIONS, DEDUCTIONS AND ESTIMATED FINANCIAL RETURNS**

### **10. COOLING-OFF PERIOD AND CANCELLATION OF OCCUPATION RIGHT AGREEMENT**

#### **10.1. Section 28 of Retirement Villages Act 2003**

The full text of section 28 of the Retirement Villages Act 2003 is found on page 4 of this Disclosure Statement.

#### **10.2. Cancellation Provisions in Occupation Right Agreement**

The cancellation provisions in the Occupation Right Agreement offered to Residents for Residential Units in the Village are the same as those described in section 28(1) of the Retirement Villages Act 2003 and are not of the kind described in section 28(5) of the Retirement Villages Act 2003.

Accordingly, a Resident has fifteen working days from the date they sign the Occupation Right Agreement in which to give written notice to cancel the Occupation Right Agreement without giving a reason.

If the Residential Unit is not complete, and is not completed to the point of practical completion within six months after the proposed date of completion of the Residential Unit, the Resident may cancel the Occupation Right Agreement by written notice without giving a reason after the expiry of that six month period.

## **11. VARYING OCCUPATION RIGHT AGREEMENT**

The Operator and the Resident may only vary the Occupation Right Agreement by mutual agreement.

## **12. TERMINATION OF OCCUPATION RIGHT AGREEMENT**

### **12.1. Effect of Termination on Persons Living in Residential Unit with Resident**

Any persons living or staying with the Resident must vacate the Residential Unit by the date of termination of the Occupation Right Agreement.

### **12.2. Charges Payable after Termination**

The Resident is liable to pay the Village Contribution and other deductions after termination, as detailed in paragraph 7.2 above.

The periodic charges that will continue to be payable after termination will be the Care Services Charge and any Additional Services Costs (only if the Resident remains living in the Residential Unit after termination). The Village Outgoings Payment will be payable until the Vacation Date. Each of these charges is further detailed in paragraph 7.4 above.

### **12.3. Capital Gain and Capital Loss**

#### ***Capital Gain***

A Resident is not entitled to any capital gain when a new Resident enters into an Occupation Right Agreement for the Residential Unit.

#### ***Capital Loss***

A Resident is not liable for any capital loss when a new Resident enters into an Occupation Right Agreement for the Residential Unit.

## **13. ESTIMATED FINANCIAL RETURN ON DISPOSAL OF RESIDENTIAL UNIT**

The estimated financial return for a particular Resident in relation to the Residential Unit they are interested in is set out in the Schedule attached to this Disclosure Statement.

## **14. RESPONSIBILITIES FOR INSURANCE**

### **14.1. Operator's Insurance Responsibilities**

The Operator is responsible for maintaining a comprehensive insurance policy for loss or damage or destruction caused by fire, accident or natural disaster for the Village (including the Residential Units), for its full replacement value. Such insurance must be to the Statutory Supervisor's satisfaction.

As at the date of this Disclosure Statement, the Operator holds the following insurance policies:

- Comprehensive full replacement insurance in respect of all retirement village property, capital improvements, and additional fittings provided by Residents (except the property described in the following bullet-point), up to the amount set out in the current insurance valuation of the property;
- Indemnity insurance in respect of certain infrastructure at the village (including fences, gates, paths, and lighting), pending a new insurance valuation of that property. After this insurance valuation is completed, the Operator expects to hold comprehensive full replacement insurance in respect of this property, up to the amount set out in the current insurance valuation of that property;
- Business interruption insurance;
- Public liability insurance;
- Statutory liability insurance; and
- Employer's liability insurance.

All policies are subject to excesses.

The contractors working on the construction of the Village have taken out an insurance policy for contractor's risk. Upon completion of Stage One of the construction, the Operator will take out and hold an insurance policy for comprehensive full replacement of the Village. The Operator will most likely take out insurance policies for other risks once the Village is operational.

#### **14.2. Resident's Insurance Responsibilities**

The Resident is strongly recommended to (but is not required to) insure their personal belongings for loss and damage under an appropriate policy. The Resident is required to insure any vehicle they keep at the Village under an appropriate policy. Regardless of whether the Resident holds such insurance, the Operator is not responsible for any loss or damage to the Resident's belongings or vehicle.

