

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 10/2/2025.

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 1 bedroom Apartment, address 42 Seedling House, Hathaway Lane, Chester, Cheshire, CH3 5EY, purchased for **£299,950**.

As a leasehold owner, you will be responsible for the following costs, which are applicable from: Jan 2025 to Dec 2025 and annually thereafter.

Costs (for both single and double occupancy)	Monthly	Annual
Management Fee Increasing each year in line with (CPIH).	£916.67	£11,000.00
Ground Rent Not applicable	£0.00	£0.00
Utilities Fee (including internet, water, sewerage and electricity) Increasing each year in line with (CPIH).	£144.08	£1,729.00
Total	£1,060.75	£12,729.00

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 **£299,950** 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 year, and 15% 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		£299,950
The Deferred Management Fee if paid on sale	15% of the sale price	£44,992 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		£327,763
The Deferred Management Fee if paid on sale	15% of the sale price	£49,164 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		£273,756
The Deferred Management Fee if paid on sale	15% of the sale price	£41,063 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		£318,217
The Deferred Management Fee if paid on sale	15% of the sale price	£47,733 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		£282,223
The Deferred Management Fee if paid on sale	15% of the sale price	£42,333 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		£308,948
The Deferred Management Fee if paid on sale	10% of the sale price	£30,895 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		£290,952
The Deferred Management Fee if paid on sale	10% of the sale price	£29,095 Payable when you sell