

INITIAL REPORT OF THE “SALE” SUB COMMITTEE.

Presented to the Ridge Resort Queenstown Body Corporate Committee
20 April 2026.

SECTION A. INTRODUCTION.

At the Annual General Meeting of the Ridge Resort Queenstown Body Corporate held in June 2025, **Motion 16** (as referenced below) was passed by majority vote, with 302 votes in favour, 16 against, and 8 abstentions.

In March 2026, the Body Corporate Committee (BCC) convened a **Sub Committee** to draft a report addressing the motion. The Sub Committee consisted of Stephen Tucker and Christine Toner (representing BCC), as well as Anne Sissons and Charlie Grant (representing OSG).

During its second meeting, the Sub Committee established the following methodology for compiling and submitting an **Initial Report** to the Body Corporate Committee, thereby enabling relevant matters to be considered at the 2026 AGM if appropriate.

The Motion, its three Components and the approach adopted:

The Motion reads:

16. INVESTIGATE THE SALE OF THE RESORT

That the Body Corporate Committee (BCC), with assistance from Classic, work with the Ridge Resort Queenstown Owners Support Group (OSG) to investigate the process required to sell the resort^(C1) — either as a single entity or as separate units^(C2) — and report back to the BCC before the 2026 AGM on likely costs, timeframes, and any particular complexities associated with the Ridge Resort.^(C3)

C1 investigate the process required to sell the resort — The process to cancel the Unit Plan is set out in the Unit Titles Act and well understood. The Initial Report will outline what is involved and required along with comparative costs and timeframes where available. No consultation with any outside professionals is proposed on this aspect at this time.

C2 either as a single entity or as separate units. Investigate and outline options and opportunities, issues and benefits of incorporating subdivision alongside cancellation of the Unit Plan. No outside professionals will be required at this stage.

C3 and any particular complexities associated with the Ridge Resort. Whereas parts 1 and 2 are largely factual, this most important part of the report, will consider and integrate as best it can the needs and wants of the various owner

groups . There are many ‘complexities’ associated with our resort, in particular the mix of timeshare and privately owned units will require planning for a satisfactory outcome for each type of owner.

Our expectations for how the Report will be prepared.

- The Initial Report will deliver a broad summary to guide further investigation and reporting following the AGM.
 - As the Owners Support Group (OSG) proposed the Motion, the sub-committee has chosen to streamline the process by drawing on existing OSG documents and leveraging members' expertise.
 - The report is anticipated to include a motion for AGM review, recommending additional work and suggesting the Committee allocate funds for future investigations and reports.
 - Consulting with owners is not part of the scope for our Initial Report. However, the Sub Committee acknowledges that owner consultation is crucial and should occur early in developing the Final Proposal.
 - The sub-committee already holds the view that a "Sale" of the resort as an entire entity is very unlikely to succeed and will not be among its recommendations.
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SECTION B. EXECUTIVE SUMMARY / RECOMMENDATIONS.

Section C addresses the three components of Motion 16 individually. We determined that Parts C1 and C2 of the Motion will be better understood with knowledge of the content in Part C3; therefore, it is recommended that readers begin with Part C3 for greater clarity.

RECOMMENDATION ONE .

That a "**Sale of the Resort**" in one entity is currently very unlikely to succeed and further investigation of that specific option is not recommended by the Sub Committee. It is considered highly improbable that 75% of Non-Timeshare Owners would be inclined to sell what is essentially their private residence. Surveys also indicate that more than 25% of the Timeshare Owners who responded, wish to continue utilising The Ridge for more than five years.

RECOMMENDATION TWO.

That a Sub Committee be appointed by the Body Corporate Committee to undertake a **Further Investigation** into an **“Ownership Restructure”** for the Ridge.

The recommended brief for this further investigation is “To investigate , develop and refine into a Scheme, the Concept outlined in the OSG Property Research Paper 5 and entitled “The Ridge- A Restructure and Exit Plan”. We recommend that the Sub Committee is to report its preliminary findings (Phase One) and recommendations back to the Body Corporate Committee prior to 10 December 2026.

