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# Valuation Report

NEW CARE HORIZONS  
(THE PINNACLE WEYMOUTH) LTD  
PROPOSED CARE VILLAGE  
BINCLEAVES SITE  
NEWTONS COVE  
WEYMOUTH DT4 8UP

3 APRIL 2017

Prepared For



Proplend Security Limited  
c/o Proplend  
20-22 Wenlock Road  
London  
N1 7GU

Prepared By

Colliers International  
Property Consultants Limited

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Colliers Reference: JM42238

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# EXECUTIVE SUMMARY

## EXECUTIVE SUMMARY

### SITE FOR PROPOSED CARE VILLAGE, BINCLEAVES, NEWTON'S COVE, WEYMOUTH, DT4 8UP

Valuation of the freehold interest in the Bingleaves site in Newton's Cove with the benefit of and in accordance with the planning consent for an integrated care village as set out in the planning permission dated 1 August 2016 from Weymouth and Portland Borough Council (Ref: WP/15/00833/FUL).

The planning consent is for the erection of a care village comprising 195 supported living units, a 60 bed care home, 34 respite hotel suites, medical support facilities, common rooms, leisure facilities and offices, a commercial restaurant, museum, café and new promenade together with improved coastal defence measures, gardens and underground parking.

The planning consent states that the apartments shall be occupied only by persons of 55 years or over who are in need of care and support and by any wife, husband or partner or such a person or any other such person (such as those requiring dementia care), as may be agreed in writing by the Local Planning Authority.



**Perspective view of proposed care village**



**Site**



**Site**

**Site**

**LOCATION**

The proposed care village at Bincleaves in Newtons Cove is situated less than half a mile from Weymouth town centre being south of the harbour mouth on a promontory at the root of the Bincleaves breakwater forming the eastern side of Portland Harbour.

Weymouth is a popular coastal town separated from Portland Bill by the historic Portland Harbour at the eastern end of the Jurassic coast. Dorchester is 9 miles to the north, Yeovil 30 miles to the north; and to the east is Poole (32 miles) and Bournemouth (37 miles).

**PROPERTY**

The site for the proposed care village comprises an area of 4.8 ha (11.86 acres) and was formerly used for naval research and development and has a complex of industrial buildings all of which will be cleared to provide a level site for the proposed care village development.

**PROPOSED**

**ACCOMMODATION**

The planning consent is for the “Erection of Care Village comprising 195 Supported Living Units, a 60 bed care home, 34 respite hotel suites, medical support facilities, common rooms, leisure facilities and offices, a commercial restaurant, museum, cafe and new promenade together with improved coastal defence measures, gardens and underground parking.”

**REGISTRATION**

The proposed development will provide residential accommodation with the availability of home care which it is proposed will be provided by a registered Domiciliary Care Provider and the proposed sections containing care beds will be registered on completion by the Care Quality Commission.

**TENURE** Freehold.

**KEY ISSUES** We have been provided with the build costs from your Customer, on which we have based our valuations. We have assumed that the costs include any payments required under the section 106 agreement and include all costs associated with the development. The costs appear broadly in line with our expectations although we reserve our position to review our opinion of value on receipt of any amended costs or should formal tenders come in at higher figures than those stated.

The proposed development is very large and similar size schemes we have seen would typically phase the development, both in terms of construction costs and the release of units on to the market.

**MARKETABILITY** In our opinion the property is marketable at the value reported herein, with a likely sale period of 12-18 months.

**TRADE SUMMARY PROPOSED CARE BEDS**

For the purpose of our assessment we have presented the 60 bed care home and 34 respite hotel suites together, namely 94 bedrooms.

CI FMT	
Valuation Date	
Registration	94
Operational Beds	94
Occupancy %	90.0%
Ave fee pw	£1,010
Income pa	£4,443,000
Payroll	£2,075,000
Payroll %	46.7%
Non Payroll	£464,000
Non Payroll %	10.4%
EBITDAR	£1,904,000
EBITDAR %	42.9%

Our opinion of the value of the freehold interest in the site with the benefit of the planning consent as detailed above, is set out below:

## VALUATIONS

	Current	Projected
MV – Combined Gross Development Value	-	<b>£82,586,000</b>
MV – Freehold Interest of the site with the benefit of planning consent in accordance with application WP/15/00833/FUL	<b>£12,000,000</b>	-

In our opinion, the existing use of the property will deliver the highest value.

## PROVISO

This Executive Summary comprises an integral part of our valuation report dated 3 April 2017 and should be read only in conjunction therewith.



3 April 2017

[REDACTED]  
[REDACTED]  
Proplend Security Limited  
c/o Proplend  
20-22 Wenlock Road  
London, N1 7GU

**For the attention of Andrew Pinfield**

Dear Sir

## **PROPOSED CARE VILLAGE SITE, BINCLEAVES, NEWTON'S COVE, WEYMOUTH DT4 8UP**

### **SCOPE OF INSTRUCTION**

In accordance with your instructions dated 16 March 2017, a copy of which is attached at **Appendix 1**, we have inspected and completed our investigations into the freehold property being considered for purchase by Fortuneswell Investments No.3 Limited (your 'Customer') and have pleasure in reporting to you as follows.

Your Customer has had an Option to purchase this site for a number of years to be exercised following the grant of planning consent which has taken some years and detailed discussion with Weymouth and Portland Borough Council planning department, other agencies and consultation with the public and local interest groups to achieve. This valuation considers the value of the site with the benefit of and in accordance with the planning consent for an integrated care village as set out in the planning permission dated 1 August 2016, (Ref: WP/15/00833/FUL).

Our valuations have been prepared in accordance with the RICS Valuation - Professional Standards, incorporating the International Valuation Standards, January 2014 ('the Red Book') issued by the Royal Institution of Chartered Surveyors (RICS), incorporating the definitions of Market Value and Market Rental Value in accordance with VPS 4.1.2 of the Professional Standards and Colliers International's General Assumptions and Definitions, attached at **Appendix 4**.

We have valued on the following bases:

1. Projected -Gross Development value
2. Market Value – Site subject to the planning consent reference WP/15/00833/FUL, dated 1 August 2016.

Our valuations, which are made as at 3 April 2017, are of the property, as a potential care village including 195 supported living units, a 60 bed care home, 34 respite hotel suites and other accommodation, as an operational entity to include trading potential and, where appropriate, fixtures and fittings but excluding stock and any personal goodwill.

We draw your attention to any assumptions made within this report. We consider that the assumptions we have made accord with those that it would be reasonable to expect a purchaser to make.

## **STATUS OF VALUER AND CONFLICTS OF INTEREST**

The property has been valued and the report prepared by Nicolaus White BSc MRICS, a Senior Surveyor who falls within the requirements as to competence as set out in Valuation Standard PS2.3 of the Red Book and who is a valuer registered in accordance with the RICS Valuer Registration Scheme. It has been subject to the Quality Assurance System operated by the Healthcare Department of Colliers International.

In accordance with VPGA 2.3.4 we confirm that we have had no previous involvement with the property or parties connected with it. However, as you are aware, we previously provided advise on the proposal to New Care Horizons (The Pinnacle Weymouth) Limited in a draft report dated 19 July 2016, reference JM42238, to which we have referred. We confirm that apart from this and the current valuation, none of our offices have, to the best of our knowledge, had any dealings with the customer, any related company or the property over the past 24 months and we are not aware of any other presently foreseeable potential fee earning relationship concerning the subject property or the Lenders customer / parties connected with it.

We also confirm that Colliers International complies with requirements of independence and objectivity under PS 2.4 and that we have no conflict of interest in acting on your behalf in this matter. We confirm that we have undertaken the valuations acting as 'independent' valuers, qualified for the purposes of this valuation.

## INSPECTION

Our inspection of the property was carried out by Nicolaus White BSc MRICS, Senior Surveyor of Colliers International on 3 April 2017.

Throughout our inspection we were accompanied by Mr Christopher Ross, Director of New Care Horizons and Mr Andrew Pinfield of Proplend. We were unable to inspect inside the buildings but did walk around the site. We assume that the site will be cleared and will be free of contamination.

Following our inspection, we discussed the proposed development with New Care Horizons.

## SOURCES OF INFORMATION

This report is based on the information provided to us by your Customer

All data provided to us, as mentioned within this report, has been analysed on a consistent basis.

We have been provided with the following information:

- Copy of the planning permission dated 1 August 2016, Reference: WP/15/00833/FUL for the erection of a care village comprising 195 supported living units, a 60 bed care home, 34 respite hotel suites, medical support facilities, common rooms, leisure facilities and offices, a commercial restaurant, museum, café and new promenade together with improved coastal defence measures, gardens and underground parking.
- We have also been provided with a copy of the Section 106 Agreement dated 18 July 2016 between Qinetiq Limited and New Horizons (The Pinnacle Weymouth) Limited and Weymouth and Portland Borough Council.
- We received a schedule of the 195 supported living units, indicating their location, number of bedrooms and sizes.
- We have received a copy of the areas of the remaining accommodation, including offices, retail space and a restaurant.

- We have received floor plans prepared by Roberts Limerick Limited Architects, Project Number 7288, as set out below:

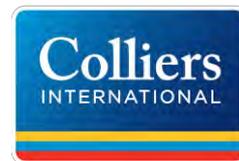
Drawing No	Revision	Description
PL10	A	Site plan proposed
PL20	A	Level 1 Basement
PL21	B	Ground floor
PL22	A	Level 1
PL23	B	Level 2
PL24	B	Level 3
PL25	B	Level 4
PL26	B	Level 5
PL27	B	Level 6
PL28	B	Level 7 (roof)

- Your Customer has also provided a costed schedule of works, dated December 2016, which indicates a total build costs of £59,417,332 (Fifty-Nine Million Four Hundred and Seventeen Thousand Three Hundred and Thirty-Two Pounds). We understand that the costs are fully inclusive, except for the developer's profit, and include the costs for complying with the section 106 notice. We have based our residual site appraisal on these costings. From our initial review we are of the opinion that the costs are broadly in line with our expectations.
- We have been provided by your Customers development review indicating their anticipated gross development values and build costs, dated December 2016.
- We have received the marketing details from Redhouse Property Estate Agents, indicating the figures at which they have been seeking expressions of interest for the proposed development. We have taken this into account in our review.

We have relied upon the information provided to us which is identified, together with the source, in the relevant sections of this report.

Unless stated otherwise, we have assumed that the information provided is accurate and that we have been supplied with all the information that has a material effect upon the value of the property.

Furthermore, we have assumed that any trading information supplied can be substantiated. Should there be a change in the level of trade or trading potential, there could be a variation in value.



# PROPERTY

## LOCATION

The proposed care village site at Bincleaves in Newtons Cove is situated less than half a mile from Weymouth town centre south of the town's harbour on a promontory at the root of the Bincleaves breakwater forming the eastern side of Portland Harbour. A copy of the location plan is attached at **Appendix 6**.

There are panoramic views from the site across Portland Harbour to Portland Bill and the English Channel. Immediately to the north of the site and accessible via the shoreline Jubilee Walk is Northe Gardens and Northe Fort a Grade II\* listed building and Scheduled Ancient Monument.

The seaward side of the site is protected by a Grade II listed breakwater. The landward boundary running along the western side of the site comprises a cliff face which forms part of the Portland Harbour Shore Site of Special Scientific Interest ('SSSI') being part of the Dorset and East Devonshire Jurassic Coast ('The Jurassic Coast' a World Heritage classified site).

Weymouth is a popular coastal town separated from Portland Bill by the historic Portland Harbour at the eastern end of the Jurassic coast. Dorchester is 9 miles to the north, Yeovil 30 miles to the north; and to the east is Poole (32 miles) and Bournemouth (37 miles).

## AREA DEMOGRAPHICS

For comparison purposes we carried out a demographic review for both a 45-minute drive time of the site and a three-mile radius of the site.

### 45 MINUTE DRIVE TIME OF THE SITE

Population	2016 Population	% for Area	% for Base	Index (GB=100)	2026 Population	% Change in Population
Population Aged 65 - 74	31,937	13.5	9.9	137	33,743	5.7
Population Aged 75 - 84	18,400	7.8	5.8	134	27,425	49.0
Population Aged 85+	7,880	3.3	2.4	141	11,276	43.1
<b>Total Population Aged 65+</b>	<b>58,217</b>	<b>24.6</b>	<b>18.1</b>	<b>136</b>	<b>72,444</b>	<b>24.4</b>

Source: Experian 2017

The review of the demographics for a 45-minute drive time of the site indicate that the area has a much higher proportion of elderly residents than the national average, 24.6% area (18.1% GB). In particular, we note that there is a high proportion of residents aged over 85, being 3.3% area and 2.4% GB.

### THREE MILE RADIUS OF THE SITE

Population	2016 Population	% for Area	% for Base	Index (GB=100)	2026 Population	% Change in Population
Population Aged 65 - 74	7,155	13.6	9.9	137	7,212	0.8
Population Aged 75 - 84	4,047	7.7	5.8	132	5,922	46.3
Population Aged 85+	1,817	3.4	2.4	145	2,474	36.2
<b>Total Population Aged 65+</b>	<b>13,019</b>	<b>24.7</b>	<b>18.1</b>	<b>136</b>	<b>15,608</b>	<b>19.9</b>

Source: Experian 2017

The size of the elderly population is mirrored in the smaller three-mile radius of the site, which indicates that the over 65 age group comprises 24.7% of the population (18.1% GB).

These are favourable statistics for the target market of residents for the proposed care village.

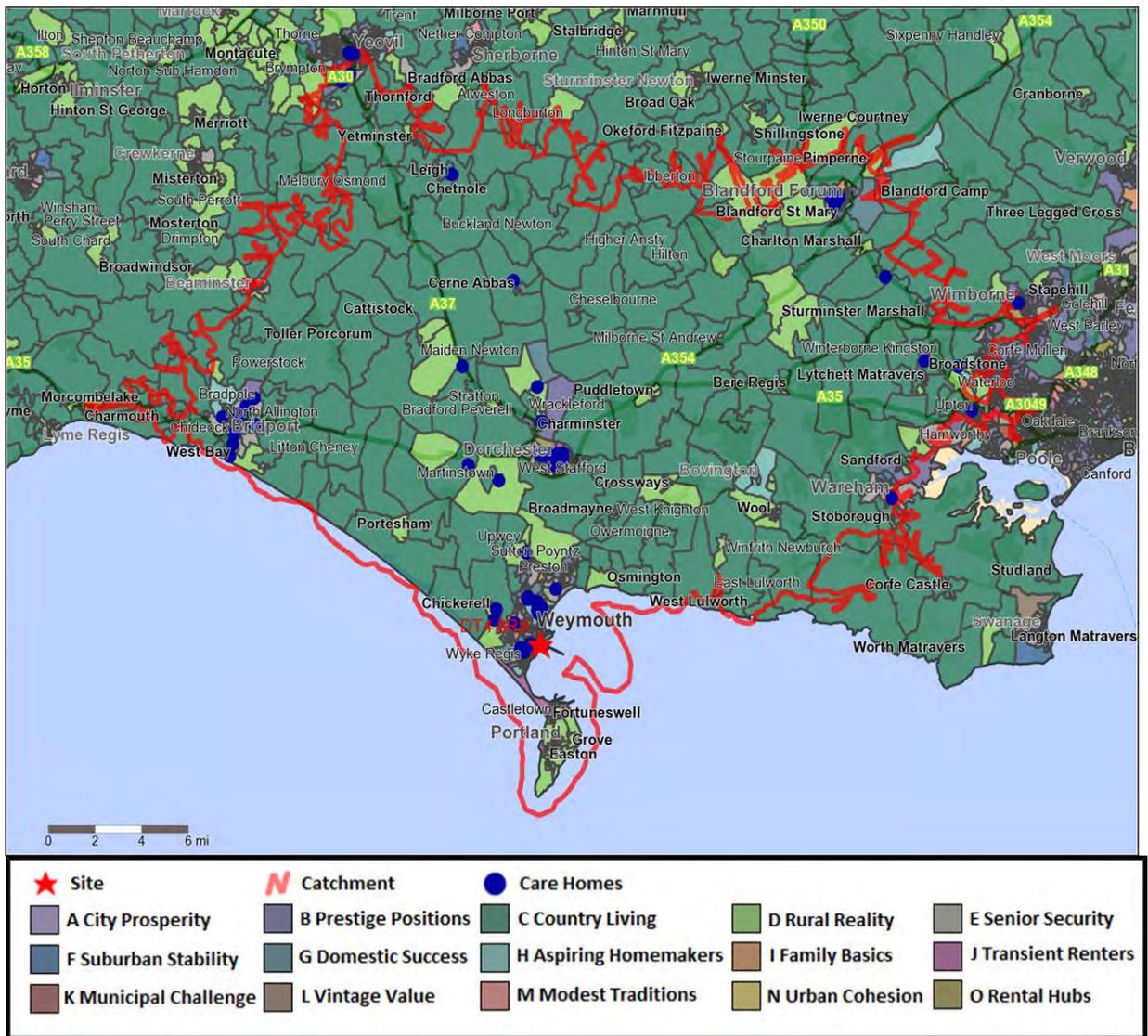
## MOSAIC TYPE PROFILE

### 45 MINUTE DRIVE TIME OF THE SITE

Mosaic Group Profile - Order of Affluence			Pop in Area	%	Pop in Base	%	Index
B	Prestige Positions	15,771	6.68	4,536,316	7.16	93	
A	City Prosperity	0	0.00	2,575,722	4.07	0	
C	Country Living	42,592	18.03	3,956,289	6.24	289	
G	Domestic Success	15,783	6.68	5,457,986	8.62	78	
E	Senior Security	25,369	10.74	4,851,755	7.66	140	
F	Suburban Stability	18,925	8.01	3,719,115	5.87	136	
N	Urban Cohesion	1,266	0.54	3,586,212	5.66	9	
D	Rural Reality	35,853	15.18	4,022,380	6.35	239	
H	Aspiring Homemakers	21,907	9.27	5,900,544	9.31	100	
M	Modest Traditions	6,153	2.60	3,021,470	4.77	55	
O	Rental Hubs	9,506	4.02	4,590,495	7.25	56	
L	Vintage Value	15,886	6.72	3,710,006	5.86	115	
K	Municipal Challenge	1,641	0.69	3,896,312	6.15	11	
J	Transient Renters	12,525	5.30	3,642,883	5.75	92	
I	Family Basics	9,709	4.11	5,110,633	8.07	51	
U	Unclassified	3,374	1.43	776,044	1.22	117	
<b>Total</b>		<b>236,260</b>	<b>100</b>	<b>63,354,162</b>	<b>100</b>		

Source: Experian 2017

**Dominant Mosaic Group at Output Area**



Source: Experian 2017

We note that within the wealth profile of a 45-minute drive time of the site there is a very high proportion of ‘Village Retirement’, ‘Bungalow Haven’ and ‘Outlying Seniors’. In particular, we note that ‘Country Living’ provides a high proportion of the population 18.03% area (6.24% GB) as does ‘Rural Reality’ 15.18% area (6.35% GB). There is, however, a lower proportion of ‘Prestige Positions’ than the national average 6.68% area (7.16% GB).

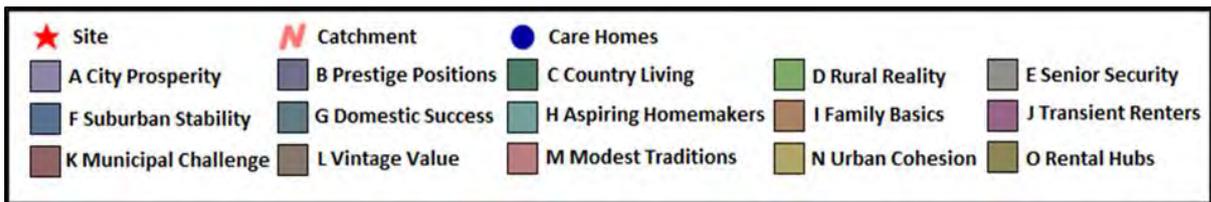
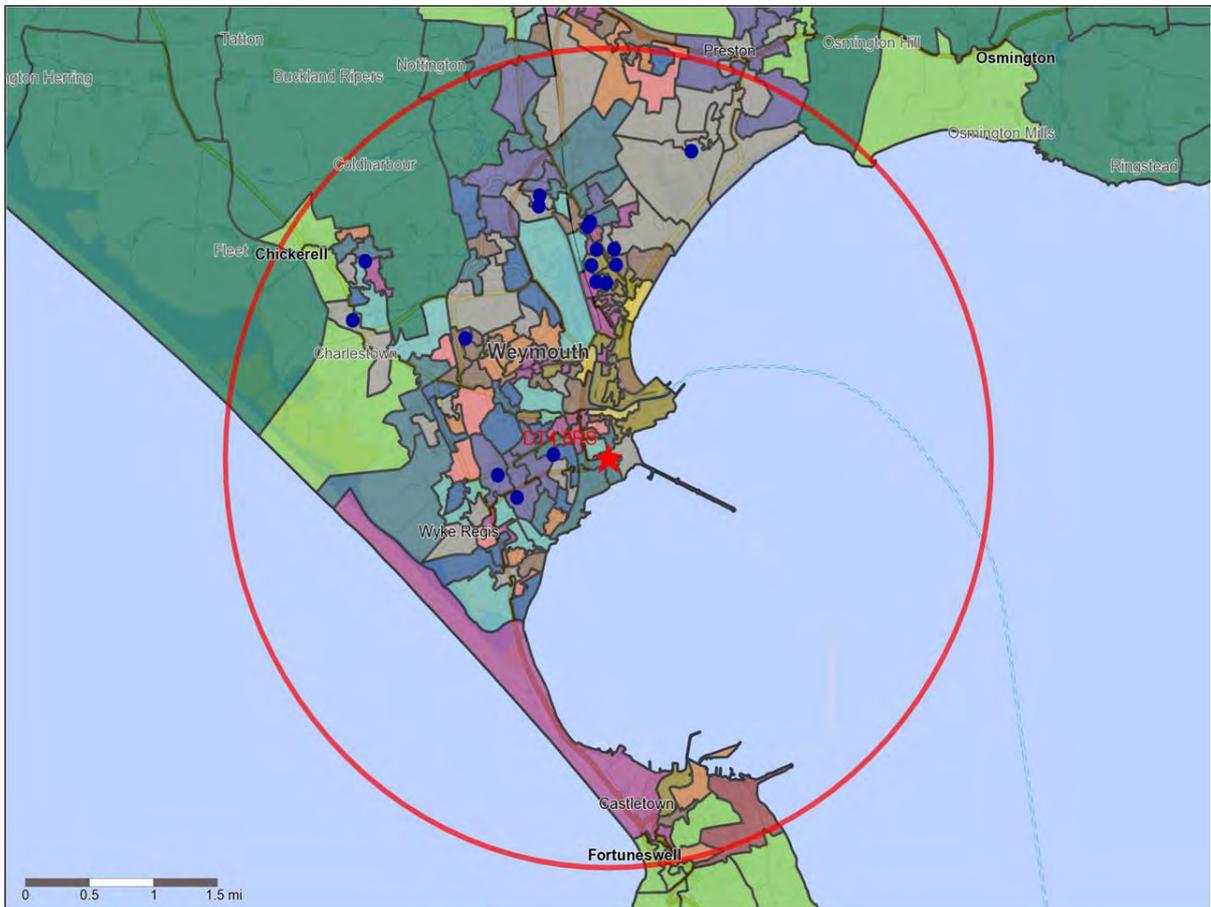
We also note that there is a lower proportion of less wealthy residents than the national average, including ‘Family Basics’ 4.11% area (8.07% GB).

### THREE MILE RADIUS OF THE SITE

Mosaic Group Profile - Order of Affluence			Pop in Area	%	Pop in Base	%	Index
B	Prestige Positions	2,932	5.55	4,536,316	7.16	78	
A	City Prosperity	0	0.00	2,575,722	4.07	0	
C	Country Living	222	0.42	3,956,289	6.24	7	
G	Domestic Success	4,712	8.93	5,457,986	8.62	104	
E	Senior Security	8,126	15.39	4,851,755	7.66	201	
F	Suburban Stability	5,132	9.72	3,719,115	5.87	166	
N	Urban Cohesion	678	1.28	3,586,212	5.66	23	
D	Rural Reality	1,874	3.55	4,022,380	6.35	56	
H	Aspiring Homemakers	5,265	9.97	5,900,544	9.31	107	
M	Modest Traditions	2,763	5.23	3,021,470	4.77	110	
O	Rental Hubs	4,733	8.97	4,590,495	7.25	124	
L	Vintage Value	5,606	10.62	3,710,006	5.86	181	
K	Municipal Challenge	614	1.16	3,896,312	6.15	19	
J	Transient Renters	5,268	9.98	3,642,883	5.75	174	
I	Family Basics	4,222	8.00	5,110,633	8.07	99	
U	Unclassified	641	1.21	776,044	1.22	99	
<b>Total</b>		<b>52,788</b>	<b>100</b>	<b>63,354,162</b>	<b>100</b>		

Source: Experian 2017

**Dominant Mosaic Group at Output Area**



Source: Experian 2017

Within a three-mile radius of the site, there would appear to be a slightly lower proportion of more wealthy residents, although a higher proportion of ‘Senior Security’ 15.39% area (7.66% GB). Conversely, we note that there is a higher proportion of less wealthy residents including ‘Family Basics’ 8.0% area 8.07% GB.

