

Summary of Key Issues 'Standard Lease'

Jurien Bay Village



Ownership and Management

Jurien Bay Retirement Village currently comprises of 40 Villas located at 12 Nineteenth Avenue, Jurien Bay and is owned and operated by Acacia Living Group Limited, trading as Acacia Living Group.

Acacia Living Group also operates Community Home Care Packages and the Turquoise Coast Respite Centre.

Residency Rights

A resident is granted a long term lease for a period of 45 years to occupy a Residence, subject to early termination by death, or if the resident's health prevents the resident from safely living in the Residence.

To qualify for residency in the Village, at least one of the persons occupying the Residence must comply with criteria imposed by specific laws relating to Retirement Villages, including the Retirement Villages Act (WA). Currently, those criteria require that at least one occupant is over the age of 55 years or permanently retired and is capable of maintaining their own safety, health and wellbeing as a resident of the Village. The Village owner reserves the right at its' sole discretion, to allow a second resident who may be under the age of 55.

The resident is entitled with other village residents to use the Village's extensive Community Amenities, including a community lounge and restaurant, meeting room, a library/computer resource room, an indoor pool and heated spa, a gymnasium, a hairdressing salon and other facilities.

Why a Lease?

Leases are widely used by Retirement Village operators in Western Australia as being the most practical and cost effective method for granting residency rights.

A lease gives you the security of tenure you reasonably expect and ensures that the whole Village is maintained to a continually high standard by Acacia Living Group in accordance with its responsibilities under the Lease as lessor.

Leases reduce development costs as there are no separate freehold titles for residences. Also you do not have to pay freehold acquisition conveyance costs or any Stamp Duty on your lease. This results in lower acquisition costs for you.

Your Interests are Protected

Your Lease provides a secure and legally binding leasehold estate in your Residence that is protected by the Lease terms, the Retirement Villages Act 1992, a retirement village Memorial registered over the freehold title of the Village and by a statutory first charge over the village land securing your rights to repayment of your Loan under section 20 of the Retirement Villages Act.

The Village cannot be sold for any purpose other than as a Retirement Village, so your leasehold tenure and financial rights are secure.

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Lease Acquisition Costs

No rent is paid for the Lease. Instead, the Resident lends to the Lessor a "Loan" free of any interest, for the duration of the Lease.

Where the Residence is leased for the first time under the Village Scheme, the Loan you pay is more or less equal to the freehold market value of the Residence in the Retirement Village setting.

Whilst you don't own a freehold estate in your residence under the terms of your Lease, if the value of your residence rises so that the New Loan paid by your replacement resident is higher than the Loan you paid, you are entitled to the repayment of your Loan and also the amount by which the New Loan exceeds your Loan, called the "Loan Growth Sum". This payment is called the "Loan Repayment Sum".

If the value of your residence falls you are only entitled to have your Loan repaid to the extent of a Loan Repayment Sum equal to the lower New Loan.

In this way you enjoy the benefit of any value growth in the Residence and bear the burden of any decline in the value of the Residence in the same way as does an owner of a freehold home on re-sale.

Administration Fee by Incoming Residents

An Administration Fee is payable by you on the grant of your Lease inclusive of GST, to reimburse us for administrative expenses incidental to processing your application to reside in the Village, administering the Agreement to Lease and your entry into the Village. The fee is currently \$1,500.00 including GST.

Operating Costs

Village Operating Costs are shared equally between all built residence and are payable as budgeted for on a monthly basis.

The Operating Costs for the Village are currently \$418.32 per calendar month as at July 2023.

These Operating Costs mainly comprise rates and taxes, water rates and service charges, insurance costs, water, gas, electricity etc. for common services, routine repairs, maintenance, common areas cleaning and gardening expenses, costs of providing common services and operating Community Amenities and management costs.

Resident's Own Outgoings

Residents pay for electricity, gas, telephone and other services consumed in their Residence. In addition, residents are responsible for their own contents insurance and workers compensation insurance if engaging employees privately to assist around their home.

Maintenance of Your Home

The resident must during the residency keep the Residence and its Fixtures Chattels and Amenities in good tenable repair but is not responsible for structural repairs or for damage or loss covered by insurance.

The resident is responsible for internal maintenance and cleaning of the Residence and must maintain the resident's own improvements and alterations.