The Sub Committee will in the course of its work undertake specific consultation with Non Timeshare Owners and Timeshare Owners with large holdings, plus general consultation with the remaining Body Corporate Members, (ie all Owners) . It will also scope , identify and have costed inputs that are required from professionals such as Legal , Valuation, Real Estate , Surveying , and Tax to assist in the preparation of its final report (Phase Two) which is to ideally be submitted by 31 March 2027.

RECOMMENDATION THREE .

That the Body Corporate Committee allocate an Item in the 2027 Budget for the purpose of obtaining legal and other professional advice during the second phase of the investigation outlined in Recommendation 2 . (Actual investigation costs cannot be anticipated until this report is accepted by the committee and Phase One of the further work is completed.)

The Sub Committee welcomes any feedback and questions from Owners. Please forward these in the first instance to Charlie Grant ; landgroup@xtra.co.nz

SECTION C . REPORT

REPORT PART C1. INVESTIGATE THE PROCESSES REQUIRED TO SELL THE RESORT.....

C1.1. Summary

This part of the Report explains the process required to sell a mixed-use Unit Title resort as a single property.

The resort includes the following Principal Units all held under the **Unit Titles Act 2010**.

- Timeshare Principal Units .
- Non-Timeshare Principal Units . One Title per Unit
- Future Development Units (FDUs) One title per Unit.

(Note Timeshare Principal Units and Non Timeshare Principal Units are the same under the Unit Titles Act . Where they differ is Timeshare Units have multiple non related owners and are subject to Timeshare Leases, Non Timeshare have singular ownership and no Timeshare Lease)

The sale process requires:

- Agreement from a wide range of owners
 - Careful legal compliance
 - Clear communication and fair distribution of sale proceeds
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C1.2. Purpose of the Report

This report aims to:

- Explain the ownership structure in simple terms
 - Set out the steps required for a full sale
 - Highlight key risks and decision points
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C1.3. Description of the Property

3.1 Unit Types Within the Resort

The resort is made up of three types of Principal Units:

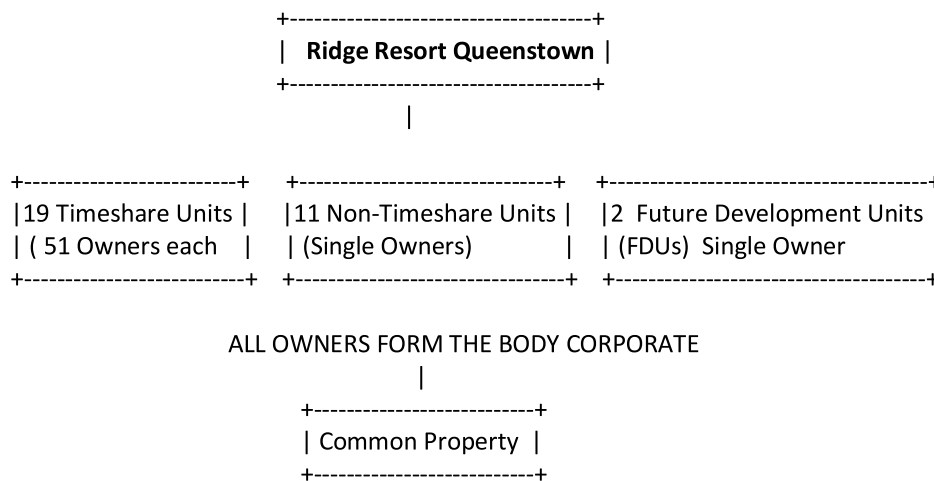
- **Timeshare Units**
Owned by multiple people, each holding subsequent rights for certain time periods. Fifty one titles, each title equates to one week’s usage.
- **Non-Timeshare Units**
Owned by a single individual or entity . One title , full time occupation
- **Future Development Units (FDUs)**
Unbuilt Units specified for potential future development . One title