We consider that there is significant wealth within the catchment area. The wealth profile based on a three-mile search distance indicates a slightly lower level of wealth than the 45-minute drive time, but this also identifies potential staffing for the development.

It is unusual for a care village to be built fronting the sea and it is likely that this will provide a significant selling point which is likely to enable the proposed development to attract residents from an even wider catchment area than we have reviewed.

In summary the demographics indicate that there is a high proportion of elderly residents and a strong wealth profile. This should help attract purchasers of the supported living flats and self-funding residents to the proposed care beds.

# SITE



The boundaries of the property are shown outlined in red on the plan. Their position is marked in accordance with our understanding and is based on our discussion with your Borrower at the time of our inspection.

The site is irregular and extends to 4.8 hectares (11.86 acres). The site currently has a range of industrial research and office buildings arranged on it and previously used in connection with its former use as a naval establishment involved in research and development.



**Site**



**Site**



**Site**



**Site**

## ENVIRONMENTAL MATTERS

### LAND

The Environment Act 1995 contains provisions requiring local authorities to identify contaminated land, together with the power to serve 'remediation notices' specifying remedial action to be carried out. Such notices are to be served on the party that caused or knowingly permitted the contamination, but if this party cannot be traced, they may otherwise be served on the current owner or occupier of the land. Whilst the proposals took effect from 1st April 2000, it would appear that, at the current time, local authorities primarily concentrate on sites where contamination is on-going.

We have not been asked to investigate whether there is any actual or potential contamination on the property and so far as we are aware such an investigation has not been undertaken.

The site was previously an industrial location.

Our inspection of the property, discussions with your Customer and a consideration of the Ordnance Survey sheet for the area did not reveal any contamination affecting the property or neighbouring properties which would affect our valuation. We have assumed for the purpose of this report that there are no environmental issues that are likely to have an adverse impact on value and are not aware of any reason why the Lender needs to undertake further investigation. We reserve the right to amend our opinions of value in the event that significant environmental issues or remedial expenditure is identified.

We recommend that if any audits or investigation reports become available then copies should be passed to us in order for us to ascertain whether their findings have an impact on value.

We have valued on the assumption that the site has been cleared and is free from contamination.

### FLOODING

We were unable to find the sites address on the Environment Agency website.

We were however able to find an entry for Atlas Elektronik UK Ltd, post code DT4 8UR, which is situated on part of the promenade the at the front of the site. This indicates that the area is considered to be in an area at very low risk of flooding.

The site is next to the sea and we understand and assumed that suitable flood defences will be provided

However, we are unable to warrant to this effect and in the unlikely event of a major flood we consider that this would be likely to affect the property's lettable and saleability in the short/medium term.

## **INVASIVE PLANTS**

We have not been made aware of the presence of any invasive plants that might pose a threat to the subject property or to human health (such as Japanese Knotweed or Giant Hogweed) and based upon our inspection of the property we did not note any such plants to be present on the subject site or nearby. Nevertheless, we should stress that we are not experts in such matters and can provide no warranties to this effect. In the event that such plants are subsequently identified as having an adverse impact upon the property's value, then we reserve the right to amend our valuation(s) accordingly.

## **ASBESTOS**

We believe an asbestos survey has not been undertaken and whilst we did not see any obvious signs of asbestos, we recommend an asbestos survey be undertaken in accordance with the statutory requirements introduced in 2004 which requires all businesses to carry out an asbestos assessment of their properties.

For the purpose of our valuation we have assumed that the site is free from contamination.

## **ENERGY PERFORMANCE CERTIFICATES**

The need for Energy Performance Certificates (EPC) and Display Energy Certificates (DEC) was introduced with the EU requirements imposed by the Energy Performance of Buildings Directive (2002/91/EC).

As a result, from 1 October 2008, it has become a legal requirement to provide a Commercial Energy Performance Certificate (EPC) on the construction of a new commercial building or for any commercial property in which a new legal estate is being created, that is a sale, letting or assignment.

At present in assessing our valuation we have assumed that if an Energy Performance Certificate ('EPC') were available that it would not result in a significant impact upon our opinion of value. In the event that this assumption is subsequently proven inaccurate then our valuation may need to be revised.

## **BUILDINGS**

All of the buildings currently on the site are to be demolished prior to the construction of the care village and our valuation of the site makes the assumption that it is a cleared site free of all contamination issues and available for development.



**Site**



**Site**



**Site**



**Site**



**Site**



**Site**



**Site**



**Site**

## GENERAL CONDITION

The site is Brownfield with a number of redundant commercial buildings. We have valued on the basis that the site has been cleared and is free from contamination.

## PROPOSED DEVELOPMENT

The site is to be developed as a care village and we have prepared this valuation on the basis of the planning permission Reference WP/15/00833/FUL dated 1 August 2016 from Weymouth and Portland Borough Council.

The planning application is for the “Erection of Care Village comprising 195 Supported Living Units, a 60 bed care home, 34 respite hotel suites, medical support facilities, common rooms, leisure facilities and offices, a commercial restaurant, museum, cafe and new promenade together with improved coastal defence measures, gardens and underground parking.”



**Architects Impression of the Proposed Development From Northe Fort**



**View of the Site from Northe Fort**

A brief description of the accommodation to be provided is set out below:

## Ground Floor

### Village Amenities

Reception and administrative offices, coffee shop and self-service restaurant, kitchens and stores.

Shop, Health and Beauty salon, chemist, dental unit, medical consulting room, library, meeting room and lounge.

Gymnasium, swimming pool with changing room facilities, winter garden.

**Ground Floor residential apartments.** 26 apartments (7 x 1 bed and 19 x 2 bed)

**First Floor residential apartments.** 42 apartments (6 x 1 bed and 36 x 2 bed), 10 respite suites and 15 care beds with ancillary accommodation.

**Second Floor residential apartments.** 39 apartments (5 x 1 bed and 34 x 2 bed), 12 respite suites and 15 care beds with ancillary accommodation.

**Third Floor residential apartments.** 39 apartments (5 x 1 bed and 34 x 2 bed), 12 respite suites and 15 care beds with ancillary accommodation.

**Fourth Floor residential apartments.** 34 apartments (4 x 1 bed and 30 x 2 bed), and 15 care beds with ancillary accommodation

**Fifth Floor residential apartments.** 12 apartments (6 x 1 bed and 6 x 2 bed)

**Sixth Floor residential apartments.** 3 x 2 bed apartments

**Car Parking.** The plans indicate basement parking provision for 151 cars and surface parking within the site for a further 41 cars.

In addition, the plans indicate a café and museum towards the front entrance of the site.

All apartments, except 14 which have courtyard views, have been designed to benefit from sea views either over Northe Fort or over Chesil beach and Weymouth harbour.

The floor plans produced by your Customer's architects show the layout and configuration of the residential, respite suits and care beds together with the communal amenities. A schedule of the supported living accommodation is included in **Appendix 5** and floor plans are included in **Appendix 6**.

We have also been advised that the restaurant café will provide 6,673 sq.ft, the retail shops will comprise 4,469 sq.ft, the offices 980 sq.ft and the leisure/gym/beauty 3,445 sq.ft. We have assessed the site on this basis.

We have been advised by your Customer that the majority of flats, around 90%, have been designed so as to benefit from sea views. This will provide significant amenity for residents and help to secure higher prices.

We note that the ground floor level is where the majority of communal accommodation will be situated with lift access to all floors.

The development is currently designed in such a way that the east wing will provide the 34 respite hotel suites (sunrise suites) and a 60 bed care home. We note that the respite hotel suites will be situated on first, second and third floors, with a total of 10, 12 and 12 beds respectively. We also note that the care home will share the same floors and will be situated on the first, second, third and fourth floors with a total of 15 beds on each floor. We were advised by an e-mail on the 28 April 2017 that the average size of the standard care home bedrooms will be 21.6 sq.m including the en suite wet room and that the size of the sunrise suites will be 39.9 sq.m including en suite wet room. In our experience the standard size of bedroom, at over 21sq m, is at the larger end for most care homes and the sunrise suites are considerably larger. We also note that the sunrise suites will benefit from sea views. These factors will help the care home achieve a strong average fee.

As confirmed by your customer, we have assumed that the standard elderly care beds and the sunrise suites will be run as one care home.

## PROPOSED CARE HOME ACCOMMODATION

A summary of the proposed care home accommodation is as follows:

Floors	Single Care Beds	En suite WC & Shower/Bath	% Beds in Singles
First	15	15	100%
Second	15	15	100%
Third	15	15	100%
Fourth	15	15	100%
<b>Total Beds</b>	<b>60</b>	<b>60</b>	100%

A summary of the proposed respite hotel suites (sunrise suites) is as follows:

Floors	Single Care Beds	En suite WC & Shower/Bath	% Beds in Singles
First	10	10	100%
Second	12	12	100%
Third	12	12	100%
<b>Total Beds</b>	<b>34</b>	<b>34</b>	100%

The floor plans indicate that the proposed care bed accommodation is anticipated to have the following communal, bathing and ancillary facilities:

Floor	Communal Rooms	Bath/Shower Rooms	Ancillary Rooms
Level 1	Lounge/Dining Room	Sluice	Nurse Station, Office, Staff Room and Stores
Level 2	Lounge/Dining Room	Sluice	Nurse Station, Office and Stores
Level 3	Lounge/Dining Room	Sluice	Nurse Station, Office and Stores
Level 4	Lounge/Dining Room	Sluice	Nurse Station, Office and Stores

The above accommodation does not currently include a number of facilities that we would normally expect to see, such as assisted bathrooms. Consideration should also be given to providing additional day rooms. We understand that a number of rooms have not yet been allocated and we have assumed that the final accommodation will address these points and be configured so that it compares favourably with other care homes focused on the private pay market.

## ROOM MEASUREMENTS

The Care Quality Commission (CQC) regulations require that all registered care homes should be of a suitable design and layout and the 'Essential Standards of Quality and Safety' sets out that bedrooms and communal rooms in registered care homes should meet the following requirements with regard to room measurements:

*'Bedrooms should be of a size and shape that supports the resident's lifestyle, care, treatment and support needs and enables access for care, treatment and support and equipment.'*

*For new build care homes and other care homes seeking to register for the first time, [bedrooms] are no smaller than 12 square metres. For existing care homes, [bedrooms] are no smaller than they were as at 31 March 2010. Communal rooms are of sufficient size, and provide opportunities to comfortably participate in social, therapeutic, cultural, daily living or educational activities, either individually or with others.'*

We comment that the means of care home room measurement has not been specified by the CQC or the Care Standards Act and as a result there may be ambiguity in the interpretation of some room measurements. Consequently, the effectiveness in providing floor measurement data which can be meaningfully used for valuation purposes is limited.

## **EQUIPMENT AND FURNISHINGS**

We have not been provided with, nor have we compiled, an inventory as part our instruction. We would emphasise that we have prepared our valuations on the basis that the property is a fully equipped operational entity. If the inventory were to be removed, our opinions of Market Value would be significantly reduced.

We have assumed that all of the service user bedrooms will be equipped with the normally expected high quality range of furnishings, fixtures and fittings. We have assumed that there will be high quality bedroom furnishings, including a divan or hospital type bed, a built-in/free standing wardrobe and an armchair, in addition to an en suite wet room which will comprise a shower, WC and wash hand basin. It is also assumed that the rooms will be equipped with call bells and ceiling mounted smoke detectors.

We have assumed that the furnishings within the home will be of a good standard and adequate for the number of service users in the lounges and dining rooms.

We have assumed that all of the bathrooms and WCs will be assisted and suitable for disabled access.

It is assumed that the kitchen and laundry will be equipped to a commercial standard.

For the purposes of our projected trade assessments and valuations we have assumed that there are no items of equipment or furnishings on lease, hire purchase or rental agreements.

We assume that equipment and fixtures and fittings will meet the necessary legislation and have valued on this basis. Unless otherwise specifically mentioned the valuation excludes any value attributable to plant and machinery.

## SERVICES

We assume that mains water, gas, electricity and drainage are available and that connections to a suitable specification can be achieved, without incurring onerous costs. This has been assumed for valuation purposes.

We assume that the appropriate number of passenger lifts will be installed in the proposed care home and flats.

We have assumed that the fire precaution and detection system meets with the current requirements of the local Fire & Rescue Service.

For the purposes of our trade assessments and valuations we have assumed that there are no items of equipment or furnishings on lease, hire purchase or rental agreements.

No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributable to plant and machinery.

## STATUTORY MATTERS

### PLANNING

We have made telephone enquiries of the planning department of Weymouth and Portland Borough Council and are informed that they were unable to answer all of our verbal enquires. We have therefore assumed that the property is not physically affected by any proposals for compulsory purchase, re-development or road improvements. We have however been advised that there are Listed buildings on the site and that it is within the Weymouth Town Centre Conservation Area.

Reference Number	Description	Decision / Date
WP/15/00833/FUL	For the erection of a care village comprising 195 supported living units, a 60 bed care home, 34 respite hotel suites, medical support facilities, common rooms, leisure facilities and offices, a commercial restaurant, museum, café and new promenade together with improved coastal defence measures, gardens and underground parking	1 August 2016 - Granted

The planning consent states that the apartments shall be occupied only by persons of 55 years or over who are in need of care and support and by any wife, husband or partner or such a person or any other such person (such as those requiring dementia care), as may be agreed in writing by the Local Planning Authority.

We have assumed that the proposed use of the property is its permitted or lawful use. We have only made informal enquiries and have not consulted the Statutory Register or undertaken a Local Land Charges Search. We have assumed that there are no onerous proposals affecting the property and that all appropriate building regulations and planning conditions have been observed and that the property and its value is unaffected by any matters which would be revealed by a Local Search and replies to the usual enquiries.

Your legal advisers should verify this information and we ask that we be informed immediately if our assumptions are incorrect in which case we reserve the right to amend our opinion of value.

#### **DISABILITY ISSUES AND EQUALITY ISSUES**

Under the Disability Discrimination Act 1995, it is necessary for all providers of services to the general public to ensure that disabled customers are treated in the same way as other customers.

Since 1 October 2004 all service providers must have taken reasonable measures to enable this.

We assume all necessary provisions will be incorporated into the design and construction of the proposed care village

#### **ENVIRONMENTAL HEALTH**

We value on the understanding that the property complies with the requirements of the Environmental Health Department and that there are no outstanding Improvement Notices issued under the Food Safety Act 1990, the Health and Safety at Work Act 1974 or similar controlling legislation.

## LOCAL TAXATION

Retirement units: For the purpose of our assessment we have assumed that the properties will be assessed for Council Tax which will be paid by the tenants.

Care beds: On completion of the care home, we assume that the property will be assessed for Council Tax purposes by the Valuation Office Agency and that it will receive the normal discount to reflect its proposed use as a Care Home for older people.

## ADEQUACY OF ACCOMMODATION

We have valued on the basis that the proposed care home and flats will exceed the Essential Standards and will compare very favourably with the competing developments.

## TENURE

The property is freehold. We are not aware of any onerous or unusual restrictions.

We understand that the apartments will be sold to the individual residents on a long lease, which will contain the rights and responsibilities between the Care Village operator and the lessee. We have not been provided with a copy of the leasehold agreements.

We have not been provided with a copy of a Report on Title in respect of the property and we have therefore assumed that there are no unusual or onerous restrictions other than as set out in this report. Your legal advisers should confirm this and we reserve the right to amend our opinions in the event that significant issues are subsequently identified.

Our valuations are provided upon the assumption that the property benefits from unrestricted freehold title. We are not aware of any onerous or unusual restrictions.

## TENANCIES

We are not aware of any tenancies.

## DEVELOPMENT POTENTIAL

We assume that the proposed development as set out in planning permission reference WP/15/00833/FUL dated 1 August 2016 provides the greatest potential for the site and once this has been built the site will be 100% developed.

## REGISTRATION

We have been provided with information relating to the proposed registration which will allow for up to 94 (60 standard care bed units and 34 respite hotel suites (Sunrise Suites)) in the categories of Old Age and Dementia, for those who require both nursing care and personal care only.

Our valuations assume that the nursing home will be completed to a high standard in accordance with, or exceeding the current Essential Standards for care homes for older people and that registration will be granted by the Care Quality Commission (CQC) as described above, without onerous conditions.

We recommend that a home's compliance is monitored throughout the term of any loan by the lender and that the operator flags any non-compliance issues to them at the earliest opportunity.

# BUSINESS

## OVERVIEW

The property will form a significant development to the southern edge of Weymouth in a coastal location with views of Portland Harbour, Portland Bill and the English Channel.

Planning consent was granted on 1 August 2016 for a retirement village by Weymouth and Portland Borough Council subject to a s106 Agreement.

Your Customer intends to develop the site in accordance with the planning consent as “195 Supported Living Units, a 60 bed care home, 34 respite hotel suites, medical support facilities, common rooms, leisure facilities and offices, a commercial restaurant, museum, cafe and new promenade together with improved coastal defence measures, gardens and underground parking”.

We understand that your Customer will seek to identify a care village operator to assume the ongoing operation and management of the village and it is recognised that different operators may seek to adapt the detailed configuration and layout to suit their chosen operational style. Any alterations are not considered to affect the assessment of the valuation of the site and our appraisal and analysis is based on the plans as approved which we consider achieves the maximum area opportunity for the development.

The property is situated in an expanding and affluent location and offers sea views which is very unusual for a care village and a major selling point. We are of the opinion that completed development should be capable of targeting the self-funded segment of the elderly long term care market. The care suites and the apartments are likely to appeal to the older sector of the existing catchment area and, in view of the quantity of high value residential housing in the area, may well attract purchasers from further away seeking to locate, in retirement, in a coastal retirement locality.

## COMPETITION

### RETIREMENT HOUSING

We have set out below a selection of retirement housing developments in the area.

Development	Built	Approximate Distance from the Site (KM)	Number of Units	Type
Harbour Lights Court, North Quay, Weymouth, DT4 8TB	2015	0.6	43	One and Two Bed

Development	Built	Approximate Distance from the Site (KM)	Number of Units	Type
The Anchorage, Great George Street, Weymouth, Dorset, DT4 7AR		1.1	33	One Bed
Swannery Court, Commercial Road, Weymouth, Dorset, DT4 7AR	2000	1.1	69	One and Two Bed
Nightingale Court, Victoria Street, Weymouth, Dorset, DT4 7HA	1986	1.4	42	
Hardy's Court, 191 Dorchester Road, Weymouth, DT4 7NL	2007	1.7	38	One and Two Bed
Ryan Court, Grosvenor Road, Weymouth, Dorset, DT4 7QI	1988	2.3	18	One and Two Bed
Fleur-de-Lis, Middlemarch Street, Poundbury, Dorchester, DT1 3GX	1998	12	24	One and Two Bed
Somerleigh Court, Somerleigh Road Dorchester, DT1 1AQ	2007	12.1	68	One and Two Bed
Southfield House, Prince of Wales Street, Dorchester, Dorset, DT1 1PS	1989	12.2	63	One and Two Bed
Homechester House, High West Street, Dorchester, DT1 1UQ	1984	12.5	51	One bedroom
Shore House, Shore Road, Swanage	2016		22	One, two and three bedroom flats.

## EXTRA CARE

We have set out below a selection of extra care developments in the area:

Managing Agent	Development	Built	Approximate Distance from the Site (KM)	No. of Units	Type	Facilities	Comments
Life Care Residences	Somerleigh Court, Somerleigh Road Dorchester, DT1 1AQ	2007	12.1	68	One and two bedrooms' flats	lift, lounge, dining room, guest facilities, garden, hobby room, activities room, library	From 65 years
McCarthy Stone	Bowes Lyon Court, 2 Bowes Lyon Place, Poundbery, Dorchester, DT1 3SU	2016	12.5	62	One and two bedroom flats.	lift, lounge, dining room, laundry, guest facilities, garden	From 70 years old
McCarthy Stone	Horizons, 87 Churchfield Road, Poole, BH15 2FR	2017	36.5	87	One and two bedroom flats.	lift, lounge, dining room, laundry, guest facilities, restaurant, wellness suite and garden	
Methodist Homes	Maidment Court, 47rkstonRoad Poole BH1'5 2NX	2016	36.9	87			
	Lyme Bay Court, Lyme Regis Nursing Home, Pound Road, Lyme Regis, DT7 3HX	1998	37.1	6		Close care scheme. Lounge, dining room, laundry and garden.	
Retirement Security	Melton Court, 37 Lindsay Road, Branksome, Poole, BH13 6BH	1997	40.4	90	One and two bedroom flats	Restaurant, hobby room, guest facilities, laundry lounge.	

Managing Agent	Development	Built	Approximate Distance from the Site (KM)	No. of Units	Type	Facilities	Comments
	Brompton Court, St Stephen Road, Central Gardens, Bournemouth, BH2 6JS	2000	42.5	66	Bungalows one and two bed.	Lounge, dining room, restaurant, laundry and guest facilities	
	Magnolia Rise Independent Living, Magnolia House, Lyme Road, Axminster, Devon, EX13 5BH		42.6	10	One bedroom flats		
McCarthy & Stone	Cherret Court, 557-565 Road, Ferndown, BH22 9FE	2010	45.6	46	One and two bedroom flats	Lounge, dining room and guest facilities.	
Renaissance Villages	Millbrook Village, Millbrook House, Turnstone Road, Exeter, EX2 6FJ	2014		206	One, two and three bedroom cottages	Lounge, dining room, guest facilities, activities room, bar/pub and library.	
Retirement Villages	Avonpark, Deanery Walk, Limpley, Stoke, Bath, BA2 7JQ	1994		99	Flats and cottages. Studios, one bedroom, two bedrooms and three bedroom units.	Lounge, dining room, restaurant, laundry, guest facilities, conservatory and activities room	

## CARE HOMES

We have set out below the care homes identified in our review, within our search area.

