

Summary Paper: Ownership Structure- Options, and Issues

1. Introduction and Purpose

This paper summarises the current ownership model, and the restructures that have been raised in recent OSG papers. It is intended to provide a clear, consolidated overview to assist owners in understanding the current position and the potential paths available, rather than to advocate for a specific outcome.

This paper provides a comprehensive summary of the existing ownership model and outlines the restructuring proposals presented in recent OSG publications. Its purpose is to deliver a clear and unified overview, enabling owners to comprehend both the current framework and possible future directions, without promoting any particular course of action.

2. Ownership Profile and Current Context

2.1 Ownership Structure

The Ridge Resort comprises a mixed ownership model, including timeshare owners, non-timeshare (whole unit) owners, and future development interests. Key features include:

1. Approximately **740 unique owners**, representing around **840 timeshare weeks** (each week equating to 1/51 of a principal unit).
2. **11 owners** hold full ownership of individual principal units.
3. An owner holds a **right to build** for Units 9 and 10 under the existing unit plan, with voting rights that apply only in defined circumstances. At least one timeshare week ownership block (Classic) of 281 weeks as at December 2025

This mix of ownership classes creates complexity in decision-making, particularly where restructuring or any changes require collective agreement.

2.2 Owner Preferences

A recent owner survey of the unique timeshare owners only indicates:

- Approximately **333 owners wish to sell** their timeshare interest.
- Around **100 owners wish to retain** their timeshare long term.
- Approximately **300 owners did not respond**.
- Classic were not directly approached for this survey. and their timeshare interests are not included in these numbers.

In addition, between June and December 2025, Classic related entities acquired approximately 50 additional weeks. This trend suggests growing financial or practical stress among some owners.

If a poll is called for the voting power of the non-timeshare owners would equate to approximately **561 weeks**, which has implications for how outcomes might differ depending on voting methodology.

3. Considerations Under the Current Legal Framework

3.1 Unit Titles Act Requirements

Under the **Unit Titles Act**, significant changes to ownership structures or the unit plan require a **special resolution**, meaning at least **75% of owners voting** must vote in favour of the motion at a general meeting.

Both 75% of timeshare interests and 75% of non-timeshare interests need to vote in favour if a poll is called.

Given the mixed nature of ownership at the Ridge Resort—timeshare owners with differing objectives, non-timeshare owners who will want to retain their property and an owner of future development units who has tried unsuccessfully to sell—achieving this threshold will require a carefully crafted proposal. . .

In particular:

- A significant proportion of timeshare owners wish to sell while others wish to retain their interests.
- Non-timeshare owners want to retain ownership.
- The wants of any ownership blocks need to be considered.

The presence of future development rights further complicates alignment.

3.2 Initial Conclusions

- Any proposal to wind-up and sell the whole Resort is considered unlikely to succeed.
- To maximise the chances of success any proposal to restructure the Resort will need to be carefully crafted and consider the goals/wants of all Ownership Groups.

4. Strategic Question: What Can Be Done?

Recognising these conclusions, OSG has explored a range of options that fall broadly into two categories:

- **Structural reform options**, which would alter ownership and/ or governance arrangements.
- **Operational or incremental options**, which work within or alongside the existing framework.

The underlying objective across all options is to improve outcomes for owners, whether by enhancing saleability, reducing financial stress, or increasing long-term value. These options are presented without any ranking, and OSG does not advocate for or endorse any one particular option.

5. Option One: Whole-of-Resort Restructuring

5.1 Description

This option involves cancelling the existing unit plan under the Unit Titles Act and replacing it with an alternative ownership model that applies across the entire resort.

5.2 Potential Advantages

For non-timeshare owners:

1. Separation from the timeshare units .
2. A replacement ownership / administration model would be established . (Either Unit Title or Freehold based)
3. Greater independence and increased flexibility

For all timeshare owners:

- Potential transition from a body corporate to a company-based structure.
- Easier transfer of ownership interests.
- Simplified processes for any future sales or wind-up.
- Potential for increased asset value.
- Options for enabling partial sales that are not currently feasible.
- Potential improvement in liquidity and marketability of interest

For Future Development Unit owners:

- Potential for a better and more saleable title
- Easier transfer of ownership interests.