3.2 Governance Structure

All title owners are members of the Body Corporate. They elect a Body Corporate Committee which:

- engages a manager for the property
- oversees common property
- makes decisions under the Unit Titles Act
- has responsibilities under The Timeshare Lease

C1.4. Ownership Structure Diagram



C1.5. Legal Framework

The process is governed by:

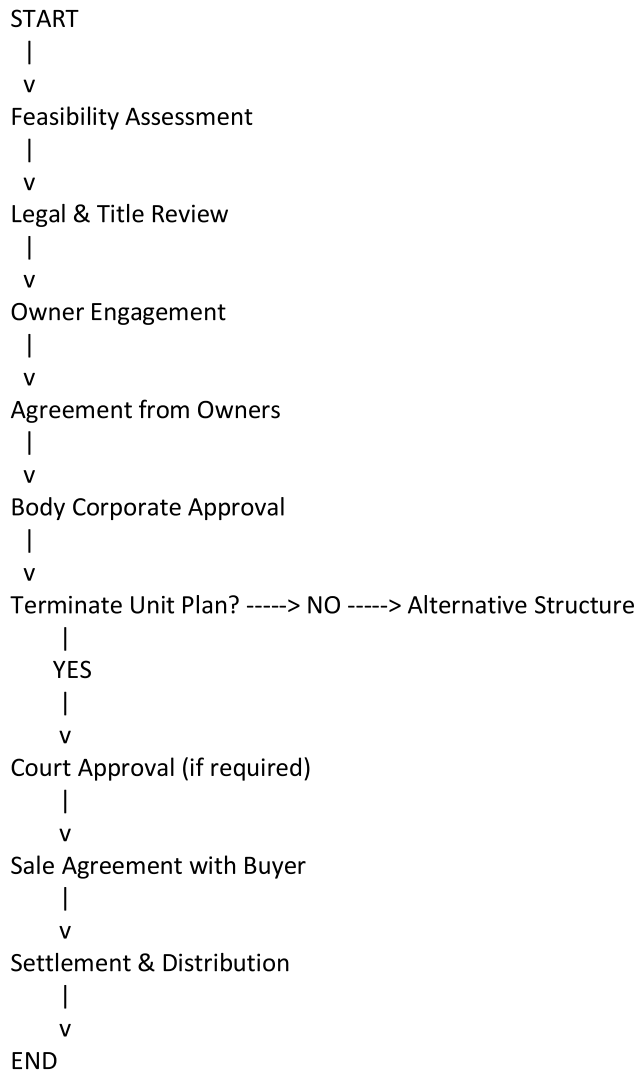
- The **Unit Titles Act 2010**
- Body Corporate operational rules
- Timeshare scheme documentation (Timeshare Lease & Pooling Deeds)
- Individual unit titles

Decisions typically require:

- Majority (50%) or Special Resolutions (75% , both of Timeshare and Non Timeshare) depending on type of resolution.
- Proper notice and voting procedures

C1.6. Process Overview

6.1 Flowchart



C1.7. Detailed Process Steps

7.1 Step 1 – Feasibility Assessment

- Confirm buyer interest
- Estimate likely sale value
- Consider returns for all unit types, including FDUs, as part of the whole

7.2 Step 2 – Legal and Title Review

A lawyer should:

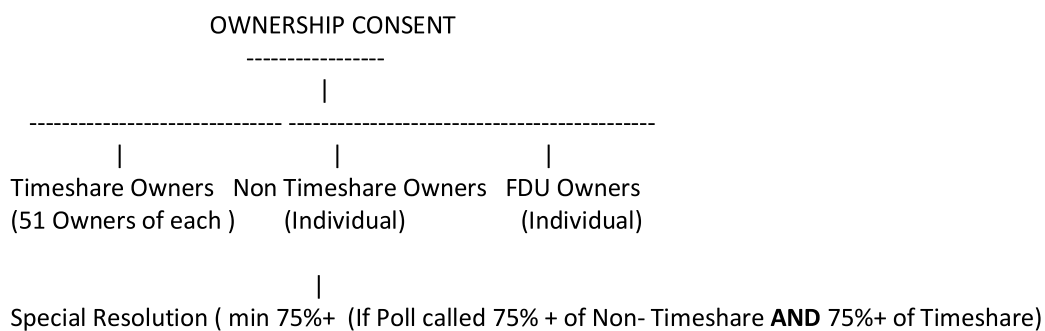
- review all Principal Unit titles
- check voting rights and ownership interests
- confirm requirements across:
 - Timeshare units (Timeshare Lease, Pooling Deed)
 - Non-timeshare units
 - FDUs