### 45 MINUTE DRIVE TIME OF THE SITE ALSO SHOWING THE THREE MILE RADIUS

Name of Home	Type of Home	Total Beds	Single Rooms	En-suite Rooms	Operator	Distance from Subject (Miles)
Grace well of Weymouth	N	70	70	70	Grace well Healthcare Ltd	0.43
Leg House	LA PC	17	17		Abbeyfield Society	0.77
Chestnuts	PC	13	13	13		0.87
Weymouth Care Home	N	35	31	33	Altogether Care LLP	1.28
Friary House	PC	16	12	14	Friary Care Ltd	1.29
Kingsley Court	PC	17	15	16	Friary Care Ltd	1.42
Foresters	LA PC	15	11	9	Encompass (Dorset)	1.42
Buxton House	LA PC	64	64	64	Care South	1.42
The Lawns	PC	41	33		TRICOR Ltd	1.53
Dinmore Lodge Ltd	PC	25	25	25		1.53
Trafalgar Care Home	PC	29	23	8	Agincourt Homes Holdings Ltd	1.70
Golfcrest Residential Home	PC	26	24	25	Cardigan Care Ltd	1.70
Primrose Lodge Weymouth	PC	37	37	37	Primula Care Ltd	1.73
Agincourt	PC	31	29	17	Agincourt Homes Holdings Ltd	1.73
Rodlands	PC	21	15	14		1.92
Crecy Care Home	PC	40	40	24	Agincare Homes Holdings Ltd	2.00
Queen Charlotte Care Home	N	48	48	48	Kingsley Healthcare	2.24
Bosworth	PC	19	15	15		2.34
Fairfield House	N	16	16			2.39
Ingleside	PC	17	13	15		3.77
Park House	PC	20	20	19		6.86
Maumbury Care and Nursing Home	N	37	37	21	Agincare Homes Holdings Ltd	7.27
Badbury Care Home	PC	33	23	13	Agincare Homes Holdings Ltd	7.27
Signature House	LA N	48	48	48	Somerset Redstone Trust	7.51
Grassington House	PC	11	11	6		7.53
Montrose Care Home	PC	22	22	14	Maricare Ltd	7.57
Belle Rose	N	10	10	2		7.57
Encombe Respite Service	LA PC	8	8	8	Encompass (Dorset)	7.57

Name of Home	Type of Home	Total Beds	Single Rooms	En-suite Rooms	Operator	Distance from Subject (Miles)
Maiden Castle House	LA PC	66	66	66	Care South	7.64
Castle View	N	57	57	57	Colten Care Ltd	7.66
Glencairn Care Home	PC	23	23	23		7.70
Somerleigh Court Nursing Home	PC	40	40	40	LifeCare Residences Ltd	7.71
Culliford House	PC	25	19	22		7.76
Whitway House	N	39	29	17	Farrington Care Homes Ltd	7.89
Steepleton Manor Care Home	N	30	24	27	Altogether Care LLP	7.89
Wolfeton Manor	PC	31	25	28		9.00
Chestnut House Nursing Home	N	85	85	85	LRH - Homes	10.39
Grove Lodge	PC	22	16	13	Bindon Care	11.71
Casterbridge Manor	N	64	58			14.69
The Hyde Care Home	PC	24	24	21	Bupa Care Homes	15.16
Harbour House	LA PC	33	29	31		15.39
The Homestead	PC	13	11	5		15.52
Sidney Gale House	PC	44	44		Tricuro Ltd	15.69
St James' Park Care Home	N	31	31	31	Bupa Care Homes	15.84
Greenhills	LA PC	9	9	2	Encompass (Dorset)	15.89
193 St Andrew's Road	LA PC	8	8	0	Encompass (Dorset)	15.91
Coneygar Lodge	PC	22	22	22		16.02
Anglebury Court	PC	32	24	24	Tricuro Ltd	16.24
Drayton House	PC	19	13	7		16.48
The Old Vicarage Care Home	PC	41	41	38		19.30
Castle Farm Care Home	PC	20	14	14	Royal Bay Care Homes Ltd	20.11
Waypoints (Upton)	N	65	63	64	Waypoints Care Group Ltd	20.83
Spetisbury Manor	PC	25	17	20		20.95
Forest Hill House Nursing Home	N	36	18	20	Royal Bay Care Homes Ltd	21.18
Whitecliffe House	N	31	25	28	Colten Care Ltd	21.79
Blandford Grange Care Home	N	63	63	63	Healthcare Homes Group Ltd	21.92
Larks Leas Residential Care Home	PC	24	20	20	Royal Bay Care Homes Ltd	21.92
Shottsford House	N	10	10		Partnerships in Care Ltd	22.06
Castleman House	PC	48	48		Tricuro Ltd	22.10
Beechwood House	PC	28	26	27		24.20
Acacia Nursing Home	N	39	39	39	Camelot Care Group	24.34
Streets Meadow	PC	60	60	60	Tricuro Ltd	24.75
Cool Runnings	PC	12	12	5		25.05

Name of Home	Type of Home	Total Beds	Single Rooms	En-suite Rooms	Operator	Distance from Subject (Miles)
Ivelhurst Nursing Home Ltd	N	51	47	36		25.08
The Knoll Care Home	N	34	34	19		25.09
Latimer Lodge at Yeovil Care Community	PC	15	11	13		25.15

Source: A-Z Care Homes, 2017

The largest care homes within the three-mile search area include Gracewell of Weymouth, which provides 70 bedrooms, is within half a mile of the site and built in 2013; Buxton House, providing 64 beds, run by Care South, first registered in 2005; Crecy Care Home, providing 40 beds run by Agincare Homes Holdings Limited and Queen Charlotte Care Home, providing 48 beds, run by Kingsley Healthcare.

We have also considered the existing supply of care beds in the area compared with the number of elderly people and set out our analysis below:

## 45 MINUTE DRIVE TIME OF THE SITE

### Supply of Elderly Care Homes in Catchment

	Publicly Funded*	Independent Provision	Total
Number of Elderly Care Homes	9	58	<b>67</b>
Total Elderly Care Beds	267	1,895	<b>2,162</b>

\* Publicly Funded = Local Authority/Voluntary/NHS owned

Size of Home	Homes	Beds	Avg. Beds per Home	% Single Beds	% Rooms Ensuite
0-19 Beds	18	240	13	97	68
20-39 Beds	30	855	29	85	81
40-59 Beds	10	464	46	98	91
60-79 Beds	8	518	65	98	100
80 or More Beds	1	85	85	100	100
<b>Total</b>	<b>67</b>	<b>2,162</b>	<b>32</b>	<b>93</b>	<b>88</b>

Note: Single & En-suite facilities data is not available for all homes

### Elderly People Estimated to Require Care in Catchment

Year	Expected Beds *	Beds **	Difference	Index	Bedrooms Single Occupancy **	Difference
<b>2016</b>	2,115	2,162	<b>47</b>		2,086	<b>-30</b>
<b>2021</b>	2,530	2,162	<b>-368</b>		2,086	<b>-445</b>
<b>2026</b>	2,994	2,162	<b>-832</b>		2,086	<b>-908</b>

Source: A-Z Care Homes Data

\* People expected to require a care bed

We note that within a 45-minute drive time there are a total of 67 elderly care homes providing a total of 2,162 beds, of which 21 care homes (911 beds) are noted as providing nursing care. Based on single occupancy, our records indicate that there is currently an undersupply of 30 beds. The undersupply is projected to increase to 445 beds by 2021 if no new care home beds are built. The average size of care home is noted as being 32 beds, with 93% singles and 88% en suites.

Within the smaller three-mile radius of the site, we note that there are 19 care homes providing a total of 580 beds, of which 169 care beds (four care homes) are classed as providing nursing care. Our records indicate that based on single occupancy there is currently an oversupply of 80 care beds. This is projected to become a small undersupply 2021 if no new care beds are built. The average size of a care home is 31 beds, with 93% singles and 88% en suites.

With regards to the competing care homes within the three-mile radius of the site. The majority of care homes, 14, provide between 0-39 registered beds, a total of 317 beds. We also note that these homes have approximately 89% of beds in single bedrooms. We are of the opinion that many of the care homes within this catchment area will not directly compete with the proposed care beds, both in terms of location and quality of accommodation.

In conclusion, due to the quality of some of the competing care homes and the growing elderly population, we are of the opinion that there will be demand for better quality care homes in the area, if a high level of care and service are provided.

## POTENTIAL FUTURE COMPETITION

We are aware of development proposals for care homes within a 45 minute drive time radius of the site. Our information is provided by the ABI Barbour database and we have highlighted the following planning applications in the table below.

### 45 MINUTE DRIVE TIME OF THE SITE

Address	Type	Scheme Details	Client	Distance from Subject (Miles)
Badbury Care Home 8 & 10 Weymouth Avenue Dorchester Dorset	Rest/Elderly Persons Homes	Single storey extension to provide linked office kitchen and laundry with alterations. 42 sq.m	Agincare Group	7.27
Somerleigh Court Somerleigh Road Dorchester Dorset	Rest/Elderly Persons Homes	Extension to the existing retirement village to provide 7 new room 4 of which are ensuite and 1 additional nursing room. 148.5 sq.m	Bentleigh Care Limited	7.71
The Great Field Peverell Avenue East Poundbury Dorchester Dorset	Rest/Elderly Persons Homes Retirement Housing	63-bedroom extra care residential home with associated offices kitchen staff facilities toilets communal space laundry room parking and landscaping works.	1st Scaffolding UK Limited	7.76
The Manor Winterbourne Steepleton Dorchester Dorset	Rest/Elderly Persons Homes	Extension to existing care home to provide 16 additional bedrooms with ancillary facilities. 2 655 sq.m	Altogether Care	7.89
Steepleton Manor Residential Home Winterbourne Steepleton Dorchester Dorset	Rest/Elderly Persons Homes	Alterations and renovations to the Grade II Listed building to provide a care home social spaces dining rooms and kitchens assisted bathrooms and medical rooms and staff areas. There is also a functional split between independent living and more intensive care.	A & Q Partnership	7.89

Address	Type	Scheme Details	Client	Distance from Subject (Miles)
Coneygar Park Bridport Dorset	Rest/Elderly Persons Homes	Care unit and refurbishment works to existing building to provide 12 bed spaces with laundry area staff room/visitors area reception kitchen dining room lounge shower and toilets with associated works. 470 sq.m	Coneygar Lodge Limited	16.02
3 St Martins Lane Wareham Dorset	Retirement Housing	Construction of 6 two-bedroom retirement apartments with associated works.	Purbeck Home Improvements and Developers Ltd	16.24
Cottee and Son East Street Wareham Dorset	Retirement Housing	Construction of 21 two bedroom sheltered houses and 6 affordable two bedroom apartments following the demolition of the existing building. Works will also include communal facilities vehicular access car parking and landscaping.	Renaissance Retirement Limited	16.31
Vearse Farm Bridport Dorset		760 houses 60-bedroom care home primary school offices retail unit's restaurants bars warehouses and storage units with associated infrastructure works	Hallam Land Management	16.74
St Martins First School Sandford Road Sandford Wareham Dorset	Rest/Elderly Persons Homes	64 bed care home with associated passenger lift landscaping car parking and access. 3 369 sq.m	Highwood Group	17.32
Hendford House 166 Hendford Hill Yeovil Somerset	Rest/Elderly Persons Homes	New dementia care unit and alterations to Hendford House to provide ancillary accommodation to the nursing home. 2 400 sq.m	PW Lewis	24.34

Address	Type	Scheme Details	Client	Distance from Subject (Miles)
Walford Bridge Garage Wimborne Road Wimborne Dorset	Retirement Housing	17 one bedroom and 12 two bedroom sheltered flats with associated access parking and landscaping following demolition of existing buildings.	Hackwood Homes Limited	24.79
Ivelhurst Care Home 27 Preston Road Yeovil Somerset	Rest/Elderly Persons Homes	Extension to provide 15 additional bedrooms with associated works. 645 sq.m	Ivelhurst Nursing Home	25.08
The Knoll Nursing Home 33 Preston Road Yeovil Somerset	Rest/Elderly Persons Homes	Extension to provide 8 new bedrooms and alterations with upgraded access. 222 sq.m	The Knoll Nursing Home	25.09
Tyndale Nursing Home 36 Preston Road Yeovil Somerset	Rest/Elderly Persons Homes	Demolition and replacement of extension with minor alterations to provide 10 extra rooms and landscaping works. 1 440 sq.m	The Care Home Group	25.15

## ASSESSMENT OF THE GROSS DEVELOPMENT VALUE

### THE LOCAL MARKET – RESIDENTIAL

Prices paid by the retirement population are reliant upon prevailing house prices, partly because private homes are sold in order to finance the acquisition of a retirement property. We have therefore considered the local residential market as well as the retirement housing market in assessing the site.

We note from our demographic review that based on the 45-minute drive time of the site there is a much higher proportion of properties owned outright than the national average 39.5% area (30.6% GB) which is mirrored within the three-mile search area, with 36.2% of residents owning properties outright.

We also note that within the 45-minute search time our records indicate that average house prices are higher than the national average, with detached properties indicating a value of £434,300 (£416,561 - national average). However, the value of flats is lower than the national average being £190,452 (£230,205 - national average). Interestingly, we note that the area has a higher proportion of properties ranging between £400,001-£500,000 than the national average, 8.8% area (5.3% GB) although there is a low proportion of properties priced over £500,000 6.9% area (7.7% GB).

## RESIDENTIAL MARKET OVERVIEW

The UK market throughout 2016 continued to moderate after a buoyant 12 months to summer 2016. The pre-election caution was replaced by the effects of Stamp Duty Land Tax (SDLT) on higher value properties and the post Brexit concerns. There is also the impact of the 3% additional Stamp Duty levy for second home owners and buy to let properties, effective April 2016. Generally, the prime central London market has been relatively weak and this seems now to have spread to out London Boroughs, with signs of values having declined in some sectors and buyers being more cautious.

We set out below more recent general trends and further specific comment on current market conditions, together with the forecasts of the main commentators.

### 2016

Nationwide reported average UK growth of 0.8% in December and 4.5% annually. They commented that *"The story of UK house price growth in 2016 was one of relative stability. Annual house price growth ended 2016 at 4.5%, the same as the rate recorded in 2015"*.

Lloyds Banking Group reported UK values up by an average of 2.5% in the three months to December 2016 and 6.5% annually. In terms of the trend in 2016, they commented that *"Despite the increases in November and December, the annual rate remains significantly below the 10.0% peak reached in March 2016"*.

In the PCL market, Knight Frank note a marked slowdown in the rate of annual growth over the previous 18 to 24 months. It is the result of a series of tax changes and a preceding period of exceptional growth. They reported the average performance for 2016 at a decline of 6.3%. The rate of decline also accelerated into the last quarter of 2016, with 4.1% of the total 6.3% average decline for 2016. The average decline also masked areas of larger decline, particularly the prime sectors, with the best performance from the lower value markets around Islington and City and Fringe. For example, they report annual "growth" at -7.9% in Knightsbridge; -13.5% in Hyde Park; -13.5% in Chelsea, and -9.7% in Notting Hill. Additionally, the higher value properties tended to underperform, with an average decline of 7.3% between £5m to £10m, against a decline of 3.3% up to £1 million.

### 2017 Market

Nationwide report values down by an average 0.4% in April following a fall of 0.3% in March. Annual growth is now at 2.6%, the lowest since June 2013. They note the squeeze on household budgets and affordability pressures, but still forecast average growth of 2% during 2017.

Lloyds Banking Group report values down by 0.1% in April and 0.2% over the quarter, the first quarterly decline since November 2012. The annual growth rate remained at 3.8%, the lowest rate since May 2013.

In PCL Knight Frank report prime central London (PCL) values down by an average 0.1% in April and down by around 6.5% annually. They indicate that average values are down by approximately 7.2% from their August 2015 peak, although this average masks significant sector and area variances. Whilst Knight Frank report increased viewings and applicants, which would suggest that sales will improve,

they consider that buyers remain price sensitive and therefore forecast that growth will be flat during 2017 as a whole.

According to the latest **Halifax Housing Market Confidence Tracker**, confidence in the UK housing market has stabilised following a record decline in 2016. The survey, which tracks House Price Optimism (HPO) – consumer sentiment on whether house prices will be higher or lower in a year's time – has shown a small improvement (+2 points) from a net +42 in October 2016 to +44. This improvement followed a record fall in October 2016 following the EU referendum result. Nearly six in 10 (58%) expect the average property price to rise in the next 12 months, compared to just above one in 10 (14%) who expect prices to fall. However, this compares to a record high of 72% who were anticipating price rises in May 2015.

The **March 2017 RICS UK Residential Market Survey** results continue to point to a relatively subdued picture for activity across the sector. Respondents expect only a modest improvement as the year wears on, with twelve months' sales projections being trimmed in the latest report.

The headline price growth indicator for the UK registered a balance of +22% and has now remained in a narrow range (between +22% and +24%) for four consecutive months. However, the disparity between price trends in Central London and the rest of the UK appears to have widened. By way of contrast, the indicator in Central London has progressively deteriorated. In fact, at -49%, the net balance reporting falling values, across the capital, was the weakest since 2009.

Expectations at the national level point to prices increasing further over the coming twelve months. Notwithstanding this, the slightly softer reading in March (net balance eased from +63% to +54%) is consistent with respondents anticipating a slightly slower rate of house price inflation than envisaged at the time of the last report. Despite the above -49% net balance in Central London during April, 14% more respondents from London do anticipate prices will be higher (rather than lower) in twelve months' time.

The **April 2017 KF/Markit "House Price Sentiment Index"** shows around 67.1% of owners expect the value of their property to rise over the next 12 months, with households in the South East and London two of the most positive. The average, however, is below the peak of 75.1% achieved in May 2014. The report states "*UK household sentiment was relatively unchanged in April compared with March, and it currently sits at a level which suggests steady, rather than spectacular growth.*"

It should be borne in mind, however, that the above forecasts are averages and the performance of individual properties may be significantly different to these average figures and there can be wide variances between the prices paid for similar properties. The valuations of some properties, particularly development properties that are valued by means of 'residual appraisals', are likely to be susceptible to a higher than normal degree of volatility. All lenders and purchasers of property should be very vigilant to changes in sentiment which, as seen from the recent past, can be rapid. The recent change in sentiment, seen in 2015 and 2016, needs to be followed closely.

## RESIDENTIAL COMPARABLES

In our review of the likely price to be paid for the supported living units we have initially considered the local private housing market.

Address	Type	Beds	OTM/UO/ Sold	Price	Date	Size Sq. M	Per Sq.M	Size Sq.F t	Per Sq.Ft
21 Bincleaves Road	Basement Flat	3	U/O	£257,000					
Olympia Heights	Penthouse Flat-Sea Views	2	U/O	£475,000					
Greenhill	Flat-Sea Views		Sold	£365,000					
Groves Malt House	Flat			£360,000					
Seadown, Preston, DT3 6PZ	Flat 1	2	U/O	£260,000					
Seadown, Preston, DT3 6PZ	Flat 2	2	U/O	£240,000					
Seadown, Preston, DT3 6PZ	Flat 4	2	U/O	£262,500					
Seadown, Preston, DT3 6PZ	Flat 5	2	U/O	£260,000					
Seadown, Preston, DT3 6PZ	Flat 7 - Penthouse	2	U/O	£500,000					
16 Redcliffe View	D-Bungalow		Sold	£450,000	Aug-16	97	£4,639	1044	£430.99
37 Netherton Road	D-Hse	4	Sold	£475,000	Oct-16	143	£3,322	1539	£308.59
Flat 8, Groves Malthouse, Spring Road	Flat	2	Sold	£360,000	Nov-16				
14, Redcliff View		3		£650,000				1475	£440.68
6, Redcliff View		4		£725,000				1776	£408.22
5 Redcliff View		3		£630,000				1507	£418.05
11, Netherton Road		2		£390,000				900	£433.33

Address	Type	Beds	OTM/UO/ Sold	Price	Date	Size Sq. M	Per Sq.M	Size Sq.F t	Per Sq.Ft
43 Netherton Road		2		£365,000				888	£411.04

In our experience the prices paid for well-designed care village developments, such as the one proposed at Newton Cove, would indicate values at a premium of between 10%-15% versus non-age restrictive developments. We would, however, comment that the aspect of the development, overlooking the sea and its peaceful nature is likely to have an additional premium of prices paid and that a number of the comparables indicated do not benefit from such a good outlook. However, we are unable to find many similar purpose-built units either retirement or open market which benefit from the same aspect as the proposed development. We have taken this into account when assessing our opinion of the potential price per sq ft.

In addition to the local residential market we have also reviewed the retirement housing market, as set out below:

#### RETIREMENT HOUSING COMPARABLES

Development	No. of Units	Unit	Beds	OTM/U O/ Sold	Price	Date	Size	Per Sq.M	per sqft
Harbour Lights Court, North Quay, Weymouth, DT4 8TB	43								
		37	1	Sold	£350,000	Jan-16	91	£3,846	£357
		29	1	Sold	£245,000	Aug-16	57	£4,298	£399
		14		Sold	£235,000	Aug-16	57	£4,123	£383
		£2		Sold	£285,000	Aug-16	99	£2,879	£267
		40		Sold	£375,000	Jun-16	88	£4,261	£396
		13		Sold	£245,000	Jun-16	61	£4,016	£373
		9		Sold	£322,000	May-16	76	£4,237	£394
The Ancourage, Great George Street, Weymouth, Dorset, DT4 7AR	33	29	1	Sold	£51,000	Oct-15	41	£1,244	£116
		28	1	Sold	£50,000	Nov-14	40	£1,250	£116
		7	1	Sold	£75,000	Jul-16	50	£1,500	£139
Swannery Court, Commercial Road, Weymouth,	69		1	U/O	£180,000				

Development	No. of Units	Unit	Beds	OTM/U O/ Sold	Price	Date	Size	Per Sq.M	per sqft
Dorset, DT4 7AR									
		16	1	Sold	£ 175,000	Dec-16	67	£2,612	£243
		2	1	Sold	£ 147,500	Dec-16	54	£2,731	£254
		1	1	Sold	£ 159,950	Oct-16	48	£3,332	
Nightingale Court, Victoria Street, Weymouth, Dorset, DT4 7HA	42	36		Sold	£ 97,500	Sep-16	64	£1,523	£142
Hardys Court, 191 Dorchester Road, Weymouth, DT4 7NL	38	11		U/O	£ 180,000		53	£3,396	£316
		22		Sold	£ 180,000	Mar-16	45	£4,000	£372
		5		Sold	£ 182,500	Aug-16	44	£4,148	£385
		21		Sold	£ 192,500	Jun-16	64	£3,008	£279
Ryan Court, Grosvenor Road, Weymouth, Dorset, DT4 7QI	18	6			£ 95,000	Nov-16	40	£2,375	£221
		5		Sold	£ 124,000	Jan-17	40	£3,100	£288
Fleur-de-Lis, Middlemarch Street, Poundbery, Dorchester, DT1 3GX	24	27		Sold	£ 109,000	Mar-16	41	£2,659	£247
		18		Sold	£ 108,000	Dec-15	43	£2,512	£233
		12		Sold	£ 145,000	Dec-15	57	£2,544	£236
		30		Sold	£ 179,000	Oct-15	86	£2,081	£193
Shore Road, Swanage		1		Sold	£472,500	Nov-16	95	£4,974	£462
		3		Sold	£480,000	Aug-16	119	£4,034	£375
		4		Sold	£652,000	Jul-16	83	£7,855	£730
		12		Sold	£499,000	Jun-16	96	£5,198	£483
		6		Sold	£492,500	May-16	93	£5,296	£492

We are of the opinion that the most relevant comparable is Harbour Lights, a new build development built by McCarthy and Stone, overlooking a marina in Weymouth. We inspected the property and found it to be located on a busy road junction on the opposite side of the marina. The development does not have the same level of amenity space or additional facilities proposed at the Bingleaves site and does not benefit from the same sea views. We are therefore of the opinion that purchasers are likely to pay a higher price for the flats at the proposed Bingleaves site.

Swannery Court was built in 2000 by McCarthy & Stone and provides 69 one and two bedrooms flats, with a communal lounge, laundry and guest facilities. However it does not provide the same level of facilities proposed at the Bingleaves site. The sales at Swannery Court are re-sales and therefore do not benefit from a new build premium or a premium from sea views. We are therefore of the opinion that the units at the proposed site would achieve a higher value.

Hardys Court was also built by McCarthy & Stone in 2007 and comprises 38 one and two bed flats. It also has limited communal accommodation with a lounge, laundry and guest facilities. Again, as with Swannery Court the transactions are re-sales and do not benefit from a new build premium or a premium from sea views. We are therefore of the opinion that the units at the proposed site would achieve a higher value.

#### EXTRA CARE DEVELOPMENTS

Development	Unit	Beds	OTM/UO/Sold	Price	Date	Size	Per Sq.M	Per Sq.Ft
Bowes Lyon Court, 2 Bowes Lyon Place, Poundbery, Dorchester, DT1 3SU	35	1	Sold	£355,000	Mar-17	73.2	£4,849.73	£450.55
	38	2	Sold	£460,000	Feb-17			
	37	1	Sold	£261,500	Mar-17	56.7	£4,611.99	£428.46
	6	1	Sold	£245,000	Feb-17	55	£4,454.55	£413.84
Horizons, 87 Chrushfield Road, Poole, BH15 2FR	56	2	Sold	£665,000	2017	109.00	£6,100.92	£566.79
	10	2	Sold	£475,000	2017	93.00	£5,107.53	£474.50
	4	1	Sold	£279,000	2017	61.00	£4,573.77	£424.91
Lyme Bay Court, Lyme Regis Nursing Home, Pound Road, Lyme Regis, DT7 3HX	3		Sold	£212,000	Nov-13	84	£2,523.81	£234.47

Development	Unit	Beds	OTM/UO/Sold	Price	Date	Size	Per Sq.M	Per Sq.Ft
Melton Court, 37 Lindsay Road, Branksome, Poole, BH13 6BH	56		Sold	£275,000	Feb-17	82	£3,353.66	£311.56
	60		Sold	£275,000	Feb-17	81	£3,395.06	£315.41
	85		Sold	£275,000	Feb-17	73	£3,767.12	£349.97
	47		Sold	£120,000	Feb-17	55	£2,181.82	£202.70
	49		Sold	£120,000	Feb-17	60	£2,000.00	£185.80
	47		Sold	£195,000	Nov-16	55	£3,545.45	£329.38
	85		Sold	£257,000	Nov-16	73	£3,520.55	£327.07
Cherret Court, 557- 565 Road, Ferndown, BH22 9FE	8		Sold	£140,000	Jan-17	49	£2,857.14	£265.44
	29		Sold	£149,000	Dec-16	60	£2,483.33	£230.71
	33		Sold	£142,500	Dec-16	45	£3,166.67	£294.19
Millbrook Village, Millbrook House, Turnstone Road, Exeter, EX2 6FJ	3		Sold	£480,000	Dec-16	113	£4,247.79	£394.63
	21		Sold	£385,000	Nov-16	89	£4,325.84	£401.88
	6		Sold	£455,000	Nov-16	113	£4,026.55	£374.08
	1		Sold	£450,000	Nov-16	113	£3,982.30	£369.96
Deanery Walk, Avonpark, Limpley, Stoke, Bath, BA2 7JQ	6		Sold	£585,000	Jan-17	122	£4,795.08	£445.47
	9		Sold	£400,000	Dec-16	71	£5,633.80	£523.39
	25		Sold	£215,000	Nov-16	66	£3,257.58	£302.64
	11		Sold	£395,000	Aug-16	69	£5,724.64	£531.83

The most interesting of the above comparables is Bowes Lyons Court, which was recently built by McCarthy and Stone. Whilst the development provides more facilities than their Harbour Lights development, reported on above, it does not have the same level of amenity space or additional facilities proposed at the Bingleaves site. We are therefore of the opinion purchasers would pay for a premium for the Bingleaves site.