5.3 Issues and Considerations (For all Groups)

- **Complex**, both legally and administratively, but same applies to any change.
 - **Significant cost**, but significant potential upside.
 - **Timeframe**, potentially **3–5 years**.
 - Requires **high levels of support across all ownership classes**, as does any change.
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6. Option Two: Early Exit for Some Owners

6.1 Description

This concept involves converting one or more existing timeshare units into the equivalent of a non-timeshare unit, which could then be sold on the open market. This could allow some owners to exit without requiring a full resort restructure.

6.2 Potential Advantages

- No immediate change to the overall ownership structure.
- May provide a **short-term exit pathway** for some timeshare owners.
- May add some value to ownership interests involved but there are significant upfront conveyancing costs..
- Could be implemented incrementally.

6.3 Issues and Considerations

- Requires **full cooperation of all owners within a unit**, or agreed swaps between owners.
- Swaps will require conveyancing for each “swap” so potentially up to 50 conveyancing costs
- Remains a **conceptual option only** at this stage.
- Would require **specific legal advice** before any decisions are made.
- Does not address wider structural issues for remaining owners.

7. Option Three: Renting Timeshare Weeks

7.1 Existing Lease Provisions

The existing management lease allows the manager to:

1. Sublet weeks on behalf of owners.
2. Automatically sublet weeks where owners are in arrears, to recover unpaid levies.

In principle, this provides a contractual mechanism to:

- Improve cashflow.
- Reduce levy arrears.
- Reduce the financial burden on compliant owners.

7.2 Current Issues

- Renting of these weeks is **not being actively promoted or implemented**.
- Levy recovery currently relies on **slow and costly processes**, including the use of Public Trust.
- There may be a need for **clarification from QLDC** regarding rates implications.

While renting is not a structural solution, it represents a potential **revenue stream** that could alleviate financial pressure for some owners if properly implemented.

8. Option Four: Transition to a Limited Liability Company

8.1 Description

This option involves transitioning from a unit title structure to a **limited liability company**, for the timeshare component, with owners holding shares that correspond to their existing entitlements. Several North Island timeshares have already completed this or are in the process of doing so.

The Unit Plan would be cancelled and the non-timeshare units separated from the timeshare units.

8.2 Potential Benefits for timeshare owners

- Avoids the restrictive requirements and costs of the Unit Titles Act.
- Shares are generally **easier and cheaper to transfer** than unit titles.
- Allows sale to **overseas buyers**.
- Share acquisition does not affect **KiwiSaver first-home eligibility**.
- Easier processes for dealing with defaulting owners.

- A company constitution can be tailored to the specific needs of Ridge Resort owners.
- Owners would retain equivalent entitlement rights.
- Other timeshare schemes report **improved saleability** after making this transition.
- This option allows owners to retain ownership of their week.

8.3 Costs and Considerations

- An acceptable solution for non-timeshare owners would need to be addressed before any decision to proceed.
 - Costs are dependent on the solution chosen by Non -Timeshare Owners.
 - Conveyancing costs (around \$2,000 per transaction) would be replaced by lower-cost share transfers (approximately \$250) so these costs will have future benefit .
 - Requires significant owner support to proceed.
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9. Option 5: Wholesale sale of timeshare units to a holiday club

9.1 Description

This option involves marketing a substantial proportion of the timeshare interests for sale to an established holiday club, such as Classic Holidays, Wyndham, or Karma Group.

9.2 Potential benefits

If a suitable purchaser were identified, this approach could provide a relatively straightforward exit pathway for timeshare owners who wish to sell.

9.3 Issues and constraints

- Companies associated with Classic are already acquiring interests at no cost, suggesting there may be limited willingness to pay more.
- Remaining owners would continue to be subject to the requirements of the Unit Titles Act.
- A large corporate owner may have objectives that differ from those of individual owners.

10. Discussion and Next Steps

The options outlined above vary significantly in complexity, cost, timeframe, and impact.

Key themes:

- An outcome needs to be agreed by the non-timeshare owners before any definitive solution is progressed.
- The objectives of all large voting blocs, such as Classic entities, need to be established and included in any proposal
- The difficulty of achieving 75% support under the current unit title structure.
- The need to balance the interests of owners who wish to exit with those who wish to remain.
- The potential value of incremental or operational improvements while longer-term structural options are explored.
- The importance of obtaining independent legal and financial advice before finalising any proposal.