7.3 Step 3 – Owner Engagement

- communicate clearly with all owners
- provide simple explanations but backed with a full detailed plan.
- ensure all groups are included in discussions and treated fairly
- returns backed by Independent Valuation advice.

7.4 Step 4 – Obtain Owner Agreement

Consent Structure Diagram



7.5 Step 5 – Body Corporate Approval

- Formal meeting held
- Voting carried out under legal rules
- May require special resolution

7.6 Step 6 – Termination of Unit Plan

If the goal is to sell the resort as a single property:

- The unit plan will need to be terminated, unless a purchaser was to get agreement from each and every owner to transfer them their existing Unit Title.
- All unit types are included in this process
- Sections 177–189 of the Unit Titles Act (UTA) provide for the cancellation of a Unit Development

While the legal threshold is 75% support other timeshares following a similar process have been advised that support of over 90% results in expedited implementation and reduced costs.

Diagram: Before and After

BEFORE:

| Multiple Unit Titles |
(All Unit Types Included)

AFTER:

Single Freehold Title

7.7 Step 7 – Sale Agreement

- Agreement includes all units
- Price reflects the property as a whole
- Conditions may include:
 - Owner approvals
 - Legal completion steps
 - Due diligence

7.8 Step 8 – Settlement and Distribution

Funds Flow Diagram

Buyer Pays Purchase Price

v

Settlement Account

v

| Distribution to All Owners based on the predetermined Plan and Values |
- Timeshare , Non-Timeshare and FDU

C1.8. Key Risks

- **Insufficient agreement from owners**
 - **Legal complexity and compliance issues**
 - **Disputes over value and distribution**
 - **Time delays in decision-making**
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C1.9. Recommendations

Selling the **Ridge Resort Queenstown** as a whole requires:

- A clear understanding of all unit types
- Early Legal input
- A detailed plan
- Strong owner engagement
- Compliance with the Unit Titles Act 2010
- A fair, equitable and transparent process

All components of the resort—timeshare units, non-timeshare units, and future development units—form part of a single integrated property and should be treated accordingly throughout the sale process.

C1.10. Conclusion.

This outline does not imply that private or non-timeshare owners could ever be compelled to sell their property, in fact the opposite. Any future plan would require thorough navigation and consultation prior to any proposal to discontinue the current Unit Plan, ensuring that a satisfactory alternative is provided for the owners of the eleven Non-Timeshare Units and the two Future Development Units.

Additionally, survey data shows that over 25% of Timeshare Owners surveyed intend to continue utilising The Ridge for at least five more years.

The process of relieving current timeshare owners of their obligations—such as the annual levy and ongoing maintenance costs—is inherently complex. Addressing the legal requirements of the Unit Titles Act and other land ownership matters will require considerable time and effort. However, this document initiates a systematic and professional review. The team responsible for this document is confident in the feasibility of restructuring the current ownership model into one that is more manageable while also offering options for those wishing to divest earlier than others. .

End Part C1

REPORT PART C2.EITHER AS A SINGLE ENTITY OR AS SEPARATE UNITS

C2.1. Executive Summary

Selling as a single entity poses considerable challenges; therefore, this section examines an Ownership Restructure involving the cancellation of the Unit Plan and a contemporaneous subdivision of the resultant land. The discussion also considers alternative ownership and management structures, contingent upon the ultimate configuration selected.