If the Operator suffers any loss or damage as a result of the Resident's, or their visitors', carelessness or negligence, the Resident must upon demand:

- (a) reimburse the Operator for any insurance policy excess, where such loss or damage is covered by the Operator's insurance. As at the date of this Disclosure Statement it is expected that the excesses will range from \$500 to \$1,000, but this cannot be

confirmed until the appropriate insurance policy is put in place;  
and

- (b) compensate and reimburse the Operator in full, where such loss or damage is not covered by the Operator's insurance.

### **14.3. Damage or destruction of the Residential Unit**

The following provisions apply if the Residential Unit is damaged or destroyed by fire, accident, natural disaster or any other risks ("Damage Event").

- (a) If the Residential Unit becomes uninhabitable following a Damage Event which is not as a result of any of the Resident's, or their visitors', acts or omissions, the accrual of the Village Contribution will be suspended from the date of the Damage Event (unless the Operator is providing temporary accommodation to the Resident, in which case the accrual shall continue) until the Residential Unit or its replacement is ready for occupation by the Resident following repair or replacement.
- (b) If the Residential Unit becomes uninhabitable following a Damage Event which is not as a result of any of the Resident's, or their visitors', acts or omissions, the Village Outgoings Payment and the Care Services Payment will each be suspended from the date of the Damage Event until the Residential Unit or its replacement is ready for occupation by the Resident following repair or replacement. If the Operator is providing temporary accommodation to the Resident, the Resident will pay the actual cost of personal services and outgoings relating to that temporary accommodation.
- (c) If, following a Damage Event, the Operator decides it is not practicable to repair or replace the Residential Unit the Occupation Right Agreement is automatically terminated (unless paragraph (d), below, applies), and the Operator will pay the Resident the Exit Payment without deducting any Village Contribution, but the Operator will be entitled to deduct any amounts due to the Operator (see paragraph 7.2).
- (d) If, following a decision not to repair or replace the Residential Unit as set out in paragraph (c) above, the Operator offers the Resident an option to transfer to another residential unit (either pre-existing or yet to be constructed) in the Village or in another retirement village owned by the Operator which is in reasonable proximity to the Village and the Resident does not accept such offer, the usual Exit Payment provisions and deductions as set out in paragraph 7.2 will apply.

## **15. MOVING INTO REST HOME OR HOSPITAL CARE FACILITIES IN THE VILLAGE**

As at the date of this disclosure statement, no rest home or hospital care facilities are available in the Village.

The Operator holds resource consent to develop a care facility on Village land. If the Operator decides to develop the care facility, it currently intends to provide dementia, rest home, and hospital level residential aged care. Residents will have priority access to this facility, subject to availability and the Resident meeting the assessment criteria. Upon transfer to the care facility, Residents will be responsible for their own costs of care, which may include charges for additional services and premiums.

## **16. EFFECT OF MARRIAGE OR CIVIL UNION ON OCCUPATION RIGHT AGREEMENT**

The Occupation Right Agreement is a personal licence granted to the Resident to occupy the Residential Unit. As such, if the Resident marries, remarries or enters into a civil union, there is no change to the Occupation Right Agreement and it remains in the name of the original Resident.

If the Resident would like their spouse or partner or new spouse or new partner to become a Resident of the Residential Unit pursuant to an Occupation Right Agreement, the Operator will require the original Occupation Right Agreement to be terminated and replaced with a new Occupation Right Agreement. The Operator may choose not to charge the usual termination amounts but reserves its right to charge an administration fee and recover its legal or consulting costs in relation to such arrangement.

Prior to a spouse or partner or new spouse or new partner becoming a party to the new Occupation Right Agreement, he or she will need to satisfy the usual criteria required to be a resident of the Village (including the age and health criteria), and will therefore need to be approved by the Operator.

## **17. DOCUMENTS AVAILABLE TO RESIDENTS AND INTENDING RESIDENTS**

Copies of the following documents are available to Residents or intending Residents upon request. Requests can be made to the Operator or the Operator's staff or agents.

- (a) Audited financial statements of the Operator;
- (b) Sample of the Occupation Right Agreement, including the rules relating to the Village;
- (c) Deed of Supervision between the Operator and the Statutory Supervisor dated 19 June 2017.

## GLOSSARY

Following is a list of terms that are used throughout this Disclosure Statement, with an explanation of their meanings. Terms not explained here have the same meaning as in the Occupation Right Agreement.

