

GATEWAYS LIMITED

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28 November 2023

NOTES FOR BUYERS OF GATEWAYS APARTMENTS. (V3.2)

- Gateways is a Company Share Apartment Complex. This form of apartment ownership is an alternative to Unit Title or Strata title or Cross Lease arrangements. In a Company Share structure the title to all the real estate is held and owned by the Company. Individual apartments have specific parcels of shares in the Company. Each parcel of shares has a lease that provides an exclusive license to occupy the apartment. The leases are all identical in form and are as specified in the Constitution of the Company. The same identical form of lease is used for shares in exclusive car parks and storage lockers, if any, that are linked to the Apartment shareholding.
- Gateways Ltd is governed by a shareholder elected Board of Directors. All Directors must be shareholders of the Company. The Constitution specifies how the Company is governed and what the Board of Directors powers and responsibilities are. The Board is empowered to set Rules that shareholders must comply with. The Rules are directed at helping ensure all shareholders can have quiet possession and occupation of their apartments and use of common areas. The Rules also set out more detailed responsibilities of the Board to the shareholders and of the Shareholders to the Board.
- If your proposed purchase involves financing by loan or mortgage you should arrange it before proceeding to the next step of purchase. If your financing is to use the shares in Gateways as an element of security, then it is likely your lender will want to have a deed to that effect which will require Gateways approval and signing. Gateways will only sign deeds that comply with clause 5.5(b) of the Constitution which requires a clause be included in the deed. The clause, if required, is:

The rights of the mortgagee, assignee, lienholder or other person holding a security over the shares entitling the shareholder to a Lease of the shareholder's premises shall be subject to the terms and conditions of the Constitution of Gateways Flats Limited and the Lease between the shareholder and Gateways Flats Limited datedday of 20...

There is a history of mortgage arrangements not being finalised early enough before settlement date giving rise to considerable avoidable stress for all parties.

You should ensure you know all your mortgagor requirements before interview and that they can be complied with. The Board will not negotiate on mortgagor conditions.

- Ownership changes of shares in Gateways Ltd involves three parties all of whom must agree to the proposed sale and purchase before it can be finally concluded. Your Vendor and you must agree and record all matters for the transaction, then the Gateways Board must approve you as a suitable purchaser. Board approval is subject to an interview of the proposed purchaser and other intended adult occupants. At this interview the Gateways Rules will be discussed, and you will be asked to sign agreeing to comply with the Rules. This interview will also be used to confirm that the proposed ownership

complies with the Gateways constitution, particularly if a Trust or non-resident owner is involved. After the Interview you will be advised of the Board decision.

Your sale and purchase agreement can not be fully unconditional until the Board gives approval. Be sure your purchase agreement allows sufficient time for the interview and Board approval to be completed.

- On the day of settlement of your purchase contract you should be given keys including spares, for your apartment, letterbox, and any garage or storeroom included with the purchase. The Board will not provide these items or duplicates of them.
- You should be aware that the purchase will incur costs from the Board Secretary (Long and Cowan) for the shareholding certificate processing and registration; as well as from the Board Lawyers (Rainey Collins Lawyers) for handling the leases, any mortgage deed, and registrations as needed. You will be invoiced by those Companies for their costs and disbursements.
- Some associated points of significance about your proposed purchase.
 - ✓ Gateways contains 58 apartments, two of which are “double units”. The apartments were constructed in the early 1960s and first occupied in 1966.
 - ✓ The Gateways constitution and Gateways shareholders place high value on “owner occupier” credentials. This gives a very stable community in which all residents have a common vested interest in the quality of the buildings and the quality of their living environment.
 - ✓ Gateways apartments are not allowed to be used as rental properties.
 - ✓ Gateways rules prohibit pets, but assistance dogs are permitted as per law.
 - ✓ Visitor carparks are not to be used as added shareholder parking spaces.
 - ✓ The Gateways residential building is built in two wings that are solidly linked up to level 4 and flexibly coupled at higher levels. Apartments A to D and the lifts with their foyers are in the east wing and apartments E to H are in the west wing.
 - ✓ The building is constructed of reinforced poured concrete and concrete blocks. The roofing of the two wings was renewed in 2001 by placing a continuous fibre reinforced membrane (EQUUS) on top of a plywood substrate attached over the original iron roofing. The mebrane was recoated by an approved EQUUS applicator in 2017.
 - ✓ The Kaikoura earthquake of 2016 did not cause structural damage to the Gateways buildings, but minor superficial and cosmetic damage did occur. No occupants were displaced and no services faltered.
 - ✓ Gateways was independantly analysed for Seismic performance by Spencer Holmes Ltd in September 2018. The assessment determined a rating of 70% of the NBS criteria.
 - ✓ Gateways is insured for full replacement value. Insurance cost is the largest single cost in Gateways annual budgets.
 - ✓ The building was fitted with fibre internet capability to every apartment in 2018.

- ✓ A commercial duty Sky TV dish operates, but not all apartments have that cable connected or may be able to be connected.
- ✓ At present no electric charging facilities are available for vehicles. Electrical plug outlets in garages are only available to operate the electric garage doors. No other use is permitted.
- ✓ A limited number of bike hooks for secure storage of cycles are available for lease from the Board.
- ✓ The Board has a policy of continuous maintenance and refurbishment. Key items for the next 10 years are: exterior painting and reglazing to the east and west building ends, renewal of roof top water supply systems, water sealing of the glazing in the central stairway, and roof balustrade safety and membrane management.
- ✓ At the July 2022 AGM Gateways Shareholders resolved to increase the term of all leases by 30 years with effect from 22 November 2022 giving an expiry date of 22 November 2096. This extension of term will be automatically made when a change of ownership occurs on or after 22 November 2022, if not already done by the incumbent shareholder.
- ✓ The premises are not locked at night, access is always available for guests and visitors. Security cameras are operating continuously at the level 3 public foyer.

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