The analysis predominantly references Property Research Paper 5, "THE RIDGE. A RESTRUCTURE AND EXIT PLAN?", previously prepared by the Ridge Resort Queenstown Owners Support Group. While Paper 5 addressed key issues, explored options, and proposed a pathway forward, this section supplements its findings by including various illustrative subdivision layouts. These examples are not intended as definitive or exclusive solutions but rather to demonstrate the breadth of possibilities and highlight the intrinsic relationship between ownership models and management systems.

Any restructure process should include a thorough reassessment of ownership arrangements and asset management strategies corresponding to the chosen approach.

C2.2. Recommendation

The following has been adopted by the Sub Committee as Recommendation No 2 of this Report:

“ That a Sub Committee be appointed by the Body Corporate Committee to undertake a Further Investigation into an “Ownership Restructure” for the Ridge.”

OSG Paper 5 presents a recommended process and delineates the detailed actions necessary to further evaluate the potential for restructuring. That recommended work aims to develop a comprehensive proposal that can be formally submitted to the Owners for consideration, ideally during 2027.

C2.3. Motivations /Goals

Put simply the motivation is to enable the various ownership groups “to do their own thing” as follows (also see Sec C3.4)

1. For Non-Timeshare (Private) Owners to continue their individual ownership and for them to manage the “Private Unit Complex” as they determine.
2. For Timeshare Owners to be able to exit ownership of the Ridge at a fair price as and when they wish to.

3. For Timeshare Owners who wish to continue using the Ridge to do so until such time as they wish to sell, when goal two takes over.
 4. For the Future Development Units Owner to at least maintain ownership and development rights.
 5. For Timeshare owners to have the option to replace their Body Corporate with a Company Structure if they wish. We have decided not to elaborate further on this subject to maintain the focus of this report. However, it should be noted that while a Company Structure provides benefits for Timeshare, it is unsuitable for non-timeshare properties since they require individual titles for mortgage purposes.
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C2.4 How ?

In essence, this involves creating a realistic **Restructure Plan** that accommodates most stakeholders. The **Restructure Plan** would entail cancelling the Unit Plan, subdividing the resultant land based on agreed plans and outcomes, plus setting up new ownership, management, and operational frameworks.

For the **Restructure Plan** to succeed, it should:

- Provide benefits to all Ownership Groups
 - Address various legal processes
 - Be economically viable
 - Be practical
 - Ensure fairness and equity among all Ownership Groups
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C2.5. The Subdivision Process (Simple Version)

1. Agree the Broad Concept . (Initial critical step)

Owners confirm a broad Concept and parameters . Consultation and discussion are key.

2. Engage professionals. (Once the basic concept is developed)

Consultants

- A **Surveyor** as the primary and lead Consultant
- A **Planner**
- A **Lawyer**
- In this situation definitely require a **Valuer**
- Potentially an **Engineer**

They will guide the process and prepare the technical documents.

3. Apply for Resource Consent

This is the key approval under the Resource Management Act 1991.

Council assesses:

- Compliance with District Plan (Most Important)
- Environmental effects
- Infrastructure (water, sewer, stormwater, power, telephone, access)
- Neighbour impacts (Not Likely)

Outcome: **Resource Consent Granted** . Note: Can also be declined if steps 1 and 2 not done properly . Any Consent Issued will be subject to conditions.

4. Meet the consent conditions

This is where the physical work happens. Conditions could require:

- Modifying services (water, sewer, power)
- Upgrading vehicle access
- Paying development contributions (Not likely here)
- Easements (for shared services and/ or access . Likely here)

5. Survey plan (Land Transfer Plan / LT Plan)

The surveyor:

- Marks boundaries on the ground (pegs)
- Prepares the legal subdivision plan

This gets lodged with Land Information New Zealand for approval as to Survey.

6. Apply for Section 223 approval

Council checks that the survey plan matches the consent.

This is a “plan approval” step under the RMA.

7. Complete conditions + Section 224(c)

Once all conditions are met:

- Council signs off **Section 224(c)** certificate

This confirms everything required has been done.

