

The Financial Implications of Buying under the Guaranteed Repayment Lease

Set out below are worked examples of the financial implications of buying the above property. Created on 10/7/2024.

Note: These worked examples are for guidance only. Please discuss your individual circumstances and financial commitments with your solicitor, other legal or financial adviser.

EXAMPLE 1: INDEX-LINKED ANNUAL COSTS

This first example deals with the annual costs of buying a retirement property. **It excludes:**

- The cost of any **mortgage** you may have, and;
- The **personal monthly bills** for which you would be liable, such as council tax, contents insurance, television licence, cable subscriptions and any other bills.

The costs shown are based upon the management fee and utilities fee for single or double occupancy of a 2 bedroom Apartment purchased for **£522,500**. These charges are subsidised by the landlord, The Wyldewoods Village Limited.

As a leasehold owner, you will be responsible for the following costs, which are applicable from: December 2024 to January 2026 and annually thereafter.

Costs (for both single and double occupancy)	Monthly	Annual
Management Fee Reviewed every year and increased in line with Consumer Price Index with Housing (CPIH) every January, using October indexation figure starting January 2026. Payable from completion until 2 months following the Notice to Vacate.	£520.00	£6,240.00
Ground Rent Not applicable	£0.00	£0.00
Utilities Fee Reviewed every year and increased in line with Consumer Price Index with Housing (CPIH) every January, using October indexation figure starting January 2026. Payable from completion until 2 months following the Notice to Vacate, after which a reduced rate is payable to cover standing charges.	£202.08	£2,425.00
Total	£722.08	£8,665.00

EXAMPLE 2: FIXED SALE COSTS

All properties sold under a Guaranteed Repayment Lease are bought back by the landlord; owners cannot sell them on the open market. Scenarios A to C in the second table below set out the one-off fees payable to the landlord on returning the property at the end of your period of ownership. **The illustrations exclude:**

- Any outstanding **management fee, utility fee or other arrears** that you owe;
- Any **mortgage costs**, including the cost of paying off (sometimes referred to as redeeming) your mortgage;
- Any **tax** which you may have to pay, including stamp duty;
- Any **costs of moving**

Any **capital appreciation** (or depreciation) of the property is retained by the landlord, The Wyldewoods Village Limited. Irrespective of any increase or decrease in value, the landlord covers the other costs involved in selling the property, which include:

- Management fees, from 2 months after service of the Notice to Vacate
- Sales agency fees
- Legals fees
- Refurbishment costs

A Deferred Management Fee (called an 'Event Fee' in the lease) is payable on resale to the landlord, The Wyldewoods Village Limited. The Fee is calculated based on the length of ownership. The Deferred Management Fee provides a return on the original investment in the communal facilities and enables Thrive by Retirement Living to subsidise the Management Fee.

There is **no requirement** for you to instruct a solicitor or sales agent to sell the property as the repayment amount is guaranteed.

If you purchase the property for **£522,500** and in the future surrender the property to the landlord, The Wyldewoods Village Limited, examples A to C show the Deferred Management Fee payable and the Guaranteed Repayment that will be returned once the landlord has resold the property.

The proportion of the sales price payable changes: 8% for a sale in the first year, 16% for a sale in the second year and 24% for a sale thereafter.

	Calculation Method	Cost
EXAMPLE A: If you vacate the property within the First year		
Sale Price		£522,500
Deferred Management Fee paid on sale	8% of the sale price	£41,800
GUARANTEED REPAYMENT AMOUNT (payable upon resale)		£480,700

	Calculation Method	Cost
EXAMPLE B: If you vacate the property within the Second year		
Sale Price		£522,500
Deferred Management Fee paid on sale	16% of the sale price	£83,600
GUARANTEED REPAYMENT AMOUNT (payable upon resale)		£438,900

	Calculation Method	Cost
EXAMPLE C: If you vacate the property within the Third year		
Sale Price		£522,500
Deferred Management Fee paid on sale	24% of the sale price	£125,400
GUARANTEED REPAYMENT AMOUNT (payable upon resale)		£397,100

The Financial Implications of Buying under the Open Market Lease

Set out below are worked examples of the financial implications of buying the above property. Created on 10/7/2024.

Note: These worked examples are for guidance only. Please discuss your individual circumstances and financial commitments with your solicitor, other legal or financial adviser.

