



LIFE RIGHTS AND FINANCIAL PEACE OF MIND

Two of the most important considerations as one gets older are one's finances and the availability of appropriate care. Moving into an Auria Senior Living community offers security and peace of mind on both these fronts.

With regards to financial planning, one of the main benefits of moving into a senior living community is that it allows for certain costs to be reliably estimated upfront for the remainder of one's life.

Firstly, there are the 'upfront' costs, which involve the purchase of your unit. Secondly, there are 'ongoing' monthly costs which work like a levy but are far more inclusive in nature and cover many services and benefits exclusive to a senior living community.

In this document, we set out how it all works and clarify how the upfront and ongoing costs are determined, to give you peace of mind and predictability when making your decision.

LIFE RIGHTS EXPLAINED

Auria Senior Living operates on a Life Rights model. You pay an upfront amount which secures the right for you to occupy and enjoy your unit for the remainder of your life / lives. During this time, a monthly levy is payable to

fund general operating and common area maintenance costs. This levy allows Auria Senior Living to take care of community management, maintenance, security and the provision of services in the senior living community, which means that you can enjoy hassle-free living.

WHAT IS A LIFE RIGHT?

When someone purchases a Life Right, they have the right of exclusive use of a property for the remainder of their or their spouse's/ partner's life.

A Life Right scheme differs to a Sectional Title or Full Title property in that ownership of the property is held by the Life Right scheme owner/operator, which, in this case, is Auria. Even though legal ownership of the property is not transferred to the Occupant, a Life Right is sold under a secure legal framework, which essentially provides the Occupant with all the legal protections of full ownership of the property during their lifetime.

When purchasing a Life Right, a market-related capital sum is paid to the Life Right scheme owner for the right to use the property for the remainder of the Occupants' life. When the Life Right terminates, which is either on the passing of the Life Right holder, or if they move out of



the Auria community, the original capital sum or a portion thereof (dependent on contractual terms) is returned to the Occupant or their estate. There is no transfer duty or VAT payable upfront.

Unlike Full Title or Sectional Title schemes, any capital appreciation in the property accrues to the scheme owner, and not the Occupant. As a result, the scheme owner, Auria in this case, is always incentivized to maintain and operate the scheme optimally and to the highest standard to ensure overall property capital appreciation. As a result, the interests of the operator and the occupant are aligned.

Life Rights are regulated by the Housing Schemes for Retired Persons Act (Act 65 of 1988) which gives residents further protection and peace of mind about their security of tenure, and their capital.

HOW DOES A LIFE RIGHT WORK?

A capital sum is paid upfront, which is returned on vacating the unit, less a Deferred Management Levy of 20-30% (this rate differs depending on your community). This means that a minimum of 70-80% of your original capital is returned on exit. The Deferred Management Levy is earned by Auria over a 4-year period, at a rate of 5-7,5% per year.

This works out as follows, assuming a 20% DML, (ie 80% payback of capital):

- If you leave in Year 1 you get 95% of your capital returned to you;
- If you leave in Year 2 you get 90% of your capital returned to you;
- If you leave in Year 3 you get 85% of your capital returned to you;
- If you leave in Year 4 you get 80% of your capital returned to you;
- If you leave any time after Year 4 there is no further Deferred Management Levy so you still always get 80% of your capital back.

A Life Right can, in a way, be likened to paying all your rent upfront to a landlord for the lifetime of your occupancy. The difference is that on a rental you get nothing back – whereas with a Life Right, a minimum of 70% of your capital is returned. The capital growth which accrues to the Life Right operator rather than the resident, can be viewed as “rental”. However, because this is only received by the operator when they resell the unit, it is essentially a “pay on exit” model – which means that this is less of a strain on your capital base (i.e. your cash) during your lifetime.

BENEFITS OF THE LIFE RIGHTS MODEL

Predictability & Peace of Mind

As we get older, many of us have concerns about whether our retirement savings and other investments will adequately provide for our future expenses. When it comes to providing for living and healthcare expenses, as well as the maintenance concerns associated with owning a property, our structured Life Rights scheme provides you with predictability and peace of mind. Your monthly living costs are determinable upfront, and for the rest of your life. In this way you are able to plan your finances, with no surprises, into the future.