With regards to Horizons, this is a development of 87 one and two bedrooms flats, being constructed this year. The development is restricted to residents over 70 years of age and provides a communal lounge, dining room and guest facilities, with some meals being available. The development is close to Poole Hospital and a boating lake. Poole is considered to be a more prestigious location than Weymouth, however the proposed development benefits from more facilities and is open to a wider market, from 55 years of age.

Melton Court is situated in the Branksome area of Poole close to the A35. It was built in 1997 and provides 90 one and two bedroom flats, with a communal lounge, restaurant, laundry, guest facilities and hobby room, with some meals available. We understand that new residents are accepted from 60 years of age. We are of the opinion that Melton Court is not situated in as pleasant an area as the proposed development and the comparables do not reflect a new build premium or the benefit of sea views.

We are aware that your Customer instructed Red House Property estate agents to carry out a low key marketing of the proposed units. We have spoken with Elspie Munro-Price from the estate agent who stated that they had received 52 expressions of interest. We were informed that they would have received more expressions of interest if the anticipated timescale to complete the development was not 2-3 years. The estate agent confirmed that their applicants have not questioned the price quoted for the flats.

We understand from Red House Property that they have been offering the apartments in the following price brackets

Band	Price From	Price To	Band	Price From	Price To
Band 1	£200,000.00	£250,000.00	Band 4	£350,000.00	£400,000.00
Band 2	£250,000.00	£300,000.00	Band 5	£400,000.00	£500,000.00
Band 3	£300,000.00	£350,000.00	Band 6	500000+	

Based on the above in our assessment of the Gross Development Value on a rate of £402 per sq.ft

The Gross Development Value adopted reflects an element of “new build premium” which we have found consistent with local market conditions. This means that prices paid on new or newly refurbished accommodation tend to be above those achievable on similar “second hand” premises reflecting a number of factors including the element of input on finishes by the purchaser. Such “new build premium” is accepted and recognised by the RICS and covered in their recent Guidance Note GN 52/2012. It is important to note that such a premium ceases to exist upon first occupation and may not be realised on resale.

We would also comment that the figures detailed above assume that each of the units are sold individually to different purchasers. We recommend that in order to achieve our opinion of GDV then each of the units are to be sold separately.

You should note that the individual unit values are in line with market conditions and evidence prevailing at the valuation date. The flats when completed will be sold into a future market which could be very different to that which exists as at the valuation date. Accordingly, there is significant potential for the values to change before completion which could have an impact on eventual profitability.

We would also comment that the lack of direct comparables makes it more difficult to assesses the actual price that will be paid for the flats and it is likely that adjustments to the pricing may have to be made as the units become available and the final design and specification is known.

## GROUND RENTS

We have been advised by your Customer that the flats will be sold with long leasehold interests. This will include a ground rent of £250 per annum per flat from the 195 flats, indicating combined annual rent of £48,750 per annum.

The market is generally basing ground rents on a 150 year lease with the rent index linked to CPI with a collar of 0% and cap of 4% rolled up annually and taken 5 yearly

The demand for ground rents in the investment market is strong. We have included a capital value for the ground rents based on an appropriate market based investment yield.

## RESTAURANT

We have been advised that your customer will be letting one of the restaurants to a third party. It is unusual in a care village to let units to third parties, but we understand that other restaurant facilities on the site will be run by the operator and have assumed that there will be sufficient restaurant facilities on the site for the residents of the supported living units.

We have based our review on a floor area of 6,673 sq.ft and a rent of £5.00 per sq.ft per annum indicated an annual rent of £33,365, to which we have applied an investment yield of 8.0%.

We have assumed that the service of the restaurant will be available to the residents of the village at all times and that if it became vacant the restaurant would be run by the operator of the care village.

We are of the opinion that a restaurant facing the sea front would provide a viable business opportunity, subject to the terms of the lease.

We have set out some commercial comparables in **Appendix 7**.

## CARE HOME REVIEW TRADE ASSESSMENT

### APPROACH TO BUSINESS REVIEW

This review of the business is based on the information provided to us which we have assumed to be substantially true, accurate and complete other than as set out below.

We have had regard to management records, trading accounts and projections which we have been provided and referred to in this report. We have analysed these with reference to our experience of average levels of income, occupancy and outgoings for similar long-term care facilities in the region. We have commented on actual and projected performance compared to industry benchmarks on a per resident basis where possible.

Where we have not been provided with reliable records to make the necessary calculations we have estimated occupancy and current average fees on our experience of similar care homes providing the proposed category of care.

We have prepared our assessment of the projected trading performance of the home under the headings set out in the Colliers International Financial Analysis, attached at **Appendix 2**. Unless stated otherwise, fair maintainable trade is our assessment of current sustainable performance of the home on an annualised basis and the projected trade assumes a percentage increase in Revenue and costs, based on our view of the market one year from valuation.

Throughout this report, the net profit expressed is calculated and expressed on an EBITDAR (Earnings Before Interest Tax Depreciation Amortisation and Rent) basis unless stated otherwise and excludes personal and directors' remuneration, leasing or finance costs and any head or regional office costs or charges.

## PROJECTED FAIR MAINTAINABLE TRADE ASSESSMENT

For the purpose of our trade assessment we have considered the 60 bed care beds and the 34 respite hotel suites, both of which we understand will be run as an operational business.

CI FMT	
Valuation Date	
Registration	94
Operational Beds	94
Occupancy %	90.0%
Ave fee pw	£1,010
Income pa	£4,443,000
Payroll	£2,075,000
Payroll %	46.7%
Non Payroll	£464,000
Non Payroll %	10.4%
EBITDAR	£1,904,000
EBITDAR %	42.9%

## PROJECTED INCOME

### REFERRALS

We anticipate that the majority of referrals will be privately funded from Weymouth and the surrounding areas.

### OCCUPANCY

Our projected valuations assume that the home has reached a mature trading position and we have adopted an occupancy level of 90.0% (an average fill of 84.6 service users). We would anticipate this occupancy level to be reached within the first 36 months following opening.

## FEES

We carried out research on the care home fees being charged in the area, which indicate self-funding care bed fees ranged from £625 to £1,275.

Address	Town	Miles from Site	Operator	Reg	Singles	En Suites	Fee Residential	Fee Nursing
Gracewell of Weymouth	Weymouth	0.4	Gracewell	70	70	70	£1,050.00	£1,250.00
Avon Lea	Weymouth	1.5	Private	40	40	40	£650.00	£806.00
The Lawns	Weymouth	1.5	Tricuro Ltd	41	33		£670.00	
Primrose Lodge	Weymouth	1.7	Affinity	38	38	38	£625.00	
Queen Charlotte Care Home	Weymouth	2.2	Kingsley	51	51	51	£650.00	£912.00
Castle View	Poundbery, Dorchester	7.7	Colten Care	57	57	57	£1,120.00	£1,275.00

We are of the opinion that the most relevant comparable care homes are Queen Charlotte Care Home, Castle View Care Home and Gracewell of Weymouth.

Based on the above we have assessed the projected average fee at £1,010 per resident per week. This is based on an average fee for the standard care home beds of £900 per resident per week and £1,200 per resident per week for the sunrise suites.

The fees are understood to be inclusive of all personal care, accommodation and laundry with service users required to make additional payments for hairdressing, chiropody, newspapers, private phone calls and toiletries.

Based upon the above and a registration of 94 beds, we have adopted an occupancy level of 90.0% in our assessment of projected FMT (an average fill of 84.6 beds).

	FMT
Average fill	84.6
Registration	94
Occupancy %	90.0%
Operational Beds	94
Occupancy % (Operational Beds)	84.6

CI Projected	
Ave fee pw	£1,010
Occupancy %	90.0%
Income pa	£4,443,000

## PROJECTED EXPENDITURE

### PAYROLL

We have based our assessment of the proposed staffing levels on our experience of similar care homes providing the same category of care and information from the Rowntree Foundation. We have assumed that the home will be operated by a Registered Manager who will be assisted by a Deputy Managers, nurses, team leaders, care assistants and ancillary staff to include a cook, kitchen assistants, administrator, domestic staff and a maintenance person.

The table below sets out the staffing adopted in our projected trade assessment:

Shift	Registered Nurse (RN)	Senior Care Assistant (SCA)	Care Assistant (CA)
8:00-14:00	5	3	9
14:00-20:00	5	3	9
Nights	4	2	4
<b>Total Hours</b>	<b>756</b>	<b>420</b>	<b>1,092</b>

We assume that the above rota will meet with the requirements of the CQC. We reserve the right to review our assessment of staff costs and hence our valuations, should the Registration Authority require a more onerous staffing regime upon registration of the care beds.

We have not been provided with any proposed staff pay rates for the proposed home although we have included the following information which, in our experience, is in line with pay rates locally:

Staff Position	Hourly Rate	FMT Hours pw
Manager	£27.00	40.0
Deputy Manager	£20.00	80.0
Reception	£8.25	100.0
Registered Nurse (RN)	£16.00	-
Senior Care Assistant (SCA)	£8.50	-
Nurse Assistant / Care Assistant (NA/CA)	£7.70	-
Activities officer	£9.10	37.0
Head cook	£11.00	60.0
Deputy cook	£8.00	30.0
Kitchen assistant	£7.50	170.0
Laundry	£7.50	50.0
Housekeeper	£9.50	50.0
Domestics	£7.50	200.0
Maintenance	£12.50	60.0

We have made allowance in our projected wage cost calculations for Employers National Insurance Contributions, Sickness Pay, Bank Holidays, Pension Contributions and annual holiday entitlements.

Based on the above, within our projected trade assessment, we have made an allowance for wage costs of £2,075,000, being 46.7% of revenue based on an occupancy of 90.0%.

CI Projection	
Payroll	£2,075,000
Payroll %	46.7%
Payroll psupw	£470

The National Living Wage (NLW) announced in the 2015 Summer Budget represents a radical shift in the UK's approach to low pay. The NLW was introduced in April 2016, with a starting rate of £7.20. This is the new legal wage floor for all workers aged 25 and over with the current National Minimum Wage (NMW) becoming in effect the 21-24 year old rate. Today, the NMW applies to all those aged 21 and over, with other, lower levels for those aged 18-20, 16-17 and apprentices. The rise from £6.70 to the NLW of £7.20 is a 7.5 per cent increase, the largest since 2004 and without full details relating to any local authority fee rate increases which may, or may not, compensate in part or in full, we are unable to confirm any likely impact on the business of this new policy. We have for the purposes of our valuation advice assumed no material implication.

We reiterate that the pay rates described above take account of the NLW from 1 April 2016, whilst our projection adopts an increase of 4.17% across the board in line with the recently announced increase to £7.50 which becomes effective on 1 April 2017.

We would expect the care beds at the proposed development to be focused on targeting higher paying self-funding residents. In recent years it is our experience that care home operators in wealthier areas have been able to increase the self-funding fees by around 3% to 4.5%, which enables them to maintain their profit margins.

## NON PAYROLL

Within our FMT projection assessment, we have made an allowance for the level of expenditure on provisions of £114,300, being £25.91 per service user, per week based on an average fill of 84.6 service users (90.0%).

For the purposes of our projected trade assessments, we have estimated appropriate levels of expenditure under the headings set out in the Colliers International Financial Analysis. This is based on our analysis of the proposed business under review and on our bank of comparative data and standard costs for the long-term care home industry, both nationally and those relevant to this region.

This results in total projected non payroll costs of around £105 per service user per week, which is within the range we would anticipate for a home of this size and style of operation assuming competent management.

CI Projection	
Provisions	£114,300
Provisions psupw	£25.91
Non Payroll	£464,000
Non Payroll %	10.4%
Non Payroll psupw	£105

## EBITDAR

For the purpose of our trade assessment and valuation we have assessed the fair maintainable operating profit (FMOP) in the table below:

CI Projection	
EBITDAR / FMOP	£1,904,000
EBITDAR %	42.9%
EBITDAR psupw	£432

## GROSS DEVELOPMENT CALCULATION

Based on the above we have assessed the Gross Development Value as follows:

### ASSISTED LIVING UNITS PROJECTED GROSS DEVELOPMENT VALUE

Based on the above we have calculated the Gross Development Value of the assisted living units to be £69,502,000 (Sixty-Nine Million Five Hundred and Two Thousand Pounds).

### CARE HOME PROJECTED GROSS DEVELOPMENT VALUE 'TURNKEY'

Based on the above we have calculated the Gross Development Value for the proposed 94 care beds to be £11,374,000 (Eleven Million Three Hundred and Seventy-Four Thousand Pounds).

### GROUND RENT PROJECTED INVESTMENT VALUE

Based on the above we have calculated the Gross Development Value for the proposed 195 supported living flats to be £1,310,000 (One Million Three Hundred and Ten Thousand Pounds).

### RESTAURANT PROJECTED INVESTMENT VALUE

Based on the above we have calculated the Gross Development Value for the proposed restaurant to be £400,000 (Four Hundred Thousand Pounds).

## COMBINED GROSS DEVELOPMENT VALUE

The combined development value of the assisted living units, the 'Turnkey' value of the care home, the Investment Value of the Ground Rents and the Investment Value of the Restaurant we have assessed the combined gross development value to be **£82,586,000 (Eighty-Two Million Five Hundred and Eighty-Six Thousand Pounds)**.

With regards to the other facilities listed as being included in the development – including the underground car parking, offices, museum. We have reflected these in the overall values adopted for the residential and income generating elements of the proposals.

## TOTAL DEVELOPMENT COST

We have been provided with a costed Schedule of Works prepared by your customer.

### SUMMARY

	Based on Developers Costs
Gross development Value	£82,586,000
Total costs	£69,815,000
Residual value	£12,000,000

We have set out a summary of the residual calculation in **Appendix 9**.

### SENSITIVITY ANALYSIS

You should be advised that the residual method of valuation takes into account a large number of subjective variables, the input of which can have a significant impact on the development project being considered. Variations in sales prices, construction costs and periods and costs of finance can also have a marked affect.

In accordance with the Red Book, we have therefore carried out a residual calculation that is sensitive to fluctuations in input values, to demonstrate how the changes in input data affect values. The analysis shows a stepped increase/decrease in overall construction costs and sales revenue of +/- 10%.

### REVIEW

The analysis shows that an increase in construction costs of 10% with sales remaining neutral would reduce the effective site value to £5,500,000. A decrease in construction costs of 10% would result in an effective site value of £18,600,000. A decreases in sales revenue of 10%, would reduce the effective site value to £4,300,000 and an increase of 10% of the sales revenue would lead to a site value of £19,700,000.

### DEMAND AND SALEABILITY

With regard to demand and saleability, we would anticipate a reasonable level of demand for the property when developed in accordance with the planning permission would be from prospective purchasers. Demand is likely to come from owner occupiers. In particular demand is likely to come from local residents who are looking to downsize from larger houses and believe that they will require a level of support in their older age.

We note that the market is polarising with an increasing separation between quality stock and secondary properties, where the best quality and well located properties are likely to hold value better in the event of widespread falls in value than those with perceived weaknesses in location, condition or architecture.

The proposed development is very large and therefore the developer needs to carefully think about how the units are brought to the market. We have assumed that the development will be phased, both in terms of build, costs and marketing.

We would expect a sale at our opinion of Market Value in a marketing period of around 24-36 months and would expect the majority of purchasers to come from within the catchment area identified in our demographic review, outlined above.

We would also expect your customer to market the units for sale off plan, prior to completion of the development. As an alternative route to market it is also possible that they could look at letting a number of the units.

## **ASSESSMENT OF DEVELOPMENT COSTS**

Having formed our opinion of the GDV of the scheme at the date of valuation we have then deducted our assessment of construction costs, and made due allowance for developer's profit and arrived at a residual Market Value for the Property.

We have been provided with the build costs from your Customer, on which we have based our valuations. The costs appear to be in line with our expectations. We reserve our position review our opinion of value on receipt of any amended costs.

### **Construction Costs**

We have based the total estimated cost of construction on the costs provided by your customer developer, namely £59,417,332 (Fifty-Nine Million Four Hundred and Seventeen Thousand Three Hundred and Thirty-Two Pounds).

We further confirm that Colliers International have not undertaken any detailed investigations into the cost of completing the proposed redevelopment works and cannot provide any warranty as to the accuracy of the costs adopted in our appraisal. We comment however that these appear broadly in line with our expectations and assume that Project Monitors ensure that the construction process is undertaken within the adopted budget. In the event that it transpires that there are any exceptional construction issues of which we are not aware or formal tender documents come in higher than the forecasts, and the aggregate cost increases, we reserve the right to amend our opinion of value. In this event, our opinion of value is likely to be adversely affected.

As far as we are aware, you have not yet obtained any fixed price tenders for the construction of the development and as tender prices are currently rising (having considered to have risen by around 1-2% in the last six months of 2017), any delay in the process may result in increased construction costs which may impact on the profitability of the scheme or the value of the site.

We have carried out a review of the core building costs set out in your customer's appraisal against the costs set out by the Building Costs Information Service (BCIS). From our review the costs are within the range set out by the BCIS, with the cost of the apartments being within the median range, the cost of the care home beds being in the upper quartile for Old People's Homes and the other costs being within the lower quartile.

## Break Down of Development Costs

### Site Works

We understand that the site works are included within your customer's assessment of build costs indicated above.

### Professional Fees

We understand that the professional fees are included within your customer's assessment of build costs indicated above.

### Contingency

We understand that the contingency costs are included within your customer's assessment of build costs indicated above.

### Finance

We understand that the finance costs are included within your customer's assessment of build costs indicated above, at a figure of £5,496,388 (Five Million Four Hundred and Ninety-Six Thousand Three Hundred and Eighty-Eight Pounds).

### Fit Out Costs

We understand that the fit out works are included within your customer's assessment of build costs indicated above.

### Developers Profit

We have allowed developers profit of 17.5% on the Total Estimated Costs, equating to £10,398,000.

We are of the opinion that this level of profit is in line with our expectations for a development of this type.

### Marketing and Sales Fees

We understand that the marketing and sales fees are included within your customer's assessment of build costs indicated above, at a figure of £1,095,937 (One Million and Ninety-Five Thousand Nine Hundred and Thirty-Seven Thousand Pounds).

### Total Build Estimated Costs

The above analysis indicates the following estimated costs including developers profit of:

**£69,815,000 (Sixty-Nine Million Eight Hundred and Fifteen Thousand Pounds).**

## CONCLUSION

The site is situated on the coast in Weymouth on the edge of Chisel beach and offers views of the English Channel.

The care village provides a mix of accommodation with resident facilities including a gymnasium, a swimming pool and restaurants.

We would comment that the proposed development provides a high number of units and care beds. Consideration should be given to phasing the development, to help focus the demand and phase the supply of units onto the market.

To widen the market is possible that in addition to offering the units for sale the developer could offer a number of the units for rent. This would widen the market and would also provide an additional rental income.

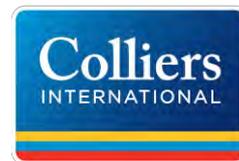
## RISK ASSESSMENT

Our current opinion of value has attempted to reflect market conditions as we currently find them and our valuation reflects prices being paid. We are aware that values fell considerably from the end of 2007 to the middle of 2009. The residential market has performed strongly in the last 12 to 18 months but there has been a slowdown and the market remains fairly uncertain.

We would advise, however, that our valuation has been undertaken as a residual appraisal. Such appraisals are susceptible to changes in market conditions during the holding period and the development period. As with most residual appraisals at the current time, the effective site values are particularly susceptible to changes in the gross development value and the building costs. The valuation reflects current market prices where market conditions show relatively good prices being achieved for high quality accommodation, especially any new schemes with sea views.

Whilst we have been provided with basic details of the construction costs there is potential for costs to vary. We would recommend that the final construction cost estimates are independently verified and a project monitoring surveyor is employed. The appointment of a project monitor, will provide an early indication of any potential problems during the development period.

Furthermore, it is important to note that once the development work is underway should a sale become necessary, then disposal may be more problematic. Delays in the development process could have a disproportionate impact on values.



# VALUATION

## VALUATION METHODOLOGY

### Retirement Housing

A schedule of the care suite and apartments is set out in the schedule attached at **Appendix 5**. Your Customer has provided us with a financial projection indicating that the entire development with projected build cost of £59,417,332.

We have considered your Customers sales estimates and projections. We note that your Customers latest projections for December 2016 indicate sales of the apartments in a range of between £282.47 per sq. ft and £790.66 per sq. ft, the higher figure being for the penthouse apartments. With an average of £418.58 per sq. ft and total projected GDV for the supported living apartments of £72,369,000. In our assessment of the GDV we have projected values for the apartments of £402 per gross internal square foot, total projected GDV for the supported living apartments of £69,502,000. This is comparable to the asking prices of apartments and houses in the immediate locality of the site and within the 45-minute drive time catchment.

Having regard to the superior quality, location setting and significantly higher levels of amenity proposed at the subject site we consider that adopting £402 per sq. ft. overall is sustainable and realistic in this market equating to a premium for the secure care village environment.

### Care Home

An appropriate 'Years Purchase' multiplier (being the reciprocal of the notional return required by a hypothetical purchaser in the open market) is assessed by reference to market transactions and applied to the calculated fair maintainable operating profit to give the value of the property having regard to trading potential. This figure is adjusted to reflect any additional factors set out in the report including, for example, ancillary accommodation, outstanding planning consents or capital expenditure requirements. Based on our assessment of the business and the comparable evidence available to us we have adopted a YP of 9.50 in arriving at our valuation to reflect its location, design and projected profitability. To arrive at our opinion of the 'Turnkey Value', we have deducted an amount relating to the 'Business Element', based on a multiple of 3.5 of our projected trade assessment.

## VALUATION

On the bases of valuation as set out hereunder and subject to the caveats, general assumptions, conditions and provisos stated in this Valuation Report, we have formed the opinion that, as at 3 April 2017, the respective value is fairly represented as follows:

### GROSS DEVELOPMENT VALUE

#### Projected Market Value – 195 assisted living flats:

1. Our opinion of the Projected Market Value (MV) of the Gross Development Value – 195 Units Extra Care Units, as at the date of valuation, is fairly represented in the sum of:

**£69,502,000**

**(Sixty-Nine Million Five Hundred and Two Thousand Pounds)**

#### Projected Market Value - Turnkey

2. Our opinion of Market Value of the freehold interest in the property as a fully equipped but non-operational entity, having regard to trading potential, assuming that the proposed development has been completed to a high standard, in accordance with all statutory requirements, is fully equipped and ready for trade but not yet trading and registration for 94 service users could be obtained by a suitably qualified operator (turnkey basis) is fairly represented in the sum of:

**£11,374,000**

**(Eleven Million Three Hundred and Seventy-four Thousand Pounds)**

#### Projected Market Value – Ground Rents for the 195 assisted living flats:

3. Our opinion of the Projected Market Value (MV) of the Freehold Ground Rents (195 x £250) - £48,750 per annum, based on an investment yield of 3.50%, net of costs, as at the date of valuation, is fairly represented in the sum of:

**£1,310,000**

**(One Million Three Hundred and Ten Thousand Pounds)**

#### **Projected Market Value – Restaurant:**

4. Our opinion of the Projected Market Value (MV) of the restaurant at a commencing rent of £33,365 per annum and adopting a net yield of 8.00%, net of purchaser's, as at the date of valuation is

**£400,000**

**(Four Hundred Thousand Pounds)**

#### **Projected Market Value – Combined GDV**

5. Our opinion of the Projected Market Value (MV) of the combined GDV of the proposed development based on the planning consent as detailed in Application No: WP/15/00833/FUL, dated 1 August 2016, from Weymouth and Portland Borough Council, as at the date of valuation is

**£82,586,000**

**(Eighty-Two Million Five Hundred and Eighty-Six Thousand Pounds)**

#### **CURRENT VALUE:**

Our opinion of the value of the freehold interest of the site as described and with the benefit of the planning consent as detailed in Application No: WP/15/00833/FUL and having regard to all assumptions made in this report, as at 3 April 2017, is set out below:

**£12,000,000**

**(Twelve Million Pounds)**

Our valuations are of the property as a potential retirement village including the operational care home to include trading potential and, where appropriate, fixtures and fittings but excluding stock and any personal goodwill.