8. Get new titles issued

The lawyer:

- Lodges documents with LINZ
- New **Record of Titles** are created

9. Typical timeframe

- We estimate 6-18 months, largely dependent on complexity.
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C2.6. How might a Subdivision Plan look?

Key drivers should include a balanced assessment of desired outcomes for Owners, equality and fairness, economics, Council District Plan provisions, and practicality based on physical elements.

The next section offers four options ranging from the simplest type to the most complex. The intention in providing these is to show options and it will become evident that there are many permutations that will be refined following discussion/consultation with user groups to generate a preferred option. The preferred option would then be reviewed by external professionals.

All boundaries are illustrative only and not based on detailed assessments.

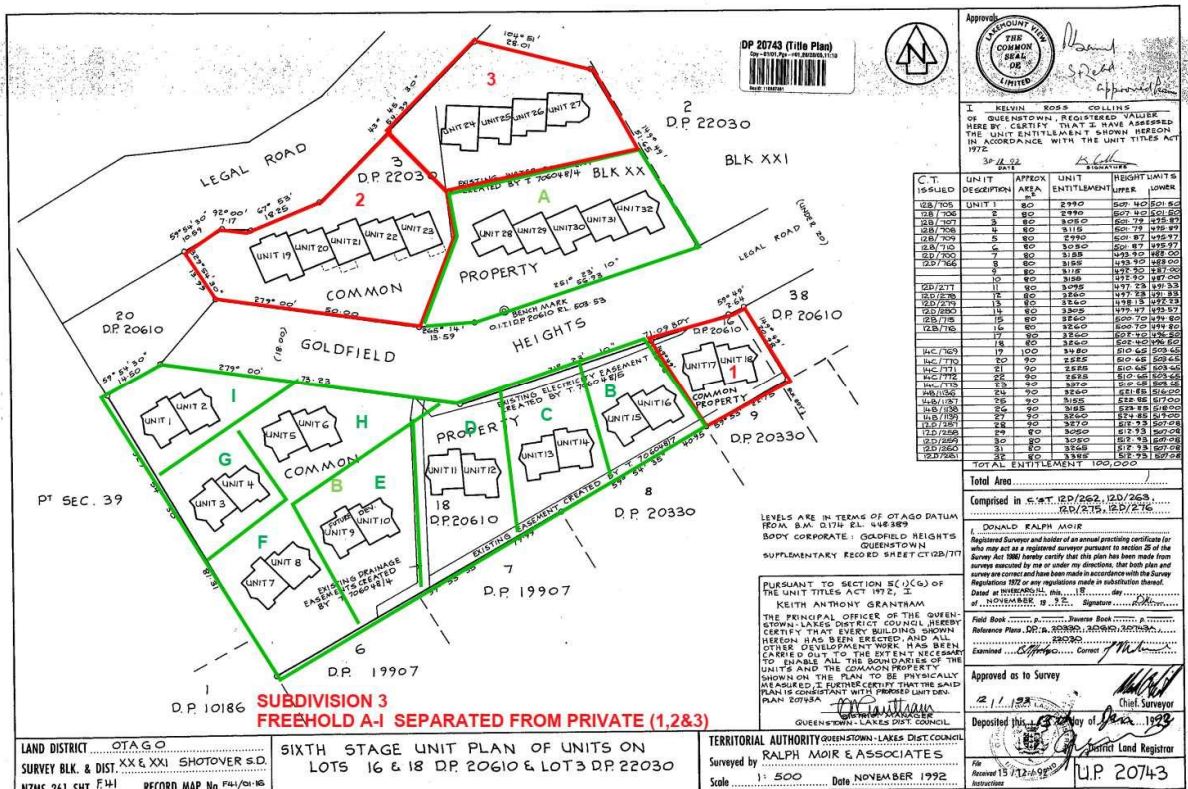
C2.7. Concept Options

1. **Subdivision Type 1** (see plan on next page) divides Non-Timeshare Chalets and Timeshare Chalets into two groups: Lots 1 and 2 create one title (marked in red), while Lots A and B form another (marked in green). Each title (red and green) receives its own Unit Plan, and each will have a separate Body Corporate. As FDU 9 and 10 are embedded within Lot B they would remain with the Body Corporate for Lots A and B.