This illustration is not a forecast and, like any other investment, the value of properties in the community could go down as well as up.

EXAMPLE 1: INDEX-LINKED ANNUAL COSTS

This first example deals with the annual costs of buying a retirement property. **It excludes:**

- The cost of any **mortgage** you may have, and;
- The **personal monthly bills** for which you would be liable, such as council tax, contents insurance, television licence, cable subscriptions and any other bills.

The costs shown are based upon the Purchase Cost, Management Fee and Utilities Fee for single or double occupancy of a 2 bedroom Apartment purchased for **£522,500**.

As a leasehold owner, you will be responsible for the following costs, which are applicable from: December 2024 to January 2026 and annually thereafter.

Costs (for both single and double occupancy)	Monthly	Annual
Management Fee Reviewed every year and increased in line with Consumer Price Index with Housing (CPIH) every January, using October indexation figure starting January 2026.	£916.67	£11,000.00
Ground Rent Not applicable	£0.00	£0.00
Utilities Fee (including internet, water, sewerage and electricity) Reviewed every year and revised in line with the increase of the Consumer Price Index with Housing (CPIH) every January, using October indexation figure starting January 2026.	£202.08	£2,425.00
Total	£1,118.75	£13,425.00

EXAMPLE 2: A SALE (otherwise known as assignment) of your property

This second example deals with some of the one-off costs if you were to sell (otherwise known as to "assign") your property. **It excludes:**

- Any outstanding **Management Fee, Utilities Fee** that you owe;
- Any **mortgage costs**, including the cost of paying off (sometimes referred to as redeeming) your mortgage;
- The costs of any **solicitor**, conveyancer or legal adviser you appoint to deal with the sale/assignment/event;
- Any **estate agents fees**; (1.5% plus VAT for the services provided by Retirement Villages.)
- Any **tax** which you may have to pay, including stamp duty;
- Any **costs of moving**
- The **cost of ensuring the property is in good decorative order prior to the resale.**

A Deferred Management Fee (called an 'Event Fee' in the lease) is payable on resale to the landlord, The Wyldewoods Village Limited. The Fee is calculated based on the length of ownership. The Deferred Management Fee provides a return on the original investment in developing the communal facilities. It does not contribute towards the costs of any services that are provided.

If you purchase the property for **£522,500** and in the future sell it for the sale prices below, examples A to G show the Deferred Management Fee payable if the property value has stayed the same, increased in value by 3%/year, or decreased in value by 3%/year.

The proportion of the sales price payable changes: 10% for a sale in the first and 15% for a sale thereafter

FEE	Calculation Method	Cost
EXAMPLE A: If you sell the property after 2 years and the property has <u>not changed</u> in value		
Sale Price		£522,500
The Deferred Management Fee if paid on sale	15% of the sale price	£78,375 Payable when you sell

FEE	Calculation Method	Cost
EXAMPLE B: If you sell the property after 2 years and the property has increased in value by 3% per annum.		
Sale Price		£570,950
The Deferred Management Fee if paid on sale	15% of the sale price	£85,642 Payable when you sell

FEE	Calculation Method	Cost
EXAMPLE C: If you sell the property after 2 years and the property has decreased in value by 3% per annum.		
Sale Price		£476,872
The Deferred Management Fee if paid on sale	15% of the sale price	£71,531 Payable when you sell

FEE	Calculation Method	Cost
EXAMPLE D: If you sell the property between 1 & 2 years and the property has increased in value by 3% per annum.		
Sale Price		£554,320
The Deferred Management Fee if paid on sale	15% of the sale price	£83,148 Payable when you sell

FEE	Calculation Method	Cost
EXAMPLE E: If you sell the property between 1 & 2 years and the property has decreased in value by 3% per annum.		
Sale Price		£491,620
The Deferred Management Fee if paid on sale	15% of the sale price	£73,743 Payable when you sell

FEE	Calculation Method	Cost
EXAMPLE F: If you sell the property within 1 year and the property has increased in value by 3% per annum.		
Sale Price		£538,175
The Deferred Management Fee if paid on sale	10% of the sale price	£53,818 Payable when you sell

FEE	Calculation Method	Cost
EXAMPLE G: If you sell the property within 1 year and the property has decreased in value by 3% per annum.		
Sale Price		£506,825
The Deferred Management Fee if paid on sale	10% of the sale price	£50,682 Payable when you sell