We assume that there have been no material changes to the property or business since our inspection.

Our assessment of value of the interest ignores any incentive payments or capital allowances which may be obtainable either from government or other sources except in so much as they affect the general level of values prevailing.

In arriving at our valuation we have assumed that the building is capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

In the last 3 to 5 years the Healthcare Sector, in terms of individual unit transactions, has seen limited market activity, due to lack of availability of funding and budgetary constraints, both in terms of the level of Local Authority fee offerings and also a reduction in the number of referrals being made. Our valuations are made as at a given date and we have reflected the current market, given the ongoing uncertainty in the sector.

## **REINSTATEMENT ESTIMATE**

It is our opinion that the reinstatement cost for insurance purposes is £64,150,000 (Sixty-Four Million One Hundred and Fifty Thousand Pounds). This is based on the proposed property and build costs provided by your Customer at the date of our inspection and is prepared on a 'Day One' basis for a building of similar size and layout but using modern construction methods and materials. It includes an allowance for demolition, site clearance and professional fees but does not take into account any specialist foundations that may be required, internal fixtures and fittings, loss of profits or rent. No allowance has been made for the incidence of VAT.

We would emphasise that we have not carried out a detailed cost appraisal and the above figure is therefore an informal opinion only and is prepared following our inspection solely for valuation purposes. As a result, it is provided for guidance purposes only and should not be relied upon for effecting insurance cover. We would be pleased to arrange for a formal reinstatement valuation to be prepared if required.

## **SPECIAL REMARKS**

Our projected valuations assume that all of the properties on the site will be constructed to a high standard, in accordance with all statutory requirements and that the care home is trading in line with our projected trade assessment, supported by accounts. We have also assumed that the usually expected assignable contractors' warranties are available.

Our valuations are made on the assumption that on completion of the development the home will be registered as a Care Home Service with Nursing for 94 beds, in the proposed categories of care, without onerous requirements of conditions. We would emphasise the importance that the market attaches to trading figures actually achieved for the proposed care home. Any change in the actual or potential level of trade from that indicated by the accounting information which forms the basis of our valuation may vary the values reported.

For the purposes of our valuation we have assumed that the proposed care beds are trading in line with our projected trade assessment, supported by accounts.

We assume that an Energy Performance Certificate (EPC) will be given on completion of the development.

Our assessment of staff costs takes account of this information and also our knowledge of homes within the peer group, providing personal and nursing care for the elderly. The final staffing levels will be dependent upon the assessed levels of need of prospective service users and also agreement with the Registration Authority. We reserve our right to review our opinion of projected trade, and consequently value, should a more onerous staffing regime be imposed.

We understand that although the purchase price has been agreed, the sale has not yet completed at the time of our inspection. We would stress that our Report is addressed to the Lender for the purposes of Loan security only. It is not purchase advice or a recommendation to purchase.

We have been provided with the build costs from your Customer, on which we have based our valuations. The costs appear to be in line with our expectations. We reserve our position review our opinion of value on receipt of any amended costs.

We have received a copy of the Section 106 dated 18 July 2016. We have assumed that the costs of complying with the Section 106 agreement have been factored into the developers build costs. We note that there is a public right of way from the Promenade. We also note that there may be some ongoing costs relating to the Section 106 agreement, including a maintenance plan for the proposed museum. We have assumed that this will be collected by way of a site service charge and will therefore be cost neutral. We recommend that you legal advisers reviews the planning consent and the section 106 agreement and advises us if our understanding is incorrect, in which case we reserve our position to review our opinion of value.

The access to the site is shared. For the purpose of our valuation we have assumed that open access and egress is available to the residents and the staff of the site. We recommend that your legal adviser reviews the title documents. We reserve our position to review our opinion of value if our understanding is incorrect.

The proposed development has a high number of units is very large and therefore the developer needs to carefully think about how the units are brought to the market. We have assumed that the development will be phased, both in terms of build, costs and marketing. We have also assumed that your customer will market the units for sale off plan.

## CARE HOME COMPARABLES

We have set out our comparables for Turnkey care homes in **Appendix 8**.

Relatively few transactions are currently taking place and we have therefore made reference to sales that are now slightly dated or to properties that are less comparable to the subject property than might be the case in a more buoyant market. We have taken this into consideration in our valuation and have evaluated the comparable evidence based on our experience in the market in general and our inside knowledge of the transactions in particular.

## VALUATION BASES

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards (Incorporating the International Valuation Standards) January 2014 prepared by the Royal Institution of Chartered Surveyors.

The valuations have been prepared by a suitably qualified valuer, as defined PS 2.3 and PS 2.4 of the Professional Standards, on the basis set out below unless any variations have been specifically referred to under the heading ‘Special Remarks’.

### Market Value (MV)

Where we have been instructed to value the properties on the basis of Market Value, we have done so in accordance with VPS 4.1.2 of the Professional Standards issued by The Royal Institution of Chartered Surveyors, which is defined as follows:

*‘The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.*

The interpretative commentary on Market Value, as published by the International Valuation Standards Council (IVSC), has been applied.

## GENERAL COMMENTS & RECOMMENDATIONS

We would emphasise that the long-term care sector is sensitive to changes in central and local government policy, particularly with regard to funding, regulation and staff employment terms. Many factors, including statutory control, the reputation of the operator and the historic performance of the unit can impact on profitability, and hence value.

There remains a continuing threat to the UK economy from terrorist activity arising from both events in the Middle East and radicals based in Europe and the UK. The threat level for the UK set by the Joint Terrorism Analysis Centre remains at severe ("highly likely") and whilst the markets have to some extent adapted to the risks, nevertheless, as with past events in Paris and Brussels, any future activity will undoubtedly have an additional but unquantifiable effect on visitation in major metropolitan areas such as London, Manchester and Edinburgh.

Our comments, projections and opinion of the trading potential of the subject property and business are based upon our own experience and the information with which we have been provided. Unless otherwise stated, the projections of trading potential cover the 12 month period from the date of valuation. We have assumed that the business is (or will be) professionally operated, properly capitalised and staffed by competent persons and that the trading position, financial and market conditions do not vary during the stated period of assessment. In the event of future change in the trading potential or actual level of trade from that indicated, the value reported could vary.

Where the property is valued as an operational entity and reference has been made to the trading history or trading potential of the property, reliance has been placed on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuation reported could be adversely affected.

Our valuation does not make any allowance for goodwill and in arriving at our opinion of value we have assumed that the obligations in respect of the transfer of the staff are not onerous, such that the value of the property would be adversely affected.

We have assumed that all consents, licences and permissions including, inter alia, fire certificates, enabling the property to be put to the uses ascertained at the date of our inspection have been obtained and that there are no outstanding works or conditions required by lessors or statutory, local or other competent authorities.

Our valuations have been assessed as at 3 April 2017 having regard, as appropriate, either to market conditions prevailing at that date or to market trends anticipated during the period through to an exchange of contracts. Specific factors affecting the general economic outlook may result in short term movements in values caused by variation in rents, investment yields, trading patterns and the general demand for particular types of property. Therefore, in the event of a transaction being contemplated at a later date it is recommended that the values be re-assessed at the relevant time.

We confirm that this property does not fall within the scope of the FSA rules on Regulated Mortgages.

## SECURITY FOR THE LOAN

In our opinion, on the assumption that the borrower will maintain the site and proposed property in a reasonable state of repair and subject both to the Lender's own lending criteria and the contents of this report, the property is an appropriate security for a loan for a term to be agreed. However, in accordance with normal commercial practice we would anticipate that any facility agreed would be only a proportion of our opinion of value.

We are not aware of any other specific problems should the Lender decide to realise the security. However, we cannot of course guarantee that circumstances will not change in the future, thus creating difficulties that could not be anticipated today.

## LIABILITY & PUBLICATION

This Valuation Report has been prepared by Nicolaus White BSc MRICS, Senior Surveyor. It has been subject to the Quality Assurance System operated by the Healthcare Department of Colliers International.

This Valuation Report and appendices have been prepared for the stated purpose and for the sole use of [REDACTED] Proplend Security Limited (the Client). It is confidential to the Client and their professional advisors and the Valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this Valuation Report and appendices or any reference hereto may be included in any published document, circular or statement, or published in any way, without the Valuer's written approval of the form and context in which they may appear.

For the avoidance of doubt, this report is provided by Colliers International Property Consultants Limited. You therefore agree that no partner, member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of the report and that any claim for losses must be brought against Colliers International Property Consultants Limited.

Yours faithfully

A handwritten signature in black ink, appearing to read "N. White".

**Nicolaus White BSc MRICS**  
**Senior Surveyor**  
**RICS Registered Valuer**  
**RICS Number 100486**  
**Colliers International Property**  
**Consultants Limited**

A handwritten signature in black ink, appearing to read "A. Lenton".

**Adam Lenton MRICS**  
**Director**  
**RICS Registered Valuer**  
**RICS Number 854999**  
**Colliers International Property**  
**Consultants Limited**

APPENDIX 1

INSTRUCTION



21 March 2017

**Private & Confidential**

[REDACTED]  
[REDACTED]

c/o Proplend  
20-22 Wenlock Road  
London  
N1 7GU

**For the attention of Julie Pavlick**

Dear Madam

**VALUATION APPOINTMENT**

Thank you for your instructions dated 16 March 2017 and we are delighted to provide a Valuation service in relation to the following site:

**Proposed Care Village Site, Bincleaves, Newton's Cove, Weymouth DT4 8UP**

We aim to provide a personal service tailored, where possible, to your needs. To this end the Director who accepts your instructions will be responsible for the provision of our services personally. If a change of valuer should be required, for instance due to an office move, a dedicated replacement will be appointed who will visit you and ensure you continue to receive a high level of service

This letter and the attached Standard Terms of Business contain the terms upon which Colliers International agree to act for you. As such it is very important that you read through both documents carefully and that you sign and return to me the copy of this letter.

Our client in this matter is [REDACTED] and Proplend Security Limited, who agrees by signing this letter to be bound by the terms of this letter and our Standard Terms of Business.

**Scope of our Instruction**

We understand that you require a Red Book valuation to be carried out for secured lending purposes in respect of the aforementioned site and that you require our opinion of the market as in the terms of your instruction. Our valuation will be prepared in accordance with the RICS Valuation - Professional Standards, incorporating the International Valuation Standards, January 2014 ('the Red Book') issued by the Royal Institution of Chartered Surveyors (RICS) incorporating the definitions of Market Value and Market Rent Value in accordance with VPS 4.1.2 and 4.1.3 of the Professional Standards.

Our report will set out our perspective of market conditions as they relate to the care sector (including, where available, details of relevant comparable transactions) and our approach to the valuation together with any general comments and recommendations we may have.

### Commencement of Instruction

The period of our instruction commenced upon the date of our acceptance.

### Fee and Disbursements

Our fee for carrying out the work is £7,500 plus VAT, inclusive of our disbursements.

### Invoice

Our invoice will be addressed to the instructing parties and sent with our final report but the settlement of this is the sole responsibility of your borrower.

### Abortive Fees

In the case of abortive work (that is to say where no fee becomes otherwise payable under the provisions set out above) an abortive fee will be payable. However, if this instruction becomes abortive because you withdraw or terminate our instructions we shall be entitled to 50% of the fee we would otherwise have received had the matter proceeded to the completion of our work.

### Third Parties

No responsibility whatsoever is accepted for the contents of our report or other information other than to the addressees. Any other party relies upon it at their own risk.

Neither the whole nor part of our reports, nor any reference thereto, may be included in any published document, circular nor statement, nor published in any way without our written approval as to the form and context in which it may appear.

Where we are instructed to assess the capabilities and competence of others we will do so to the degree that time and information provided to us allows. We do not warrant to exhaustively check all such information but rather give an opinion based upon the facts available to us within the period concerned.

### When Fees become Due

Our fees are payable, by your borrower, on delivery of our final valuation report to you. If we have carried out the work and completed the Report they are obliged to pay our charges regardless of whether or not you wish us to send you (or anyone else) a copy of the Report.

### Conflicts of Interest

We are not aware of any conflict of interest that might preclude our acting on your instructions in this instance.

### Limitation of our Liability

In place of the limitation provisions stated in Clause 13.5 of our Standard Terms of Business, our aggregate liability to you in relation to any matter (including liability for negligence or breach of contract) is limited to £5m (Five Million Pounds Sterling) for any single case of damages caused by simple negligence, irrespective of the legal reason. A single case of damages is defined as the total sum of all the damage claims of all persons entitled to claim, which arise from one and the same professional error (offence). In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, the Valuer can similarly only be held liable for an amount of £5m.

**Terms and Conditions of Business**

The terms of the enclosed “Standard Terms of Business” (which can also be viewed on [www.colliers.com/uk](http://www.colliers.com/uk)) shall apply to our agreement, but the terms of this letter shall prevail where there is any inconsistency.

Any variation in the terms contained in this letter and/or the Standard Terms of Business must be agreed by us in writing.

We aim to provide our clients with an efficient and effective service. Should there be any aspect of our service with which you are unhappy this will be addressed in accordance with the Procedure for Complaints Handling as set out by the Royal Institution of Chartered Surveyors. A copy of the written procedure will be provided on request.

We are always aiming to improve the service which we offer clients. If you have any suggestions as to how our services can be improved, we hope you will let us know.

Please do not hesitate to get in touch with me to discuss any aspect of this letter or our Standard Terms of Business, should you require clarification. We shall be grateful if you will confirm your agreement to the terms set out above and the Standard Terms of Business by signing and returning the enclosed copy of this letter. In the meantime your continued instructions will amount to your acceptance of these terms.

We look forward to working with you.

Yours faithfully



**Michele Mason**  
**Administrator, Healthcare**

Encs:

- Standard Terms of Business
- Copy – Client Instruction Letter

**I/WE AGREE TO THE ABOVE TERMS**

Print Name: .....

Signed: .....

# STANDARD TERMS OF BUSINESS



These are the terms upon which Colliers International Property Advisers UK LLP (registered no OC385143) and/or Colliers International Capital Markets UK LLP (registered no OC392075) and/or Colliers International Central London UK LLP (registered no OC391630) and/or Colliers International Rating UK LLP (registered no OC391634) and/or Colliers International Retail UK LLP (registered no OC334835) and/or Colliers International Valuation UK LLP (registered no OC391629) and/or Colliers International Property Consultants Ltd (registered no 7996509), in each case trading as Colliers International, agree to act for you. The entity with which you have engaged will be noted on our letterheads, email footers and invoices that are sent to you. If you are at all unsure as to with which entity you have engaged, please contact us and we will confirm the same. Our agreement takes effect from the date we agree to accept your instructions but these terms will apply from the date we provide you with a copy of them.

## 1.0 DEFINITIONS AND INTERPRETATIONS

1.1 Terms means the terms of business set out in this document and include any other terms and conditions set out or referred to in our Instruction Letter. These Terms apply to all services that you instruct us to provide and cannot be varied or amended except in writing and signed by you and us.

1.2 Client (referred to throughout as 'you') means the person, company, firm or other legal entity named in our Instruction Letter. We will not accept instructions to act for any other legal entity nor will these Terms apply unless we have agreed in writing to act for that alternative entity. We reserve the right to refuse to act for such an alternative entity until (if at all) we have undertaken due diligence to fulfil our internal credit, money laundering and risk obligations. In the event that we are instructed to act for a single purpose corporate vehicle we reserve the right to require and be provided with a parent company or other guarantee for our fees before accepting instructions to act. In the case of the sale of a Property by a corporate client in which the shares in such client are the assets transferring we will require the shareholders of such corporate client to guarantee its obligations to us.

1.3 Colliers Entity means any entity owned or controlled by Colliers International Property Advisers UK LLP or by any of its members, or owned or controlled by any other Colliers Entity.

1.4 Colliers International (referred to throughout as "Colliers" "we" or "us") is the trading name of Colliers International Property Advisers UK LLP, Colliers International Capital Markets UK LLP, Colliers International Central London UK LLP, Colliers International Rating UK LLP, Colliers International Retail UK LLP, Colliers International Valuation UK LLP and Colliers International Property Consultants Ltd.

1.5 Confidential Information means information that is by its nature confidential and/or is designated by us to be confidential.

1.6 Instruction Letter means the letter of instruction, proposal or tender which is sent to you with these Terms. In the event that there is any conflict between the terms set out in this document and the terms set out in the Instruction Letter the terms in the Instruction Letter shall take precedence.

1.7 The Property means the assets (including shares in a company) which are the subject of our instructions and all other assets in which an interest is acquired by a purchaser including contents fixtures and fittings and any business carried on at the Property.

1.8 Purchaser includes a tenant or licensee.

1.9 Seller includes a landlord or licensor.

1.9 Services means the specific services set out in the Instruction Letter and any other services which we agree in writing to provide.

1.10 Sole Selling Rights – Unless specified to the contrary in the Instruction Letter by instructing us to dispose of and/or acquire (as applicable) the Property you grant us Sole Selling Rights which means that you will be liable to pay remuneration to us, in addition to any other costs or charges agreed, if:

(a) unconditional contracts for the sale and/or lease (as applicable) of the Property are exchanged in the period during which we have Sole Selling Rights even if the purchaser and/or seller (as applicable) was not found by us but by another agent or by any other person, including you; and

(b) if unconditional contracts for the sale and/or lease (as applicable) of the Property are exchanged after the expiry of the period during which we have Sole Selling Rights but to a purchaser and/or seller (as applicable) who was introduced to you during that period or with whom we had negotiations about the Property during that period.

## 2.0 FEES

2.1 Our fees are as stated in the Instruction Letter.

2.2 Where we agree to act jointly with another professional then the fee payable to us will be an agreed proportion of the total fee due. In the absence of such an agreement we shall be paid in equal proportion to the other professional(s).

## 2.3 Abortive Fees

(a) Unless otherwise agreed in writing if you instruct us to act for you and thereafter the transaction or instruction becomes abortive because you withdraw or you terminate our instructions we shall be entitled to 50% of the fee we would otherwise have received had the matter proceeded to completion.

(b) Whether the transaction or instruction concludes or not the disbursements and expenses referred to in Clause 3.0 below will be payable by you in any event.

(c) In the case of consultancy services an abortive fee will be calculated and payable by you according to our hourly rate at the time for all work done.

## 2.4 Additional Work

Where we are required to undertake additional work outside the agreed scope of the Services additional charges will be agreed.

## 2.5. Estimates

Any estimates of fees and disbursements are provided on the basis of the information you provide to us. Such estimates are not therefore binding upon us if the information provided is in any way incomplete, misleading or wrong.

## 3.0 DISBURSEMENTS AND EXPENSES

3.1 We will provide you with an estimate of disbursements and expenses prior to incurring them. Such items include but are not limited to travel, advertising and marketing (including 'for sale' and 'to let' boards), in-house mailing, printing, maps, photography, photocopying, library and data services, research, bank references, planning applications and RICS and other regulatory fees.

3.2 Disbursements and expenses may be charged to you as soon as they are ascertained or incurred, whether or not our instruction proceeds to a conclusion.

3.3 You agree to indemnify us against any liability on our part in respect of such disbursements and expenses.

3.4 In all circumstances in which your instructions involve an amount of administration on our part, such as photocopying, faxing etc, we shall be entitled to add an administration charge to our bills to cover such expense.

## 4.0 CHARGES DUE

4.1 We will be entitled to issue an invoice and our fees will become due for payment free from any discount, deduction set-off or counter claim:

(i) On the date(s) specified in the Instruction Letter

(ii) When you withdraw your instructions (in which case Clause 2.3 applies).

4.2 In all other cases charges become due on the date that we issue an invoice for the services provided and/or the disbursements and expenses incurred.

4.3 All invoices are payable by you upon delivery to you.

4.4 In the event that we are required to issue proceedings to recover any fees or disbursements and we are successful in such proceedings you agree that you will pay our legal costs of such proceedings even if the amount claimed is less than the limit for small claims cases.

## 5.0 TAXES

5.1 The fees disbursements and expenses referred to in these Terms and in the Instruction Letter are all subject to the addition of VAT where applicable (and any other taxes whether UK or overseas which may arise).

## 6.0 INTEREST

6.1 Unless otherwise agreed in writing, in default of payment by you within 21 days of delivery of an invoice, interest will be chargeable upon outstanding invoices at the rate of 6% above the Bank of England minimum lending rate from time to time from the date of our invoice until payment.

## 7.0 SCOPE OF SERVICES

7.1 We accept no liability for the content or interpretation of title, regulatory documents (such as Energy Performance Certificates) or tenancy documents and unless specifically instructed to report on them we do not warrant that properties on which we advise are in satisfactory structural order; that any land is free from contamination; or that any land or property is compliant with regulations, or that any land or premises has planning permission or is capable of being developed for the purposes for which it may be required.

7.2 We will perform the Services within a reasonable period of time after acceptance of your instructions on the basis that:

(a) Any estimates of the time for performance of the Services are not to be legally binding upon us; and

(b) We shall be entitled (but not obliged) to delegate performance of the Services (or any part of them) by instructing one or more other persons, firms or companies (whether as sub-agent or in any other capacity) upon such terms as we consider appropriate in our absolute discretion.

7.3 It may be necessary as part of our work to instruct specialist consultants on your behalf. We will not do so before obtaining your authority. Once you have authorised us to instruct such specialist consultants you will be responsible for payment of their fees and matters relating to their performance. In accepting your

instructions to instruct such specialist consultants we do not warrant their competence. If we are instructed by you to supervise the work of such specialist consultants we will be entitled to charge an additional fee calculated by reference to the time incurred in doing so however we assume no liability for any advice given to you by such consultants.

7.4 Any market projections incorporated within our Services including but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

#### 8.0 INFORMATION PROVIDED

8.1 Unless you inform us in writing to the contrary we shall not be required to check or approve the accuracy of information provided to us by you or others including Energy Performance Certificates.

8.2 Unless you inform us in writing to the contrary you hereby warrant the accuracy of all information provided to us by you or on your behalf on the basis that you expect us to rely upon it.

8.3 You undertake to indemnify us against all costs, claims, charges and expenses of whatever nature which may arise as a result of any such information proving to be inaccurate (whether wholly or in part) or incomplete.

8.4 Subject only to Clause 12 below any information which we acquire from you in the course of performing instructions may be used by us for any other purpose unless you instruct us in writing at any time prior to such use by us.

#### 9.0 OUR REPORTS

9.1 In relation to any written report or advice prepared by us you agree that neither the whole nor any part of our report or advice or Confidential Information may be included in any published document, circular or statement or published in any way without our written approval prior to publication.

9.2 Copyright in any reports, documents or other material provided to you by us shall remain our property at all times.

#### 10.0 PAPERS

10.1 After completing our work, we are entitled to keep all and any of your papers and documents until our fees and charges are paid in full.

10.2 Unless you instruct us to the contrary, you hereby agree that we may destroy papers or documents relating to the Services six years after the date of the final invoice that we send you for the particular matter.

#### 11.0 EMAIL

11.1 We shall treat receipt of an email from you as a request to us to communicate with you by email.

11.2 If you intend to communicate with us by email, by accepting these Terms you confirm that you understand the risks of doing so and you authorise us to act upon electronic instructions which have been transmitted (or appear to have been transmitted) by you.

#### 12.0 DATA PROTECTION

12.1 We will not disclose to any third party any personal data without your express authority to do so.

12.2 You agree that we may receive and retain documentary proof required by the Money Laundering Regulations 2007 and can disclose it to any Government authority that is legally entitled to request it. You further agree and consent to identity checks being carried out electronically for anti-money laundering purposes. For the purposes of this clause only, you release us from our obligations under Clause 12.1 above.

12.3 We may occasionally use your contact details to inform you of property updates, client seminars, and the like. By accepting these terms you consent to our sending you such information. If you do not wish to receive such information, please advise us, by writing to the Data Protection Officer at our address.