If a Company Structure were to be used instead of a Body Corporate for the previous Timeshare Lots, A and B could be given individual Titles held by the Company. In that case, FDU owners would also become Shareholders of the Company.

3. Subdivision Type 3 .

The same scenario for the Non Timeshare Owners as in Subdivision 2. Non Timeshare Units are subdivided to create nine individual titles around each of the distinct buildings Lot E containing the location of the two FDU. In this scenario all Lots A-D and F-I would go into the Ownership of a Company. A Unit Plan over any of these Lots would not make economic sense. Lot E would go to the FDU Owner. This option would provide the Company the ability to sell off Lots as and when sufficient Timeshare Owners wished to exit.



4. Subdivision Type 4. The Ultimate Option (Note: No plan included).

All units except 28-32 (Lot A) are subdivided into individual Freehold Titles, dependent Council approval of the common dividing walls under current fire regulations plus the small lot sizes. This subdivision will require a more complex Resource Consent Application.

Non-timeshare owners would hold individual freehold titles with no need for a Body Corporate. Former timeshare unit lots would be transferred to a new Company, providing flexibility to sell single units rather than duplexes. Lot A would be kept until last. No Body Corporate. Lot E (FDU units 9 and 10) remains with its current owner.

End Part C2

REPORT PART C3. and ANY PARTICULAR COMPLEXITIES ASSOCIATED WITH THE RIDGE RESORT.

C3.1. Executive Summary

The Ridge distinguishes itself from other New Zealand Timeshare resorts as a mixed-use development, containing both timeshare and non-timeshare units and owners, as well as two Future Development Units currently in one Ownership—making it a unique blend.

This mix has been likened to an arranged marriage, with some claiming one which has not been particularly ideal.

C3.2. The Current Ridge Ownership Structure

- The Ridge Ownership includes over 1,000 individual titles.
- 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 bloc holding a significant percentage of weeks, three weeks 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 (**or GNA**).
- **All ownership types, classes and blocs have their unique issues, goals, and points of view.**

C3.3. Issues for any Change

- Any scheme to bring about significant change to the ownership structure at the Ridge must incorporate the process to cancel the current Unit Plan under Sec 177-189 UTA, as discussed in Part C2. Note, this same process would also be used to convert from a Body Corporate Structure to a Company Structure, a process being followed by other Timeshare Resorts, but none of those are Mixed Use Resorts.

- Sections 177–189 of the Unit Titles Act (UTA) outline how to cancel a Unit Development. In practice, about 90% owner support is needed for a successful cancellation. Reaching this higher level of agreement generally leads to lower costs and faster implementation compared to the 75% support required by the UTA.
- To secure near-unanimous support, any proposed change must offer benefits to all categories of owners, including Non-Timeshare Owners and Timeshare Owners who intend to continue using the Ridge Timeshare Resort into the future. Additionally, the scheme should optimise financial advantages for all parties whilst establishing a fair mechanism for recouping implementation costs.

3.4 Suggested Goals should a Restructure be contemplated at The Ridge

The sub-committee suggests these goals to increase the likelihood of any Restructure Proposal being successful:

1. For Non-Timeshare (Private) Owners to continue their individual ownership and for them to manage the “Private Unit Complex” as they determine.
2. For Timeshare Owners to be able to exit ownership of the Ridge at a fair price as and when they wish to.
3. For Timeshare Owners who wish to continue using the Ridge to do so until such time as they wish to sell, when goal two takes over.
4. For the Future Development Units Owner to at least maintain their ownership and development rights.
5. For Timeshare owners to replace the Body Corporate with a Company Structure if deemed appropriate.

*End Part C3
End Report.*