<b>Term</b>	<b>Meaning</b>
<i>Cooling-off Period</i>	The period in which a Resident is entitled to cancel the Occupation Right Agreement and receive a full refund. See paragraph 10 for further details.
<i>Market Price</i>	The amount determined by the Operator as the market price of an Occupation Right Agreement for the Residential Unit under the Usual Payment Plan.
<i>Occupation Right Agreement</i>	The document which sets out a Resident's right to occupy a Residential Unit at the Village. It also specifies the terms and conditions of to which that occupation right is subject. In relation to this Village, the Occupation Right Agreement is in the form of an Occupation Licence.
<i>Operator</i>	Arrowtown Retirement Investments Limited and Merryfield Investments Limited trading as Arrowtown Lifestyle Retirement Village Joint Venture, being the entity liable to fulfil the obligations under the Occupation Right Agreements to Residents.
<i>Operator's Chattels</i>	Those chattels belonging to the Operator and situated in the Residential Unit as at the Commencement Date or otherwise provided or installed in the Residential Unit during the term of the Occupation Right Agreement.
<i>Resident</i>	A person or persons who have entered into an Occupation Right Agreement in respect of a Residential Unit at the Village.
<i>Residential Unit</i>	An apartment/villa at the Village which is used for the accommodation of a Resident and includes any appurtenances or improvements usually enjoyed with the Residential Unit.
<i>Statutory Supervisor</i>	Covenant Trustee Services Limited. Further details of the Statutory Supervisor's role are provided at paragraph 4 above.

<b>Term</b>	<b>Meaning</b>
<i>Vacation Date</i>	The date on which a Resident's Occupation Right Agreement has terminated, the Resident has stopped living in the Residential Unit and removed all personal belongings from the Residential Unit.
<i>Village</i>	The retirement village known as Arrowtown Lifestyle Retirement Village, including the Residential Units and all communal areas and facilities used by the Residents.

## SCHEDULE

### Specific Information for a Particular Resident

The information in this Schedule is prepared solely for the intending Resident named below as at [date].

**Resident's Name:** [ ]  
and [ ]

**Residential Unit Number:** Villa [ ]

**Entry Payment:** \$[ ]

**Market Price** \$[ ]

**Maximum Village Contribution:** \$[ ]

**Care Services Payment:** \$[ ] per month

**Village Outgoings Payment:** \$[ ] per month

*[delete one of the following]*

#### ***Calculation of Entry Payment and Village Contribution –Usual Payment Plan***

The Entry Payment is an amount equal to the Market Price. The maximum Village Contribution a Resident must pay to the Operator is an amount equal to 25% of the Entry Payment. The Village Contribution accrues to the Operator on a daily basis at a rate equal to 5% of the Entry Payment per year. The Village Contribution is calculated from the Commencement Date until the earlier of:

- the expiry of 5 years from the Commencement Date; or
- the Termination Date.

***Or***

#### ***Calculation of Entry Payment and Village Contribution – Finance Payment Plan***

The Entry Payment is less than the Market Price. The maximum Village Contribution a Resident must pay to the Operator is an amount equal to [ ]% of the Market Price. The Village Contribution is calculated as follows:

- [ ]% of the Market Price accrues immediately to the Operator on the Commencement Date, being \$[ ]; and

- 25% of the Market Price, being \$[     ], accrues to the Operator on a daily basis at a rate equal to 5% of the Market Offer Price per year from the Commencement Date until the earlier of:
  - the expiry of 5 years from the Commencement Date; or
  - the Termination Date.

Examples of the estimated financial return that the above named Resident, or the estate of the Resident, could expect to receive on the disposal of their vacant Residential Unit is set out below:

<b>Term</b>	<b>Entry Payment</b>	<b>Village Contribution</b>	<b>Estimated Financial Return</b>
Two years	\$[     ]	\$[     ]	\$[     ]
Five years	\$[     ]	\$[     ]	\$[     ]
Ten years	\$[     ]	\$[     ]	\$[     ]

The above information is provided on the assumptions that:

- (a) the Resident's Entry Payment are as set out above;
- (b) the Village Contribution is calculated in accordance with the Occupation Right Agreement and there has been no Damage Event (as detailed in paragraph 14.3);
- (c) no deductions from the Exit Payment (as detailed in paragraph 7.2 above and as calculated in accordance with the Occupation Right Agreement) are required to be made; and
- (d) the Entry Payment and Village Contribution is calculated in accordance with the Usual Payment Plan.

The method of calculating the above information is in accordance with the details set out in paragraph 7.2 above and in accordance with the Occupation Right Agreement.