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The Village Owner is responsible for structural repairs, external maintenance and replacement of Fixtures Chattels and Amenities at the end of its useful economic life but only to the extent funds are available out of Operating Costs or the Reserve Fund.

Emergency Call System

All Residences are wired for an Emergency Call System which is monitored on a 24 hour a day basis. The monitoring company will inform either the Village or a nominated person who will respond. Where necessary, arrangements will be made for the provision of emergency medical assistance or other appropriate emergency services assistance. This is an optional service and paid through the monthly operating cost.

Pets

Pets are only permitted with the written consent of Acacia Living Group and then only under strict rules.

If a Resident Decides to Leave

As homes are held under a non-transferable lease, they are not "sold". The Lessor is obliged to offer the Residence for lease to a replacement resident for a Loan equal to the "Outgoing Market Value" of the Unit in its refurbished state as agreed with you or as determined by a valuer.

When the Residence is leased to a new resident the Loan is repaid by payment of the "Loan Repayment Sum" as discussed above. Acacia Living Group is entitled to deduct from the Loan Repayment Sum the following amounts:

1. Deferred Fee

This is paid for the exclusive use of your residence and your right to shared use of the Communal Amenities and Common Areas. It is calculated at 2.5% of the New Loan paid for the Residence or failing that the Outgoing Market Value of the Residence multiplied by number of elapsed Fee Days up to a maximum of 3,650 Fee Days and divided by 365. Hence the fee is capped at a maximum of 25% (after ten years residency) of the Outgoing Market Value or New Loan paid.

2. Reserve Fund Contribution

A Reserve Fund Contribution is required to cover the cost of major and infrequent repairs, replacements and renovations in the Village so as to maintain the high standards of the Village and to maximise Residence values in the long term.

It is calculated at 1% of the New Loan paid for the Residence or failing that the Outgoing Market Value of the Residence multiplied by number of elapsed Fee Days to a maximum of 3,650 Fee Days and divided by 365. Hence the Contribution is capped at a maximum of 10% (after ten years residency) of the Outgoing Market Value or New Loan paid.

3. Refurbishment Costs & Supervising Fee

These are costs of Refurbishment Works as needed to put the Residence more or less in the same condition it was in at the start of the Lease. They are payable by the outgoing resident. These works commonly include, cleaning, internal re-painting and replacement of carpets. The works enhance to Outgoing Market Value of the Residence.

A "Supervising Fee" plus GST is also payable by the outgoing resident. This is a reasonable fee for the Lessor's administrative and management services in connection with assessing,

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determining, arranging and supervising the Refurbishment Works in respect of your Residence.

4. Unpaid Operating Costs owed

Any outstanding Operating Costs payments due from but not paid by the resident.

Marketing for Replacement Resident

You do not have the right at law to market the Residence or appoint an agent to market the Residence. We are responsible for marketing the Residence. The Village Owner may either market the Residence in-house or appoint a licensed Real Estate Agent.

Marketing Fee

The Marketing Fee is an amount that reimburses us for the costs we incur for marketing and advertising the Residence which costs include any real estate agent's charges for successfully marketing the Residence.

Termination

The Lease may be terminated where:

1. The resident wishes to terminate;
2. The resident dies, or if the Residence is leased to more than one resident the last surviving resident dies;
3. Due to health reasons it is not suitable for the resident to reside in the Village;
4. The resident is in serious default under the Lease and fails to rectify that default; or
5. Circumstances exist as provided for in the Retirement Villages Act 1992 which entitle termination.

In cases numbered 3, 4 and 5, except where there is agreement to terminate, the termination must be made by an order of the State Administrative Tribunal.

Reservation Fee

Prospective residents can reserve an available Residence by paying a \$1,000 deposit. If for any reason you decide not to proceed prior to the Lease being signed the \$1,000 is fully refundable to you.

NOTE: Importance of Reading Residence Documents, including Information Statement

The above Summary of Key Issues sets out some of the important Village Scheme provisions in an abbreviated form only. You should refer to a copy of the Village Scheme and Residency Lease and the Disclosure Booklet to obtain full details and a proper understanding of the Village Scheme.

For further information please contact us

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Monday – Friday 9.00am – 3:00pm