

HLC (Hotel lodging cost)

Concession addendum to first time Life Right Residents

Background

The **HLC** as defined in the **Life Right Agreement** and referred to in the **House Rules** is a feature of the Hotel's Life Right long term accommodation model which can be compared to levy fees charged in owned sectional title schemes, apartment buildings and some retirement villages which do not offer the minimum and optional services of an operating high quality fully licensed Hotel.

The **HLC** cost is structured competitively to offer the same comprehensive services as are available in registered retirement villages offering full and part time medical care in specialized facilities as well as caring in the owners own unit.

In addition, full housekeeping and catering services are included in the monthly set charge as more detailed in the Main Agreement and current House Rules.

HLC charge concession

A concession **HLC** monthly charge will apply for all first time residents who enter into Life Right Agreements prior to July 2018 and will be valid until 1st January 2019 at the reduced rate of R5000 plus VAT (R5700) per month which shall include all charges except self-managed coupon charged metered electricity.

The **HLC** charge is based on a combination of actual audited fixed costs **as defined** and variable costs linked to the official CPI index which will be included in the R5000 fixed charge until 1st

January 2019 during which interim period the Hotel will absorb any of the fixed charge increases and all the variable costs **as defined**. This concession will include the **maintenance reserve fund** which is set aside in a maintenance reserve account and all other actual unit based and common area maintenance allocated to the **HLC** on a PQ basis which will only be included in the detailed monthly **HLC** after January 2019. After December 2018, a **management fee** of R3500 will be added to the monthly **HLC** making it a total of R9200

The **HLC** costs **as defined** in each individual agreement and subject to their conditions will remain in place for the full period of the life right for each individual agreement.

HLC Structure

The **HLC** will be broken into 4 different categories starting from January 2019. The four different **HLC** Categories are described below.

Hotel Lodging Cost: This would be when two parties occupy their unit and make use of all the standard services provided for, by the hotel.

Single Occupancy: This would be when there is only one person occupying a unit, and makes use of all the standard services provided for, by the hotel.

No Food HLC: This is when there are two or one person living in a unit, but do not want the meals provided by the hotel.

Rental HLC: This is when Life Right owners, decide not to occupy their unit, but rent it out instead, for long or short term purposes. Only fixed charges will apply. This is detailed in the Rental Addendum, Annexure F.

The table below detail the estimate variable and the fixed price components of the HLC, for the period detailed below, which are further referred to in the house rules.

	January 2018 – December 2018				January 2019 – December 2019			
	PQ Contribution	Variable Costs	Management Fee	Total	PQ Contribution	Variable Costs	Management Fee	Total
Hotel Lodging Cost	R2000	R3700	N/A	R5700	R2400	R3300	R3500	R9200
Single Occupancy	R2000	R2800	N/A	R4800	R2400	R2400	R3500	R8300
No Food HLC	R2000	R1900	N/A	R3900	R2400	R1500	R3500	R7400
Rental HLC	R2000	N/A	R3500	R5500	R2400	N/A	R3500	R5900

Note on Rental: All fixed costs will come off the rental income when renting out the unit. The variable costs would be for the account of the tenants, renting the unit.

PQ Contribution – The PQ contribution is the actual costs charged by the council and all other actual costs listed below.

Fixed Costs

- Rates & Taxes
- Water
- Refuse & Sewerage
- Security
- Gardening Services
- Maintenance
- Insurance

Variable costs – This amount would include the following. These costs are to increase yearly according to the CPI percentage.

Variable Costs

- 2 Meals per person per day
- Daily Housekeeping
- 1 Linen change per week
- 1 Deep clean of the Unit
- Capped Wi-Fi

Note

The Hotel owners shall have the right to change the basis of the variable charge **as defined** and subject to the annual CPI clause to any new Life right owner who enters into an agreement after the 1st July 2018 which is the deadline for this permanent concession to remain in place.

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AS WITNESS:

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SELLER

By the PURCHASER atOn the Day of201.....

AS WITNESS:

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