Continuous Quality

In a Life Right model the capital appreciation of the property accrues to the owner / operator rather than to the resident which means that in order to maximise our return on the Life Right, Auria need to continuously ensure that demand for a place in our communities remains high. This happens if we are seen to be providing a high-quality lifestyle and living up to our promises. It's a two-way relationship: our success is dependent on your satisfaction, and your comfort is dependent on our success. We are truly aligned with our residents in managing our communities optimally, because we have a long-term financial interest in their success.

Access to Funds

The Auria Senior Living Life Rights model gives you immediate access to your funds in the event



of unforeseen need. If, for example, you need to move to our care centre, we will make your capital available straight away to assist with your care. As a resident of an Auria community, you will never be without the care you need, whether we need to provide it in your home or within our care centre.

MONTHLY LEVIES

Operating costs of the community and all the services provided to you during your stay in an Auria Senior Living community are generally paid for, at cost, via your monthly levy. The levy escalates at a rate from 7% per annum until age 85; then 4% from age 85 to 90; then 0% from age 90 onwards. In this way, costs are predictable for the rest of your life. No sudden increases. No special levies. No surprises.

The monthly levy covers the following:

- Rates and taxes;
- Water;
- Certain electricity consumption;
- Building insurance (excluding household contents);

- Security / armed response;
- Maintenance to the common property and external maintenance to your unit;
- Round-the-clock maintenance response;
- All gardening (including mowing of private gardens) where applicable;
- Some units' levies include daily housekeeping services (please enquire further);
- Concierge services;
- On-site management team;
- 24/7 medical response;
- Nursing team on site 24-7;
- A variety of meals and dining options available at all times (including delivery options);
- Use of the gym;
- Social and wellness programme;
- Exercise classes daily (eg yoga, pilates, strength and balance etc);
- Social and cultural events;
- 14 days of respite care per annum (i.e. temporary care following illness or surgery);
- Domestic cleaning and laundry services available on demand: payable on usage.

FREQUENTLY ASKED QUESTIONS

Q: Is my capital in my Life Right secure?

A: Yes, absolutely. With our model, you are guaranteed to get a minimum of 70% of your capital back. The law protects you in this: the Housing Schemes for Retired Persons Act (Act 65 of 1988) protects your security of tenure and your capital.

Q: Is my Life Right as strong as a title deed – or is it as good as ownership?

A: Yes – in fact a Life Right can be endorsed against a title deed – like a mortgage bond – it is a real right of occupation, for life, supported by the Housing Development Scheme for Retired Persons Act.

Q: Can I transfer my Life Right to someone else?

A: No, the right of occupation is for the natural life of the Life Right Holder (or their spouse or life partner). It is not transferable to a third party.

Q: Can I purchase a Life Right if I don't move in, and let the property to someone?

A: One doesn't have to move in immediately, but one cannot let a Life Right unit – it is intended that only the Life Right holder lives permanently in the unit. Provided one is willing to pay the monthly levy as required, one doesn't have to actually occupy the unit.



LEVY COST COMPARISON

**Your current monthly expenses compared to your monthly levy
at an Auria Senior Living community.**

| | Current Expense | Auria Expense |
|---|------------------------|----------------------|
| Body Corporate Levy / Estate Levy | R | R |
| Municipal Rates & Taxes | R | Included |
| Water | R | Included |
| Electricity | R | R |
| Lawn, Garden and Pool Maintenance | R | Included |
| Security / Armed Response | R | Included |
| Building Insurance | R | Included |
| External Building Maintenance and Repairs | R | Included |
| Care Response | R | Included |
| Laundry Services | R | R |
| Housekeeping (fixed vs hourly) | R | R |
| Gym and Extra Physical Activities | R | Included |
| Social and Wellness Programmes | R | Included |
| Total Monthly Expenses | R | R |

Other costs to consider:

- Meals
- Special Levies (none at an Auria community)
- Electricity Costs (efficiency)