#### 13.0 LIMITATION OF LIABILITY

13.1 In relation to any Services provided by us to you the following limitations apply:

13.2 You agree not to bring any claim for any losses against any member, officer, director, employee or consultant of Colliers or any Colliers Entity (each a "Colliers Person"). You hereby agree that a Colliers Person does not have a personal duty of care to you and any claim for losses must be brought against Colliers. It is agreed that any Colliers Person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999 but that these terms may be varied at any time without the need for them to consent.

13.3 We will not be liable in respect of any of the following:

(a) for any services outside the scope of the Services agreed to be performed by us;

(b) to any third party;

(c) in respect of any consequential losses or loss of profits.

(d) for any losses, costs, penalties or damages arising from the Energy Performance of Buildings Regulations 2011.

13.4 Where any loss is suffered by you for which we and any other person are jointly and severally liable to you the loss recoverable by you from us shall be limited so as to be in proportion to our relative contribution to the overall fault.

13.5. Our liability for loss and damage attributable to our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall not exceed £1 million per single originating cause (or if higher,

such minimum level of insurance cover as the Royal Institution of Chartered Surveyors requires us to maintain from time to time). This limit applies to each and every transaction and retainer and any subsequent work we undertake for you unless expressly overridden in a subsequent Instruction Letter signed by a director of Colliers.

13.6 The exclusions and limitations in this paragraph will not exclude or limit any liability for fraud or dishonesty or for liabilities which cannot lawfully be limited or excluded.

13.7 Where the Instruction Letter is addressed to more than one client, the above limit of liability applies to the aggregate of all claims by all such clients and not separately to each client.

#### 14.0 INDEMNITIES

14.1 You agree to indemnify us against all costs, claims, charges and expenses which we shall incur by reason of (but not limited to):

(a) Use of any of our work for purposes other than those agreed by us.

(b) Misrepresentation by you or with your authority to third parties of advice given by us.

(c) Misrepresentation to third parties of the extent of our involvement in any particular project.

(d) Any claims or proceedings concerning Energy Performance Certificates prepared by you or on your behalf.

14.2 You also agree to indemnify us against any and all damages or liability suffered by us, arising from the use by us of material provided by you to us the copyright of which is vested in a third party.

#### 15.0 ASSIGNMENT

15.1 Neither this agreement nor any of its terms may be assigned by you to any third party unless agreed in writing.

#### 16.0 TERMINATION OF INSTRUCTIONS

16.1 We may terminate any agreement governed by these Terms immediately by notice in writing:

(a) Where as a result of circumstances outside the control of both of us the Services become impossible of performance or;

(b) Where you have rendered the Services impossible of performance or;

(c) You have provided incorrect information to us contrary to Clause 8 above upon which we have relied or;

(d) If you have not made payment by the due date of any sum payable to us or;

(e) At any time in the event that you are in material breach of your obligations to us or;

(f) Without assigning any reason and on the basis that you are under no obligation to pay any fees in respect of the matter and that we are under no obligation to perform any further services.

16.2 You (and if clause 16.1 does not apply we) may terminate any agreement governed by these Terms by giving not less than 28 days' notice in writing. However, if the Instruction Letter states a minimum period for our instruction, notice to terminate may not be given so as to expire before the end of that period.

16.3 On termination of our instructions you will be liable to pay to us any outstanding disbursements and expenses and you will remain liable for any fees arising under Clauses 2, 3 and 5 of these Terms.

16.4 Notwithstanding termination of our agreement with you the provisions of Clauses 1 to 10, 12, 13, 14, 19, 20 and 21 shall remain in full force and effect.

#### 17.0 MONEY LAUNDERING COMPLIANCE

We are required by law to operate procedures pursuant to the Money Laundering Regulations 2007, which may include requesting that you provide us with documentary proof of identity, proof of address and/or proof of funding in relation to a particular transaction or instruction. You agree to comply with any such requests promptly.

#### 18.0 COMPLAINTS

18.1 We operate a procedure for complaints handling as required by the Royal Institution of Chartered Surveyors. A copy is available on request.

#### 19.0 LAW AND JURISDICTION

19.1 These terms of business are subject to the laws of England and Wales.

19.2 Any dispute shall be subject to the exclusive jurisdiction of the English Courts.

19.3 If a court rules that any provision of these Terms is invalid or unenforceable this will not affect the validity of the rest of the Terms which will remain in force.

#### 20.0 RIGHTS OF THIRD PARTIES

Except as set out in clause 13 none of the Terms shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a third party. No third party will be entitled to rely on any Report or advice except as agreed in writing by us.

#### 21.0 NON-SOLICITATION

You will not on your own account or in partnership or association with any person, firm, company or organisation, or otherwise and whether directly or indirectly during, or for a period of 12 months from, the end of the term of this agreement, solicit or entice away or attempt to entice away or authorise the taking of such action by any other person, any of our and/or any Colliers Entity employees, directors, members or consultants who have worked on the Services. In the event of any breach of this clause, you shall be liable to pay damages of one year's gross remuneration of such employee, director, member or consultant and you agree that this is a reasonable pre-estimate of our loss arising from the breach of this clause.

Proplend Security Limited  
c/o Proplend  
20-22 Wenlock Road  
London  
N1 7GU

Colliers International Healthcare UK LLP  
50 George Street  
London  
W1U 7GA  
Attention: Max Broadbent

Our Ref: Weymouth Care Home

March 16<sup>th</sup>, 2017

Dear Sir,

We would be grateful if you will act on our behalf in providing an appraisal of the freehold interest in the properties detailed below subject to the existing leases and any other interests in situ as established in the documentation to be delivered to you for the purposes of such appraisal (the "Properties"). Your appraisal should include a valuation thereof for secured lending purposes as at the date of your report. Your report should follow the format as set out in the attached "Guidance note for valuers providing an appraisal of commercial property".

Please indicate in your report if the valuer or your firm have had any previous involvement with the Properties forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

We expect the valuation to be carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards, January 2014 (the "Red Book") as amended from time to time. Your opinion of current Market Value of the interests in the Properties should be on the basis defined in the Red Book.

The date of valuation should be the date of your report unless otherwise agreed.

For the avoidance of doubt, we expect a new valuation inspection to be undertaken for all parts of the Properties as part of your valuation.

We also expect a review of the Report on Title and the technical due diligence to be undertaken as part of your valuation, and you to confirm that there is nothing in any of these which impacts on value. However, you are not expected to conduct any checks with competent authorities and your valuation shall assume conformity of all matters not specifically addressed in the above reports with applicable law requirements.

Your valuation will be prepared and based exclusively on information provided by us or on the results of the inspection carried out by you. You will assume no liability with respect to the accuracy, completeness of genuineness of any documents provided to you or already in your hands from previous valuation works performed for us.

PROPERTIES

**Proposed Care Village Site, Bingleaves, Newton's Cove, Weymouth, DT4 8UP**

Your report should be addressed as follows and contain the reliance and beneficial clauses set out below:-

ADDRESSEE

- (a) [REDACTED] Proplend Security Limited, the "Instructing Parties";
  - (b) the facility agent and the security agent to be appointed in connection with the facility agreement with, among others, SPV – To Be Advised, the "Borrower" to be dated on or around 31 March 2017 (as amended from time to time, the "Facility Agreement") and each of their respective transferees, successors, or assignees;
  - (c) each person which becomes a party to the Facility Agreement or related finance documents as lender, facility agent, security agent or other support provider in accordance with the terms thereof and its transferees, successors, or assignees;
  - (d) any manager, note trustee, issuer, security trustee or other support provider in connection with any bond issue, securitisation or syndication of, or referable to, any loan made under the Facility Agreement; and
- (Together the "Beneficiaries").

RELIANCE

The report will be for the use only of the party or parties to who it is addressed for the specific purpose set out therein (although the Beneficiaries can disclose it to the parties listed below on a non-reliance basis), and no responsibility will be accepted to any third party for the whole or any part of its contents.

## DISCLOSURE

The Beneficiaries may disclose the report (and any other advice, letters, certificates or other documents relating to such report, without reliance):

- (a) where disclosure is requested or required by any applicable law or regulation, by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or in connection with legal proceedings relating to the report;
- (b) to any affiliates of any Beneficiary;
- (c) to any of their respective agents or advisers and to any of the agents or advisers of any person listed in (d) to (i) below, in connection with the loan in respect of the Facility Agreement or any bond issue or securitisation of, or referable to, any loan made under the Facility Agreement;
- (d) to any financial institution or other entity in connection with the loan under or in respect of the Facility Agreement, and their respective advisers;
- (e) to future owners, or prospective purchasers, of any property financed under the Facility Agreement;
- (f) to investors and potential investors in any bond issue or securitisation of, or referable to, any loan made under the Facility Agreement;
- (g) where disclosure is required by the rules of any stock exchange, listing authority or similar body on which their shares or other securities are listed;
- (h) to any potential transferee or assignee of any lender under the Facility Agreement;
- (i) to any party whose consent is required for the purposes of implementing any transaction contemplated or required in connection with paragraphs (c) to (f) and (h) above; and
- (j) where the report (or any draft or part thereof) is in the public domain, unless it is as a result of any breach of confidentiality undertaking.

The Beneficiaries may also make reference to the information referred to above, and include all or part thereof, in any offering materials or ongoing investor reporting materials related to any bond issue or securitisation of, or referable to, any loan made under the Facility Agreement.

## PUBLICATION

Except as provided above, neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear, subject to the clause below where the Beneficiaries may disclose the report (without reliance):

- (a) where the publication is requested or required by law or in respect of legal proceedings in connection with the report; and
- (b) where the publication is requested or required by the mandatory rules or regulations of any competent supervisory or regulatory body of any Beneficiary.

The Beneficiaries may also make reference to the report, and include all or part of the report, in any offering materials or ongoing investor reporting materials related to such bond issue or securitisation.

Whilst your opinion of Capital Value is required, the future performance and marketability of each Property and Properties individually and as a portfolio are of paramount interest to the Instructing Parties and it is essential that these issues are addressed fully in your report.

By accepting this instruction you confirm and you will also explicitly state in your report that you:

1. are able to act on our behalf as Independent Valuer and have no existing or potential conflicts of interest in complying with this instruction (other than approved by us);
2. have the necessary expertise and experience to advise us in relation to the Properties; and
3. maintain in force adequate Professional Indemnity Insurance on a per claim basis in respect of this instruction (for the avoidance of doubt the amount of such Professional Indemnity Insurance should be specified in your report).

You have quoted and the Borrower has agreed to pay a fee of £7,500 (excluding all disbursements and excluding VAT) for carrying out the work detailed herein. Whilst a receipted invoice for this service should be supplied with your report, and addressed to the Instructing Parties, we ask that you seek settlement of your fee from the Borrower. [REDACTED]

[REDACTED] Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

The expected time for the delivery of your final draft report is around 31 March 2017, with your final agreed report to be delivered by the end of the week of 3<sup>rd</sup> April. The date of signing of this letter shall be deemed as the date of assignment of the agreed work.

Any dispute that may arise from the interpretation of this letter, the execution of instructions herein and the performance of work assigned hereunder, shall be referred to the exclusive jurisdiction of England and Wales. English Law shall govern our relationship.

Finally your Report must include copies of this instruction letter and the Guidance Notes you have followed in complying with our instructions. Copies of your report should be provided to both [REDACTED] Proplend Security Limited.

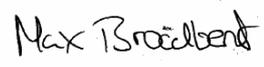
Please contact Andrew Pinfield on 0203 397 8290 if you have any queries regarding this instruction. Please send a draft copy of your report by email in the first instance to AndrewPinfield@proplend.com with final hard copies to H1 Ascot Business Park, Lyndhurst Road, Ascot SL5 9FE.

Yours faithfully



For and on behalf of  
[Redacted] Proplend Security Limited as the Instructing Parties

Acknowledged and agreed by:



.....  
For and on behalf of  
Colliers International

## GUIDANCE NOTE FOR VALUERS PROVIDING AN APPRAISAL OF COMMERCIAL PROPERTY

### APPRAISAL REPORT

The Appraisal Report must contain the following information under the specified headings.

#### 1. Executive Summary

A 'bullet point' summary in relation to the Properties in their current state as at the date of valuation and commenting upon, identifying and/or confirming, as appropriate:

- (i) likely investor demand and likely purchasers as a whole or in part;
- (ii) volatility of Properties performance both rental and capital values;
- (iii) any title issues requiring further investigation (following a review of the Report on Title and **conversations with the Instructing Parties' Solicitors**);
- (iv) any issues relating to permits, zoning, planning, etc. requiring further investigation (following a review of the technical due diligence reports)
- (v) any pertinent issues, whether adverse or otherwise, requiring further investigation; and
- (vi) its suitability, from a property perspective, as security for a secured loan.

#### 2. Location

A short general description of the location for each of the Properties along with the immediate surrounding area is required. An Ordnance Survey Extract, Scale 1:1250, if available (or similar equivalent), detailing the Property with its boundaries edged clearly in red and/or such other extracts and/or Goad's plans as are deemed appropriate should be provided.

Brief Comment should also be provided in respect of demographic influences and surrounding land use.

#### 3. Description

A concise description of the Properties in their existing state along with advice as to the type of construction, suitability and flexibility is required. Photographs of the Properties showing them in their context are also required and should be appended to the report.

#### 4. Accommodation

Full details should be provided of the accommodation.

#### 5. Condition

Concise comment is required on the external and internal condition of existing buildings. Specific comment is required on any defect that may have an adverse effect on its future marketability and the estimated useful remaining lifespan, both functional and economic, should be made from a **valuer's** perspective only. For the avoidance of doubt you are not required to undertake a building or structural survey.

If a more detailed investigation of any defect or suspected defect is considered appropriate, the Valuer shall make the Instructing Parties aware of the issue immediately.

#### 6. Statutory Enquiries

A Statement is required following a review of the Report on Title and the technical reports as to:

- (ii) the current zoning of the Properties within, and the status of, the relative Structure and Local Plans;
- (iii) whether the Properties are listed or located in a Conservation Area;
- (iv) details of existing planning consent(s);
- (v) whether the building(s) comply with existing planning, zoning and listed building consent(s) and building regulations;
- (vi) whether the building(s) comply with all permits, etc.
- (vii) the condition and suitability of the access to the Property
- (viii) details of current/future property related taxes payable

Oral inquiry of the appropriate authorities may be sufficient but the Instructing Parties should be advised if it is considered that written confirmation is necessary. You are required to read the Report on Title to be prepared by the Lawyers and the technical due diligence and to refer and comment on any aspect which is material to value or marketability in your report.

### 7. Site and Ground Conditions

Where appropriate, the total site area, shape and principle dimensions and topography should be stated along with details and sizes of any external areas.

If there is evidence that the Property has been affected from a valuer's viewpoint by any adverse ground conditions this should be specified along with an opinion as to the likely effect of such on the future marketability.

If there are known adverse ground conditions in the locality, even if the Properties show no apparent signs of being affected, the Instructing Parties must be advised. For the avoidance of doubt, you are not required to undertake a check of surrounding buildings.

### 8. Environmental Issues

The Instructing Parties will advise if they are aware of any contamination to the Property and make available any specialist reports in their possession. All such reports must be regarded as confidential and their existence and the contents thereof may not be disclosed to any other party, without prior written permission

It is recognised that a firm of Surveyors is not in a position to give formal comment on the implications of site contamination. However, in order that the Instructing Parties can fully assess their position informal comment as to the potential for any such problems to exist is required.

If it is observed during the course of inspection and/or considered that:

- (i) the Properties and/or their immediate locality is being used for the manufacture, storage and/or sale of hazardous/toxic materials such as chemicals, petroleum products, pesticides, fertilisers, acids, asbestos, explosives, paint or radioactive materials,

the Instructing Parties must be advised immediately and provided with an opinion as to whether a full specialist environmental assessment is necessary.

Where an environmental report has been provided, the Valuer must advise the Instructing Parties as to the impact of the content of such on marketability and value of the Properties, including its impact as security for a secured loan.

### 9. Tenure

The Valuer is required to liaise with the Instructing Parties' solicitors and advise, upon receipt of the latter's report on title, as to whether there is anything contained therein which might adversely impact on the advice provided in the appraisal report.

Tenure must be stated and, if leasehold, details of the principal terms of the Lease must be provided.

Detail and comment upon any known Easements, Servitudes or rights of way, light or escape that may adversely affect the Property.

#### 10. Occupational Leases and other Agreements

Full details must be provided of existing lease terms including any material and restrictive clauses or review provisions.

Comment is required as to the appropriateness of such having regard to prevailing market practice or conditions and on any adverse impact of the same on:

- (i) rental and capital performance and letting or sale prospects; and
- (ii) net income having regard to rent payment and collection arrangements, tenant incentives, irrecoverable void costs, maintenance repair and insurance costs etc.

Please comment on assignment provisions/privity and any opportunities for disclaiming leases.

#### 11. Market Trends and General Comments

A concise history of recent market conditions which have affected the Properties, in the context of both its current condition and approved uses, but also in the context of the proposed development, Your report should therefore provide detailed commentary including the likely local, regional and national market trends which may affect the Properties performance and rental and capital values for the five year period subsequent to the date of valuation in respect of the following:

- i. The undeveloped site itself;
- ii. The completed residential apartment units (considering both those with age restrictions and those without);
- iii. The nursing home; and
- iv. Completed retirement villages of the size, quality and mix of uses proposed for the Properties

Having regard to condition, obsolescence and any planning applications, consents or proposed developments in the locality which would have an effect, either adverse or beneficial, on the Property and other relevant information, specific comment is required on the following issues:

- (i) the value and marketability in comparison to other competing properties and schemes in that market sector, i.e., how is the Property placed with respect to the market in which it competes and will it perform better or worse than its peers?
- (ii) the volatility of the sector compared to the market as a whole;
- (iii) in event of the Properties remaining or becoming vacant in whole or in part, its letting prospects in relation to the market sector, and anticipated new lease rents, new lease terms, void periods, tenant incentives, rent free periods, etc.;
- (iv) the merits and defects of the Properties as these might relate to its value and marketability within its market sector;

#### 12. Extracare Market Review

Your report should also include a review / commentary on the Extracare/ Retirement Village sector including amongst other things a list of the key operators, their key requirements in terms of size, mix of uses on site etc, a list of Extracare/ retirement village schemes that will compete with the Property, those that have been completed, are under construction, and sites for which planning permission has been given together with a review of the top 5 providers (a brief description of their operations, geographical focus of their portfolios and details of any expansion proposals / target locations).

### 13. Rental Value

If a lease or leases has or will be granted in respect of the Properties, opinion must be provided of its Market Rent in its existing state and on the terms of the existing tenancies both as at the date of the report, along with justification for this opinion. Your report should include a schedule setting out the both current passing rent and the Market Rent for each Property.

Where appropriate, a schedule of comparable evidence and a note of the factors that have been considered appropriate when comparing the Properties to any comparative properties should be provided.

### 14. Capital Value

Opinion is required at the date of the report as follows:

- 1) the Market Value (MV) of the freehold/leasehold interest in each of the Properties in their current physical condition and subject to the terms and conditions of the existing tenancies and **after deduction of normal purchasers' costs. This valuation should reflect any planning approval granted for the development of the site and any associated obligations imposed in a S106 or other such agreements and your opinion of the cost of constructing the proposed development;** and
- 2) the Gross Development Value (GDV) of the development for which planning approval has been granted. Your report should also provide a breakdown of the gross development value between the different elements of the scheme including apartments, nursing home/respite unit and other operational elements.

You must comment on the current market conditions for selling the Properties including advice as to realistic periods of time that will be required to achieve a sale at your opinion of Market Values; and any factors, which it is considered, may adversely affect the performance of the Properties and Market Rents and Market Values.

You must comment on likely purchasers, relative demand for larger/smaller lot sizes and market activity. Please comment on saleability if the Properties were to become vacant.

You must comment on and the Market Value reported should reflect the property market's perception of the tenant's financial status.

An opinion is required as to the commercial strengths and weaknesses of the Property in its current state and with the benefit of any planning consent(s) existing as at the date of valuation.

You must set out your assumptions with regard to the covenant quality of the tenant and provide your opinion as to how you believe the covenant would be perceived in the current investment market.

Advice must also be provided as to what action might be taken to mitigate against any factors which, it is considered, might have a material adverse effect on the Properties performance and rental and capital values.

Please comment on current market conditions for letting the properties including providing your opinion of a reasonable re-letting period for each of the Properties and a comment as to whether the Properties would most likely let as a whole or in parts.

Please confirm all assumptions upon which your valuations are based. You should highlight those assumptions that you consider particularly important in the context of your valuation and any matters that you recommend should be investigated further. Where you have used a "special assumption" this must be agreed in advance and referred to in the report. You should also provide a Market Value without the "special assumption". Your report should include details of comparable asset sales (land, residential apartment and nursing home sales) that you consider to be relevant evidence for key assumptions used in arriving at your opinion of value.

A print out of the valuation or appraisal together with a schedule of evidence justifying the yield(s) and/or discount rate(s) selected must be provided, together with Excel files including the valuation calculations themselves.

## APPENDIX 2

# COLLIERS INTERNATIONAL FINANCIAL ANALYSIS

COLLIERS INTERNATIONAL FINANCIAL ANALYSIS				
Type of Accounts to YE date	365 days Annualised		Colliers International FMT	Colliers International FMT in Projection
		<b>INCOME</b>		
		Ave fee pw	£1,010.00	
		Registration	94	94
		Occupancy %	90.0%	
	(Indicative only)			
		Average fill	84.6	
		Fee Income pa	4,443,000	
		Other income		
		<b>Income pa</b>	<b>4,443,000</b>	
		<b>Payroll</b>	<b>2,075,000</b>	
		Payroll %	46.7%	#DIV/0!
		Provisions	114,300	
		Provisions psupw	£25.91	
		Heat & Light	63,500	
		Heat & Light %	1.4%	
		Accountancy	14,100	
		Bank Charges	4,700	
		Clinical Waste	5,000	
		Council tax	2,000	
		Garden Sundries	1,000	
		Insurance	17,400	
		Laundry & Cleaning	29,600	
		Advertising	4,700	
		Medical Costs	23,500	
		Motor Costs	6,600	
		Print, Post, Stationery, IT	6,100	
		Professional Fees	2,500	
		Registration	16,100	
		Repairs, Renewals & Maintenance	70,500	
		Resident's Activities	8,500	
		Staff training & uniforms	11,300	
		Subscriptions	1,000	
		Telephone	5,900	
		Water rates	15,100	
		Sundries	40,600	
		<b>Total Expenses</b>	<b>2,539,000</b>	
		Total Expenses psupw	£576	
		Payroll psupw	£470	#DIV/0!
		Non Payroll	464,000	
		Non Payroll %	10.4%	
		Non Payroll psupw	£105	
		<b>EBITDAR</b>	<b>1,904,000</b>	
		EBITDAR psupw	£432	
		EBITDAR %	42.9%	

# APPENDIX 3

## MARKET COMMENTARY

# EXTRA CARE MARKET

## MARKET COMMENTARY

### 1. EXTRA CARE MARKET OVERVIEW

#### 1.1 DEFINING EXTRA CARE

Retirement housing covers a large spectrum of provision, from downsizers moving into a smaller flat in a mixed use residential development, to a retirement community with high levels of domiciliary care in a dedicated facility which is effectively one step down from a nursing home. Whilst the lines between the varying type of operation are often not clearly defined, facilities can generally be divided into:

- Downsizer Housing.
- Retirement Housing / Sheltered Housing (with support but without care).
- Integrated Housing with Care (Extra Care, Assisted Living, or Very Sheltered Housing).
- Care Homes.

What is generally seen to differentiate extra care from the general retirement housing is the availability on site of personal care, as a minimum during waking hours. Other key aspects include:

- Primarily for older people.
- Self-contained accommodation.
- Security of tenure – extra care is owner-occupied or offers security of tenure if rented.
- Care charges based on time provided as opposed to a set fee.
- Support (non-care) is available on the premises 24 hours a day.
- Practical (domestic) care is available if and as required.
- Communal facilities and services are available.
- Meals are provided in a dining room on an optional basis.
- Facilities aim to be a home for life, and to allow people to age in place.

Extra care differs from Retirement Housing / Sheltered Housing in that it offers a wider range of services, including the option of 24-hour care and support if required.

#### 1.2 ORIGINS OF THE SECTOR

Whilst one of the issues faced by the sector is a general lack of understanding and awareness by the general public, there is nothing new about Retirement Communities. They date back a century, whether as retirement villages, extra care developments, assisted living schemes or close care apartments.

In the UK the concept started in Surrey in 1917, following the bequest of an entrepreneur to provide a home for his retired staff. Elmbridge Village, also in Surrey, was the first privately-owned Retirement Village. Modelling itself on the retirement schemes already established in the United States, it opened in 1981.

It was in the United States that the Retirement Community concept first became established to a significant degree. In the 1920s, organisations and religious bodies started planning for people's retirement. In the mid 1900's private builders began to realise the potential in marketing homes to older people and more bespoke Retirement Communities were developed across the United States from the 1960's onwards.

The market is also well established in New Zealand, where development again started with charitable trusts, establishing facilities for low income elderly people. The first purpose built private Retirement Communities opened in the 1980s, and from the early nineties until the present day, these communities for private homeowners have increased.

### **1.3 PERCEIVED BENEFITS PROVIDED BY EXTRA CARE**

Extra care can provide some clear care, social and financial benefits over the more traditional model of separate housing and homecare provision, or in traditional care home settings.

Due to the 'clustering' of residents in extra care settings, care can be delivered more flexibly, both in respect of frequent short visits and also having the ability to be adjusted care delivery on a daily basis. Residents can remain in extra care with greater degrees of frailty than they could in their own dispersed homes, even with intensive homecare packages. Extra care residents may even see a decrease in their dependency levels over time. Some operators have reported perceived reductions in hospital stays and other NHS costs for people in extra care housing compared with people living dispersed in the community.

From a social perspective, people can live independently as part of a community, rather than feeling isolated and can retain more independence than when admitted to a care home. The wider society benefits from the release of larger units of social housing for use by a family, at a time of growing housing demand.

The sale of a private house can release housing equity for residents to pay for care privately, whilst the extra care asset itself can still be a good capital investment for owners who purchase leases and so protect inheritances. Whilst extra care can be less expensive than residential care, this will greatly depend on the level of dependency and the facilities sought.

Research suggests that around one fifth of extra care housing residents have some level of dementia and there is mounting evidence that they generally have a good quality of life and that many people with dementia are supported in extra care through to the end of their lives. However, some tenants with dementia can be at risk of loneliness, social isolation and discrimination.

### **1.4 SCALE OF THE MARKET**

As discussed above, precisely defining the extra care market is difficult. Add to this the fact that in England there is no requirement for extra care housing to register as such, quantification of the scale of the market is always likely to be somewhat subjective. As a guide, it is estimated that in England,

the number of extra care units is probably within the range of 40,000 to 50,000 (depending on how extra care is defined). There are many sources of statistical data on aspects of the market for sheltered housing and extra care housing, but none that can give one overall picture.

### Number of Units

Data on the market was collected by the Elderly Accommodation Counsel who recognised the uncertainties of what constitutes an extra care scheme and used a very broad definition for its category 'housing with care', so the figures overstated the true numbers. The definition is now even broader and 'housing with care' now includes: 'schemes which either provide on-site registered care 24/7 or have other arrangements for offering residents a responsive care service'. With this definition the EAC recorded 64,400 dwellings in 2016, as follows:

Region	Letting	Sale	All	% Letting
South West	4,479	3,306	7,515	60%
England	43,870	20,568	64,438	68%

The EAC recorded a 45% increase in the numbers of dwellings with care between 2010 and 2016, in part a result of the looser definition of 'housing with care' but also reflecting market growth.

### Tenure of Units

In 2016 the EAC's survey showed 20,600 fully owned or shared ownership housing with care properties (for older people) in England. Only 32% of the housing with care stock is for owner-occupation, considerably lower than the 72% of households aged 65 or over owning their home (2014/15)

Region	Units per 1,000 (Letting)	Units per 1,000 (Sale)	Units per 1,000 (TOTAL)
South West	8.9	6.0	15.0
England	10.7	5.0	15.7

### Dwellings per Population (Aged 75+)

The tenure mix and number of 'housing with care' dwellings (in 2016) per 1,000 people aged 75 and over for Dorset and the surrounding counties is shown below:

Region	Letting	Sale	All	Per 1,000 aged 75+
Devon	525	376	900	8
Hampshire	1,238	1,089	2,327	16
Somerset	1,495	345	1,839	20
Wiltshire	352	836	1,189	22
Dorset	602	463	1,065	12
England	43,870	20,568	64,438	16

## Market Growth

Analysis of the historic EAC figures for housing with care (which includes extra care housing) shows the general growth in units. The data reflects the growth of the general needs housing market during the bulk of the 2000s. The effects of the Extra Care Housing Fund (introduced in 2004/05 and whose dwellings have opened since late 2005) can be seen together with the drop in development since 2009 due to the housing slump and the end of the Fund. More recently the partial recovery in the general housing market and the positive effects of the government's Care and Support Specialised Housing Fund can be seen.

Of note, is the growing level of development of dwellings for sale, as a percentage of the total, for the last three years of the data (2013-15). This reflects the development of larger schemes, which are more likely to be mixed tenure, as well as a recovery in the housing market allowing older people to sell their homes and move into leasehold extra care.

Various factors will affect the future growth of extra care housing, and these include:

- Demand for extra care, from potential residents, housing associations and adult social services.
- The state of the general needs housing market, allowing potential extra care purchasers to sell their previous homes.
- Marketing. In particular, the efforts made to explain the concept to the general public.
- The enthusiasm of the Department of Health.
- The mechanisms by which the NHS provides nursing care in extra care in the future.
- Changes in the relative ways that adult social services means test people for care homes and homecare.
- The risk of fragmentation of care delivery in extra care as a result of personal budgets.
- Any move by the Care Quality Commission to extend the regulation of extra care, which will lead to it being seen as more an institution and so less attractive to independent people.
- The availability of development capital and the rates of interest payable.

## Market Value

Laing Buisson carried out an analysis of the EAC data and making assumptions as to property values, premium paid over general residential units, levels of care needed and the take-up of other services, together with ground rents and service charges suggested a total value in 2015 for extra care in England of £1.770 billion. This is broken down as follows, together with figures for retirement housing:

	Extra Care	Retirement Housing
<b>Rental Market</b>	£270,000,000	£2,000,000,000 (sheltered & private)
<b>Leasehold Market</b>	£570,000,000	£540,000,000 (private)
<b>Service Charges</b>	£110,000,000	£600,000,000 (sheltered & private)
<b>Ground Rent</b>		£40,000,000 (private)
<b>Care Services</b>	£660,000,000	
<b>Catering</b>	£160,000,000	
<b>TOTAL</b>	<b>£1.770 Billion</b>	<b>£3.180 Billion</b>

## 1.5 DEMOGRAPHIC PRESSURES & DEMAND

The key demographic trends that will have an impact on the older people care sector in the future are:

- Expansion of the older population.
- Reduction in the pool of very young female adults (available for training in a first career as nurses or care assistants).
- Increase in the number of middle-aged people looking after children and a parent.
- Changes in the health and dependency levels of older people.
- Immigration patterns (in which immigrants could be joined by older parents/relations).
- Change in the patterns of immigration by potential care workers and emigration by trained care staff.

### *Population Changes*

The UK population aged 85 and over is projected to rise more than fivefold from 1.57 million in 2016 to 5.75 million in the year 2066. In the medium term (the next 22 years to 2038) the number of people in the age range 65-69 is projected to grow by 15%, 70-74 year olds by 44%, 75-79 year olds by 63%, 80-84 year olds by 63%, 85-89 year olds by 89%, 90-94 year olds by 162%, 95-99 year olds by 216% and centenarians by 431%. The larger rates of growth, therefore, are in the age bands that need the most care. Not only will demand for care services increase through demographic change, but the availability of people to provide that care may reduce. The young female population makes up around 83% of the care staff in extra care housing and other care services. The ONS projections indicate that during the next 22 years from 2016:

- 15-24 year old females will increase by 8%
- 25-64 year old females will increase by 1%
- Total females aged 15-64 is projected to grow slowly, ending the period just 2% higher

### *Demand Factors*

Predictions of demand are always the subject of competing theories and pressures.

There is a school of thought that proposes that the cumulative effect of modern medical technology is the 'compression of morbidity' into a shorter period at the end of the natural lifespan. This optimistic theory, if it is valid, implies a reduction in the need for long-term care facilities. There is also a contrary and pessimistic theory that holds that the overall effect of medical technology has been, and continues to be, to extend expectation of life without reducing dependency in later years. If this theory is valid it would imply an increase in the need for long-term care.

Evidence from the UK, does not support the compression of morbidity hypothesis. Office for National Statistics (ONS) data shows that between 2000-02 and 2009-11 men's life expectancy rose by 2.1 years but healthy life expectancy rose only 1.2 years and disability-free life expectancy rose by 1.7 years. Life expectancy appears to be increasing at a much higher rate than 'healthy life' expectancy.

In respect of dementia care, future advances in medical technology may reduce the demand for care services. Such developments may increase the demand for dispersed homecare or extra care housing from people who might otherwise be in care homes. However, there is growing evidence that the age-specific frequency of dementia may actually be falling in some countries.

A further factor which may affect demand is the number of single person households. The number of one-person households is projected to increase by 28% between 2012 and 2037. Older households made up 28% of all households and 43% of the one-person households in 2012 and are projected to increase to 37% and 48% respectively in 2037.

The advantages of extra care are detailed above. In the longer term there may be considerable potential demand for extra care housing, from the following overlapping groups:

- Some of the 433,000 older (and some young physically disabled) people currently in care homes. (Although older people tend to become too institutionalised after a short period in a care home and so the potential demand is more as an alternative to a care home before admission).
- Many of the almost 300,000 people receiving local authority funded homecare.
- A large but uncertain number of people funding their own homecare privately or from personal budgets.
- Many of the 480,000 people living in housing with support (sheltered housing).
- Older people currently living in dispersed general needs housing but who are considering one of the above.

The Associated Retirement Community Operators (ARCO) defines a retirement community to include retirement villages, extra care housing, housing with care, assisted living, close care apartments and independent living, where owners/tenants have flexible personal care available usually from staff based on the premises and can choose either to eat in their own homes or in a restaurant or communal dining area. ARCO estimates that 50,000 (0.5%) of the UK's older people live in retirement communities, compared with 5.6% in the USA, 5.25% in Australia and 5% in New Zealand.

Whether or not the 5%+ seen in other countries is applicable to the UK is the subject of debate. There are however strong indications that older people do benefit from being in larger retirement communities with care and that there is a large potential demand for the UK model of retirement community from people who would otherwise go into a care home, go into sheltered or private retirement housing schemes or live in dispersed (and often lonely) circumstances throughout the community.

## 1.6 REGULATION & LEGISLATION

Extra care and retirement communities are not regulated as such. The personal care that is provided is regulated as homecare and where a retirement community includes a care home, that will be regulated as any other care home. There are some concerns that extra care and retirement communities could be regulated as a specific category of care, but it appears that any changes to regulation will be probably be to tighten up on services that claim to be supported housing but are in reality services that should be regulated under the current regulations.

### *DEFERRED CHARGES (AKA EVENT FEES)*

Many older people who are in a financial position to consider private extra care are asset rich but income poor. A number of developers/managers of extra care housing seek to minimise the revenue costs of living in extra care housing, which must be paid while the older person is alive (for example by setting the care, support, maintenance and other charges so that the services break even rather than make a profit) and then recoup them as a capital sum when the property is sold. These deferred charges are among those known as event fees.

### *EVENT FEES & THE LAW COMMISSION*

The Law Commission has now published the final report in its event fees project, concluding a process which started in September 2014. The Commission has made a total of 23 recommendations covering a wide range of issues linked to its investigation into the sector, including defining what event fees and related terms are, providing better guidance to estate agents, and making the case for further reform to both primary and secondary legislation.

The Law Commission is clear that event fees - transparently disclosed – are legally chargeable. The Commission is clear that it is a failure to comply with existing consumer protection law which has been the problem for consumers and those supporting them. While it has seen cases of poor practice in some areas, and acknowledges the need to ensure effective decision making by consumers, it recognises the benefits of these models in increasing the range of housing options, and methods for financing those options, available to older people, and for stimulating the development of additional stock. Whilst this has been the message for some time, this message continues to be given very clearly. As the market grows there may be a greater appetite for event fees (potentially for a higher fee) that offer something in return (such as certainty on costs), as well as being for profit.

The main immediate step recommended by the Commission is a new code of practice. The code will:

- Define event fees and other key terms.
- Limit the circumstances in which event fees may be charged, broadly to: sale of the lease; subletting; and in some instances changes of occupation when the leaseholder has died or has ceased to occupy the property permanently.
- Limit the amount that can be charged as an event fee on subletting and other changes of occupation.
- Place a set of disclosure obligations on the operator, or the estate agent, when they are selling a property.

The requirements of the code (and potential future changes to it) should be relatively easily contemplated by leases which are drawn up going forward.

The Commission's report should be seen as an important step toward fuller regulation of event fees and the wider retirement living sector. Specific regulatory regimes feature in other jurisdictions with more established senior living sectors and replicating this seems likely to aid the growth of the UK market. It should be noted that industry bodies such as ARCO have long argued for higher levels of transparency and legal certainty.

## **HOUSING WHITE PAPER**

In February 2017 the government released its long-anticipated Housing White Paper. The document makes numerous references to housing for older people, but stops short of providing too many commitments not previously announced elsewhere. It does however:

- Make it clear that planning authorities will need to 'up their game' when it comes to planning for the housing needs of their older population.
- Make a commitment 'to explore ways to stimulate the market to deliver new homes for older people.'
- Signal the government's willingness to enter into a conversation about how to encourage and enable older people to downsize, including looking at provision of innovative models of housing with support available.
- Include a commitment to reform the Community Infrastructure Levy (CIL) and s106 system, which should be announced in autumn 2017.

## **1.7 INCOME STREAMS FROM PRIVATE RETIREMENT HOUSING**

Private retirement housing can generate a number of income streams for the developer or manager, including property service charges, personal care fees, domestic care charges, day care charges, optional meals sales, an annual ground rent, hairdressing salon rents, shop and bar profits, maintenance and 'sinking fund' contributions and charges payable on the sale of the property (selling (agency) fees and exit premiums). These charges are specified in the original tenancy or lease, and developers vary in the combination they impose.

## **1.8 INVESTORS & OVERSEAS OPERATORS**

As discussed, the retirement living market is more mature in a number of overseas countries, most notably the US, Australia and New Zealand. Despite the many similarities between the UK and these countries, the penetration into the UK market by these operators has to date been limited.

We understand that there is currently interest from two US operators who are looking at the UK market. This may potentially be for a rental assisted living model, which can be more akin to a traditional care home setting seen in the UK. There is also interest from Australia, with a funded operator showing strong interest in developing a high-end platform. The New Zealand market is also showing interest, with LifeCare Residences already being operational in the UK.

In addition to the operators, there are a number of private equity firms and large investment funds starting to look at the sector, including American, Danish and Asian investors. Whilst the appetite to invest appears to exist, the pinch point seems to be finding operators with which to work and some questions as to relatively small scale of the UK market. Currently there appears to be something of a funding gap in the mid-market, with smaller investors looking to place up to £10m and larger funds looking to deploy £300m+.

Whilst there is undoubtedly interest in the sector this has yet to translate to market activity. Looking forward, the government's position on the Law Commission report, the potential sale of an existing UK operator and Brexit will play a key part in determining whether the interest translates to an expansion of the market.

## 2. STRUCTURE OF THE SECTOR

### 2.1 MANAGERS & DEVELOPERS

As discussed above, definitions of Extra care are not exact. The Elderly Accommodation Counsel listed the managers of five or more schemes that are judged likely to be extra care housing. The EAC relied on the managers' self-reported levels of care and so some of these schemes may not reach a stricter definition of extra care housing. The top 10 operators noted are listed below:

Group	Schemes for Rent	Schemes for Sale	ARCO Member
Housing 21	103	6	Yes
Hanover Group	66	2	Yes
McCarthy & Stone	0	65	-
Anchor	34	5	Yes
MHA Care Group	18	20	Yes
Sanctuary Housing Group	34	1	-
Field Housing Association	34	0	-
ExtraCare Charitable Trust	29	3	Yes
Retirement Security	0	30	Yes
Symphony Housing	29	1	-

ARCO (the Associated Retirement Communities Operators) members include: Anchor, Audley, Berkeley Healthcare, Enterprise Retirement Living, The ExtraCare Charitable Trust, Genesis, Hanover, Housing & Care 21, Jewish Care, LifeCare Residences, MHA, Middleton Hall Retirement Village, Midland Heart, One Housing Group, The Orders of St John Care Trust, Rangeford, Renaissance Villages, Retirement Security, Retirement Villages, Richmond Villages, St Monica Trust and Trafford Housing Trust.

Other developers that are not ARCO members include Abbeyfield Societies, Barchester Healthcare, Bupa Assisted Living/Goldsborough Estates, Care UK, Joseph Rowntree Housing Trust, Karis Group, Kingsdale Group, McCarthy & Stone, Orwell Housing Association, Riverside ECHG and Saxon Weald Homes Ltd.

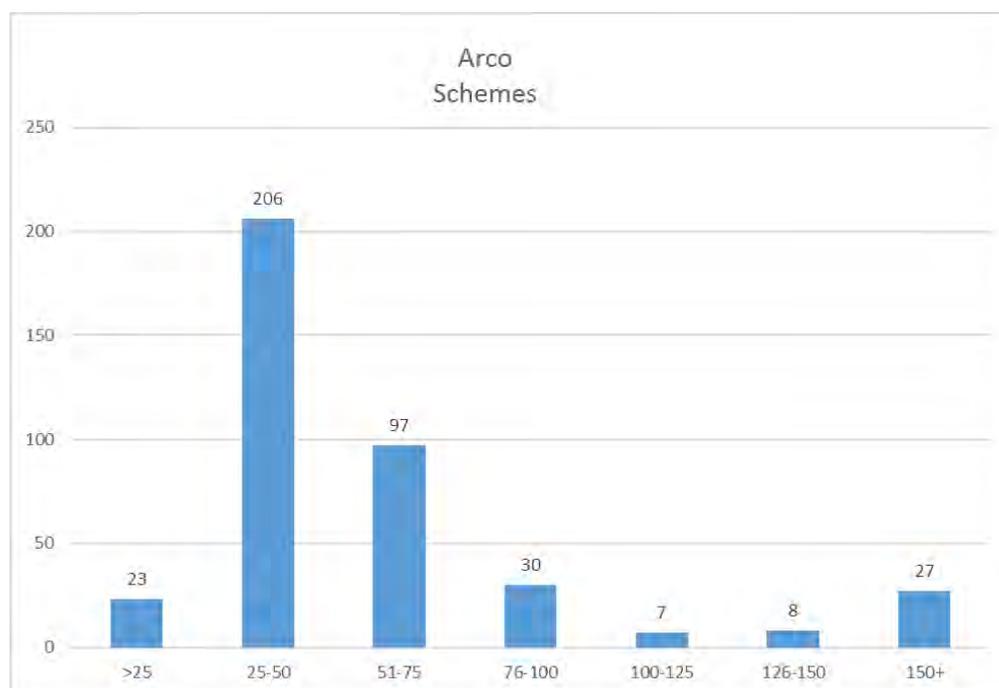
Recent developers of private retirement and extra care housing include: Abbeyfield, Anchor, Audley Court, Beechcroft Developments Ltd, Cala Group, Churchill Retirement Living, The ExtraCare Charitable Trust, Goldsborough Estates/Bupa Assisted Living, The Guinness Partnership, Hanover Housing Association, Lifecare Residences, Jones Retirement Homes, McCarthy & Stone Retirement Lifestyles Ltd, Meridian Housing Association, Midland Heart, Oak Retirement Ltd, PegasusLife, Places for People, Rangeford, Renaissance Villages, Retirement Security, Retirement Villages Ltd, Signature Senior Lifestyle Ltd, Stepnell Ltd and William Davis Ltd.

## 2.2 SHAPE OF THE SECTOR

In 2016 ARCO produced data on the organisations they represent, who account for approximately half of the extra care sector. Their membership is relatively evenly split between for-profit and not-for-profit providers.

In their data they broke down the tenure structure to show the clear bias towards the rented model at the lower end of the sector. The majority of provision (76%) was in the Affordable/Social category, broken down as 66% rental and 10% shared ownership. The Middle Market accounted for 16%, but the bias shifted in favour of purchase options, with 1% being for rental and 15% for purchase. At the High End, the 8% of provision was all for purchase.

The composition of schemes, show most are still of relatively small scale.



The ARCO data shows that many of the schemes were small, older developments, fewer of which are currently being built. Most new developments for private leasehold are 100+ units. There is a trend towards larger schemes, with many being 150+ units.

In 2015/16 ARCO members increased their numbers by 33 schemes and 2,774 units, an average of 84 units per scheme. However, this was mainly rental or rental/shared ownership stock, which still have some smaller schemes being commissioned. There were 12 new schemes for leasehold built during the year (including new members) showing an average of 147 units per scheme.

### 3. OPERATORS

#### 3.1 TOP FIVE OPERATORS

As detailed above, the largest five operators are Housing & Care 21, Hanover, McCarthy & Stone, Anchor and MHA Care Group. We provide below a brief description of their operations, geographical focus of their portfolio and details of any plans (where we have been able to ascertain details).

##### 1. HOUSING AND CARE 21

Housing & Care 21 is a not-for-profit organisation and registered provider providing extra care housing, retirement housing and care services to older people. In 2014 the name was changed from Housing 21 to reflect the importance of the care services now offered.

Historically, the bulk of its units were for letting and the remainder were available for shared ownership or outright sale, but home ownership is slightly more prominent in current developments. Its extra care and sheltered schemes, generally known as ‘Courts’ comprise one and two bedroom flats. The company claims to be the largest provider of extra care housing in the UK. Laing Buisson report that the organisation manages c. 11,400 retirement properties let at social rents in over 360 Courts, and c. 760 leasehold properties in 29 Courts. It delivered around 42,000 homecare hours nationally a week in 2014/15, of which 37,500 hours per week were in extra care housing. It completed 1,131 new extra care properties in 2014/15.

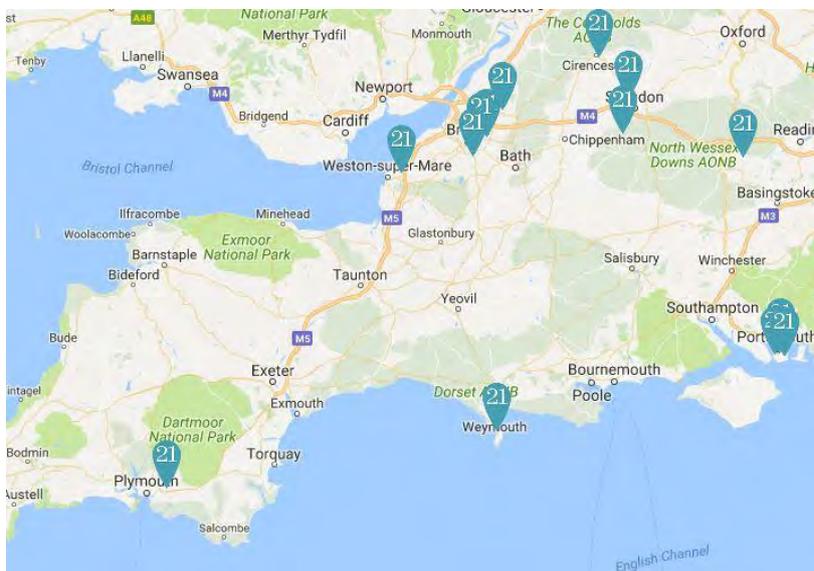
The group turnover for the year ending March 2015 was £204.0 million (2014: £218.7 million), the operating surplus was £28.8 million (2014: £18.2 million).

##### *Units & Locations*

Housing 21 list that they provide 111 schemes under the ‘extra care’ category, providing 5,462 units. These range in size from 1 to 131 units with an average of 49. The model is mostly rental driven, with 98% of schemes offering rental properties and 48% offering leasehold units. 59% of leasehold schemes and 56% are of rental schemes are showing vacancies. Most of the schemes list having a restaurant, lounge and hairdressing salon, with other facilities across the estate including day centres, wellbeing suites, shops, gyms and libraries. Some of the schemes are clustered together, effectively forming larger developments. Developments are spread across the country, as detailed on the map below.



In the south-west there are 16 schemes. These include five in Bristol and six in Portsmouth (three schemes clustered into a larger development of 65 units and a further three separate schemes providing an additional 178 units). See map below.



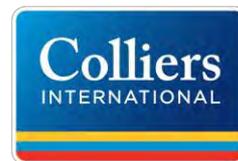
Over the last few years Housing & Care 21 has been remodelling its stock of self-contained sheltered housing flats to extra care housing. It has been adding dining rooms, assisted bathing facilities, lifts, charging rooms for powered buggies, medical treatment rooms, hair salons and offices for care staff in order to enable it to provide increased levels of personal and practical care to people with a much higher dependency. It's one and two bedroom flats and bungalows can be rented, bought under shared ownership (25% to 75% of the full market value) or purchased outright. Renting is usually through local authority nomination, and rents are set at below Housing Benefit levels.

#### *Example Scheme – Foylebank Court*

Foylebank Court is located in Portland, close to Weymouth. It is a scheme of 48 flats and bungalows, developed in 2005 and renovated in 2016. The scheme provides site based care staff and a non-resident scheme manager. Facilities include a lounge, dining room, laundry, guest facilities, hairdressing salon and garden. It benefits from a GP practice and community hospital next door and a bus service into the town centre. Meals are available.

#### *Proposals*

We have left messages for the person responsible for land acquisition, explaining that we were seeking to determine their acquisition requirements and target locations. Despite leaving a number of messages we have not received a response. No acquisition requirements are published on the company's website.



## 2. HANOVER GROUP

Hanover Housing Association Ltd is a major charity and Industrial and Provident Society established in 1963. Hanover manages 19,200 properties of all types on over 600 estates, 18,200 being owned by Hanover. Of these, approximately two-thirds are rented and one-third are home ownership properties. It employs over 900 staff of whom over half are estate-based.

Hanover Care & Support operates 73 extra care schemes across England. The bulk of units are for rent but a small number are available on full or shared-ownership leases. Hanover's current thinking is that an extra care scheme should not be isolated from its community. Residents should participate in local activities, looking to the locality to provide the facilities that would otherwise have been developed within a scheme. Not only is it more economical not to have to develop facilities that already exist nearby, but the service charges in extra care can preclude self-funding owners/tenants with modest incomes.

Hanover also offers Retirement Housing properties, which offer fewer services than its extra care schemes, and plans to develop Downsizer properties for active and independent adults aged 55 and over.

In the past Hanover had made a decision that it would not actively pursue future opportunities to develop new extra care estates, due to the high development cost and the scarcity of grant subsidy, although development of schemes on a one-off basis was not ruled out. The development strategy placed greater emphasis on the development of mixed tenure retirement housing estates.

Turnover for the Hanover Group for the year ending March 2015 was £101.6 million (2014: £101.7 million) with an operating surplus of £23.1 million (2014: £18.6 million) and a net surplus of £12.4 million (2014: £8.2 million).

### *Units & Locations*

Hanover list 73 schemes under the 'Extracare Housing' category, providing 3,019 units. These range in size from 6 to 76 units with an average of 41. The model is mostly rental driven, with all schemes offering rental units but only 20% of schemes having leasehold units. Nearly all of the schemes list have a restaurant, lounge, hairdresser and laundry, with many also have assisted bathing and guest facilities. A number of schemes have some of their admissions managed by local authorities.

Developments are mainly located in London and the south-east and norther home counties. There is a further cluster in Yorkshire and the north-east. In the south-west, there are three schemes in Gloucestershire, six in Avon & Somerset and one in Devon. The closest schemes to Weymouth are some 65-70 miles distant, offering between 31 and 63 apartments.

The extra care housing units provide one or two-bedroom self-contained flats built to wheelchair standard, with one-bedroom flats have a floor area of at least 46m<sup>2</sup>. There is a resident personal care team, available 24 hours/day in the larger developments, paid for by the local authority and provided directly by social services' in-house homecare team or by an independent homecare agency. Hanover does not itself provide personal care; it has a clear policy of separating from care. To move to its extra care, people need a referral from their local social services.

### *Example Scheme – Badminton Gardens, Bristol*

Badminton Gardens is an extra care retirement estate of 63 apartments built in 2011 and situated in the Downend area of Bristol. All units are for rental, although there is currently no availability. On-site facilities include residents' lounge, hair salon, a treatment room, guest room, assisted bathroom, laundry and restaurant.

### *Proposals*

We have spoken to the Development Team of Hanover and have been advised that their development program is 'on pause' for at least six months and there is no development strategy at present.

Current "larger developments" advised to be in progress include a 160-unit scheme in Muswell Hill, London. This has no care home on site and limited communal facilities. Additionally, there is a 70-unit scheme in Hackney, London being developed.

Prior to the suspension of the development plan, the focus was advised to be on the south east, although this may possibly be widened when the program expands again.

### **3. MCCARTHY & STONE**

McCarthy & Stone is seen as having pioneered the development of mass-market retirement properties in the late 1970s and remains the leading developer of private retirement housing, estimating that it builds seven out of every ten private retirement properties. By 2015 it had built approximately 50,000 units on 1,040 developments throughout England, Scotland and Wales since it started building retirement properties in 1977.

McCarthy & Stone was a listed company from 1983 until it was taken back into the private sector in 2006. In 2008 to early 2009 the company ran into debt problems and in 2009 there was a debt for equity swap in which HBoS and a consortium of the firm's senior lenders took control of the company. The company was refinanced in 2013 by hedge funds and was re-listed on the London Stock Exchange in November 2015.

Properties are available for leasehold sale in England and Wales and freehold sale in Scotland. McCarthy & Stone offers two retirement models: its standard Retirement Living model and Assisted Living, which appears to be extra care. The main difference is that the Assisted Living model has 24/7 on-site estate manager and team, a waitress service restaurant, function room and domestic and personal care packages available. The domestic services and personal care in Assisted Living is provided by CQC-registered YourLife Management Services (a partnership between McCarthy & Stone and Somerset Care Group, a large not-for-profit care operation).

In addition to selling the leaseholds on apartments, McCarthy & Stone sells the freehold reversionary interests (FRIs) on its developments in England and Wales. Operating revenue for the year ending August 2015 was £485.7 million, up from the previous year's £387.8 million. FRIs accounted for £16.9 million of that revenue. Operating profit also increased to £87.8 million from £70.5 million in 2014 and 'profit for the year from continuing operations and total comprehensive income' was up at £64.3 million from £44.4 million.

## Units & Locations

Sources list 63 McCarthy & Stone Assisted Living schemes providing 3,560 units. These range in size from 38 to 87 units with an average of 57. The model is leasehold driven, with only one scheme showing as being for rental. Facilities are generally relatively limited but include restaurant, function room, guest apartment and the provision of domestic and personal care if required. In addition to existing developments, McCarthy & Stone report to be in construction on 23 schemes, with a further 17 in planning. Developments are spread across the country, as shown:



There are eight schemes in the south-west, including three in Dorset.

### Example Scheme – Bowes Lyon Court, Dorchester

The closest scheme appears to be Bowes Lyon Court, Dorchester, some nine miles distant. The scheme is located in a mixed new build residential and commercial area, to the edge of town, approximately one mile from the centre. The development provides 62 one and two bed apartments and was developed in 2016. Communal facilities include lounge, dining room, wellness suite and laundry. Apartments are available leasehold.

### Proposals

We have left messages for the person responsible for land acquisition, explaining that we were seeking to determine their acquisition requirements and target locations. Despite leaving a number of messages we have not received a response.

The McCarthy & Stone website lists acquisition requirements are a minimum of 1 acre within 1 mile of shops for day-to-day needs, good public transport links, centrally located, typically brownfield land, close to amenities with level access and having scope for three-storey (or higher) development. Current target towns are not listed.

## 4. ANCHOR

Anchor Trust is registered as a charity, a housing association and as a company limited by guarantee, and is the largest provider of sheltered housing in England. It original formed as Help the Aged (Oxford) Housing Association. Anchor provides properties for rent and manages leasehold schemes.

Focusing mainly on retirement housing the organisation is listed as having over 22,300 properties in c. 660 retirement housing schemes (for rent) with around 6,700 leasehold dwelling in 225 schemes.

Additionally, the group has over 120 care homes. In 2015 services were provided to over 40,000 people each week by Anchor's more than 9,000 employees at more than 1,000 locations. It provided accommodation to over 37,000 people.

In the financial year ending March 2015, turnover from continuing activities for the whole group was £269.8 million. Retirement housing contributed £140.0 million, care homes £122.4 million and other activities including leasehold sales accounted for £7.4 million.

### *Units & Locations*

Anchor list 39 schemes under the 'Housing with care' category, providing 1,559 units. These range in size from 24 to 92 units with an average of 40. The model is mostly rental driven, with only 11% listed as being available leasehold. All of the Anchor estate offer a 24-hour alarm call service, with either a resident or visiting manager. Most of the schemes list having a lounge and guest facilities, although restaurant facilities are not detailed at most schemes. Some of the schemes have links to Local Authorities Social Services departments.

Developments are mainly located in the North-West/Yorkshire, the West Midlands and London and the South-East. There are no schemes in the South-West and much of the new development appears to be focused around London and the South-East.

**Austin Place** is a relatively newly developed 'Housing with care' scheme, opened in 2015. It is prominently located on a main road, close to the river, some 1.4 miles from the town centre. The development contains 65 1 & 2 bedroom apartments, available leasehold. Facilities available include: café and delicatessen, hair and beauty salon, treatment room, roof terrace, owners lounge and the availability of care and support packages.

In addition to the 'housing with care' units, the company has three larger scale retirement villages, including Denham Village detailed below. Bishopstoke Park in Hampshire has seen phase 1 be developed, with phase 2 due soon. We understand this scheme will end up providing c 250 residential units and a care home. Hampshire Lakes, also in Hampshire, is again due to launch phase 2 soon. The facility will eventually provide 119 units, arranged as village, village centre and assisted living apartments. Village facilities include a spa, gym, juice bar, bistro, deli and craft facilities, in addition to a 36 bed care home.

### *Example Scheme – Denham Garden Village*

Denham Garden Village is a very large scheme, containing 327 units, being completed in three phases from 2006 to 2012. It is located in the Buckinghamshire countryside and incorporates 30 acres of private woodland. Onsite facilities include a café bar, village shop, indoor courtyards and atrium, health spa (fully equipped gym, 15metre swimming pool, sauna, steam room, Jacuzzi and solarium), Post Office and GP surgery. 24hour support and care is available for those who need it. Domestic help and support are offered and include cleaning, laundry/ironing, shopping, preparing light meals and providing an escort to social events, appointments etc.

The scheme is mixed tenure. Leasehold properties are sold on 125-year fully assignable leases, with a contribution to a sinking fund. There is a minimum age limit of 55 years, and Anchor needs to approve the sale prior to completion to ensure any criteria like the age exclusivity clause is met. Anchor does not charge a resale fee, so the full value of any increase in the property price goes to the property owner.

## Proposals

The companies published land requirements are for sites over 1.5 acres (developable) located in the south of England or the South Midlands, in prominent road front locations.

We have discussed current acquisition requirements with the group. They are increasing focusing on the private leasehold market in more affluent areas and are looking to acquire c. 15 Assisted Living / Housing with Care sites over the next five years. These are generally of c 75 units on a two acre site. The focus is on the south east and more affluent locations across the country.

For larger retirement village schemes, they are seeking c. two sites over the same five year window. The geographic focus is more tightly focused on the south-east for these schemes and they are already interested in potential sites in this area. The preferred village model going forward is likely to be c. 125 apartments and 30-40 care beds.

## 5. MHA CARE GROUP

Methodist Homes (referred to as MHA) is a company limited by guarantee and a registered charity, founded in 1943 as a charity based on Christian Methodist principles to provide care, support and accommodation for older people in need. MHA provides c. 64 housing schemes, some of which are extra care. It also operates 89 care homes and runs over 70 community services projects manned largely by volunteers including day care centres and befriending services. With 6,200 FTE employees and 4,000 volunteers, it provides services to around over 16,000 people; 4,580 in care homes, 2,500 in retirement living and 9,000 receiving community services.

Units provided include studios, one or two bedroom apartments, which are available for rent, part ownership or full purchase. MHA offers Assisted Living, an all-inclusive package with additional services available to purchase, and Retirement Apartments with 24 Hour Care. It also has a retirement village under the group.

In the year ending March 2015, turnover was £179.8 million, up from £174.7 million the previous year. Of this, 73% came from care homes, 20% from retirement living, 3% from retirement villages, 1% from live at home schemes and 2% from fundraising. Surplus for the year was £5.7 million, down from £7.3 million in 2014.

### Units & Locations

Whilst the Elderly Accommodation Council reports 38 MHA schemes that are probable extra care, MHA themselves list five schemes under the 'Assisted Living' category which appear to be registered with ARCO. These five schemes provide 184 units ranging in size from 14 to 50 units with an average of 37. Facilities listed are lounge, dining, activities, hairdressing salon and assisted bathing. There is an inclusive package offered covering service charge, council tax, utilities to the apartment, ground rent, one hour of cleaning per week and one or three meals a day. Also included is MHA's 24-hour Wellbeing service, with staffing on-site around the clock to help in an emergency, co-ordinate social activities and provide emotional support.

The schemes are spread across central England.



MHA also operate a retirement village, Auchlochan Garden Village, detailed below. MHA also list The Fairways, a retirement village in Chippenham. This is a scheme of 75 apartments, together with a 60 bed care home, operated by Freeman Living in partnership with MHA. Facilities include snooker room, lounge, restaurant, pool and Jacuzzi, gym, guest suite, cinema room, shop and laundry.

They also list Wadswich Green, Wadswick, however this scheme is being developed by Rangeford and is currently being marketed by Saga.

#### *Example Scheme – Auchlochan Garden Village*

Auchlochan is a large retirement village of 235 units, set in 50 acres of landscaped gardens. The range of accommodation includes bungalows (2-4 beds) and one and two bedroom apartments. Tenure options are flexible, with purchase, shared ownership and rental being offered. Communal facilities include lounge, dining room, cafe bistro, guest facilities, hair and beauty salon, library, putting green, fishing, libraries, arts and crafts.

In respect of person care, there is a dedicated on-site staff team who offer 24-hour cover and emergency response. Additionally, the village includes three care homes. There is an assisted living package offered which includes rent, community fee, heat and light, cleaning and laundry, council tax and utilities and a meals package.

#### *Proposals*

We have left messages for the person responsible for land acquisition, explaining that we were seeking to determine their acquisition requirements and target locations. Despite leaving a number of messages we have not received a response. No acquisition requirements are published on the company's website.

### 3.2 OTHER OPERATORS OF LARGE SCALE SCHEMES

We have attached a list of larger (150+ units) schemes we have identified. These includes facilities managed by Anchor, Augustinian Care, ExtraCare Charitable Trust, HICA Group, Inspired Villages, Joseph Rowntree, MHA, Rangeford, Renaissance Villages, Retirement Villages, Southdown RH, St Monicas Trust, Staffordshire HA, Warrington Community Living and Whiteley Village Trust.

A number of these operators manage only one or two facilities, such as Southdown RH and Whiteley Village Trust. Others have a local or regional focus, such as St Monicas Trust (Bristol & North Somerset) or HICA (East Yorkshire & a retirement village in Lancashire). However, we comment further on the following operators:

#### EXTRACARE CHARITABLE TRUST

Of the 36 larger schemes noted, 13 are operated by the Extracare Charitable Trust. The Trust develops its sites in conjunction with housing associations and the local authorities mainly in the Midlands and North of England. Locations are shown below.

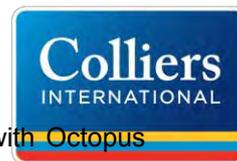


It is planning villages in High Wycombe and South Gloucestershire that are due to open in 2017 and one in Bedfordshire due in 2018. It is focused on developing care villages that include extra care rather than small extra care schemes. Its properties are available for rent, part-purchase and leasehold sale. Each housing scheme or village has a number of social, health and leisure facilities which are accessible to its residents and people from adjacent communities.

We have spoken to a member of the development team and are advised that the current growth plan is to infill around existing schemes in Worcestershire / Gloucestershire and Buckinghamshire, whilst also exploring new development opportunities in the south-east. Schemes will generally be for c. 250 units.

#### RANGEFORD

Rangeford Holdings is a private sector developer and financier of care villages. Phase 1 of its first development, Wadswick Green Retirement Village in Wiltshire opened in January 2015. The 246 apartments are a mixture of private retirement housing and extra care housing, and are marketed in association with Saga. The group also has developments in the pipeline: Siddington Park near Cirencester and Mickle Hill in Pickering, North Yorkshire, the latter comprising 90 apartments and 78 bungalows being developed in partnership with MHA.



Rangeford has substantial development funds to deploy via its previous partnership with Octopus Investments Limited, a UK fund with over £3 billion under management. Recently, Octopus has taken over full control of Rangeford Holdings.

We have spoken to a member to the site acquisition team to discuss their acquisition requirements. Last year, prior to the recent restructure, their focus was mainly on larger (150+ unit) schemes, located out of town, in a target area roughly between Birmingham, London, Bournemouth and Bristol. Whilst the current strategy and direction is still under review, it is likely that they may also start looking at smaller scale schemes of c. 60-70 units, on smaller sites in more affluent mainly south-east locations.

## RETIREMENT VILLAGES

Retirement Villages Group Ltd develops and manages retirement villages in the Home Counties, South East, South West and the West and East Midlands. Properties are available for sale on 125-year leases and some properties are available for long-term rental. Each village provides one to three bedroom apartments and cottages set in grounds that include a village green and village centre. Typically, there is a laundry service, restaurant, sport facilities, guest room and bar.

Each village offers a different level of care and support, sometimes including personal and nursing care, but the intention is to develop care services in the villages now without them. The group comprises 14 villages, with two more villages (Gradwell Park in East Sussex and one near Saffron Walden) being planned. Eight of the villages include a care home.

We are aware that in late 2016, the group was being marketed for sale.

We have spoken to a member of the development team. We are advised that they generally target sites of 5+ acres, in edge of developed area / semi-rural settings but within a five-minute drive of a reasonable high street. They will look to develop 70+ units in addition to a village club and a 40 bed care facility, something they now see as their default position. In respect of geographical locations, they are targeting the south-east, around the M25, in-filling around their existing developments. For 2017, they are looking to start development on two sites (one of which is in Essex), with two further sites planned in Kent and on the Oxfordshire/Berkshire boarder in 2018.

## RENAISSANCE VILLAGES

Renaissance Villages both create and manage retirement developments in the UK, aimed primarily at the upper end of the market. They are a wholly owned subsidiary of Helical Plc, who have 30 years' experience in property development and investment.

Renaissance Villages have four schemes in Warwickshire, Hampshire, West Sussex and Devon, all of which are currently in phased development. The schemes are relatively large, listed to provide between 147 and 206 units. The developments are low density, with three schemes being in parkland settings of 30 – 90 acres. Facilities include clubhouse, fitness, pool, bar, restaurant, lounge, library, meeting room and guest facilities. Levels of care services offered are mixed, with schemes having a nurse available part-time during the week, a visiting GP and careline service, with some of the schemes also having a care home on site.

We have spoken to a member of the development team who advised us that at present they are not looking for any additional sites.

## INSPIRED VILLAGES

Inspired Villages are a partnership between English Villages and Places for People. ECV have developed a number of schemes for Anchor, whilst Places for People are a large property and leisure management, development and regeneration company who own or manage over 150,000 homes and have assets in excess of £3 billion.

Inspired Villages currently have two schemes, located in Cheshire & Warwickshire. These both look to have opened in 2016 and are in phased development. They will provide 171 and 167 units respectively once completed. Communal facilities consist of village centre, lounge, coffee shop, brasserie, library, salon, spa and gym. Developments are mostly over two floors, consisting of a number of blocks. Units are available on a leasehold basis.

We have spoken to a member of the development team. They are looking for sites of c. 7-10 acres in urban or rural settings, with a view to developing 150-250 units. They are mainly looking in the midlands and south at present, although they are currently considering one site opportunity further north.

## AUDLEY

Whilst Audley do not have any larger schemes of over 150 units, we provide details for reference.

Audley developed their first Extra Care scheme in Tunbridge Wells in 2000. Currently, they list nine operational schemes, with a further two being in phased opening. They also have a further four sites in planning. Schemes are located in more affluent areas across the country, mainly in the West Midlands, South-East and M4 corridor. The developments are aimed at the high-end luxury market, with properties are sold on long leases. Accommodation generally comprises one, two and three-bed apartments. Facilities generally include restaurant, bar/bistro, library, swimming pool, gym and treatments rooms. Domiciliary care is provided through Audley Care, a subsidiary of the group.

In early 2016 Audley was acquired for £158 million by the Moorfield Audley Real Estate Fund, created specifically to purchase the operator. The fund is backed by a number of investors who had an interest in Audley's former owner the Moorfield Fund. The restructure has provided significant funds to facilitate its existing growth programme and support the acquisition and development of new retirement villages.

Last year, Audley announced it was forming Mayfield Villages, in order to provide a less expensive extra care model. This model will focus on around 250 one or two bedrooms, compared with the 70-130 in an Audley Village. Individual units will be smaller, and due to economies of scale, operating costs will be lower. Each village will have its own health club, swimming pool, library, lounge, activities room, treatment rooms and café/restaurant. No schemes have yet been developed.

We have spoken to a member of the development team and have sight of their published site requirements. In respect of Audley Villages, sites sought are generally upwards of 2.0 – 2.5 acres in urban settings or 5.0 acres plus in more suburban / rural areas. Developments will be 120,000+ sq ft, with a view to achieving c.90-120 units. The search area is wide, from York in the north down the centre of England to the south coast, extending west along the south coast to Exeter. The focus is on affluent areas and 'cathedral' cities. Mayfield sites will be larger at 5+ acres and will be in urban areas. Schemes will be of 225,000 sq ft plus, to achieve 250+ units. Whilst the search area is largely the same as for Audley, Mayfield will focus on marginally less affluent locations but larger, denser urban areas. A site acquisition around London is currently being progressed.

## 4. CONCLUSIONS

The extra care market in the UK is showing signs of growth and is raising its profile, assisted by organisations such as ARCO, all be it that it still lags significantly behind the market in the USA, Australia and New Zealand. Whilst there is interest in the UK market from more established overseas operators, this has yet to translate to market activity.

There are many perceived social and financial benefits over the more traditional models of housing/care or care home provision. The elderly population are often asset rich but income poor and downsizing can allow for the release of equity to provide for care. This may be easier going forward, with the previous uncertainty regarding deferred charges being clarified by the recent Law Commission report. Given the demographic pressures faced, additional provision for the elderly, in whatever form, will be needed.

Whilst many operators are increasing developing larger extra care schemes, especially those developing for leasehold sale, many of the larger organisations in the sector still have an average scheme size of under 100 units. The proposal to develop c. 200 units, in addition to care and ancillary facilities, will make this a larger scale scheme.

We have contacted the top five operators and some of those who manage larger scale schemes. It is clear that most of these operators are mainly targeting the south-east, driven largely by property values. Whilst this doesn't preclude developments in other areas, given the scale of these schemes and the capital commitment required, there is a limit to the number of development opportunities that are likely to be pursued at any one time. Whilst some operator's growth plans may be subject to change at present, due to organisation restructure, potential company sales or a pausing of development activity, some operators did not respond to our enquiries as to their requirements, suggesting acquisition plans may not be overly aggressive.

## 5. SOURCES OF INFORMATION

We have sourced information from various publications, websites and our conversations with operators. Whilst we have confirmed information where possible, we cannot guarantee accuracy and no responsibility can be taken for omissions or erroneous data provided by a third party or due to information being inaccessible or unavailable during our research and analysis. Data sources include:

- LaingBuisson Extra Care and Retirement Communities UK Market Report (14th Edition)
- ARCO (Associated Retirement Community Operators) – website, market updates, affiliates briefings
- Various extra care operator's websites
- Telephone conversations with extra care providers and associated organisations
- Housingcare.org website
- Trowers & Hamblins legal updates.

Name	Location	Manager	Properties	Services	Facilities	Meals	Tenure
Auchlochan Garden Village	Lanark	MHA	235	On site care staff	Lounge, dining room, arts, hairdressing	Some	Rent/LH/Shared
Bishopstoke Park	Eastleigh	Anchor	170	On site care staff	Lounge, dining rm, activities, shop, hairdressing, pool, gym, spa, bistro		LH
Bournville Gardens	Birmingham	ExtraCare Charitable Trust	212	Extra-care	Lounge, cafe-bar, restaurant, community centre, activities, shop, hairdressing, fitness suite	All	Rent/LH/Shared
Bradeley Village	Stoke-on-Trent	Staffordshire HA	238	Non-resident	Lounge, community centre, cafe, shop, hairdressing, gym, bar		Rent/Shared
Brunswick Gardens	Sheffield	ExtraCare Charitable Trust	217	On site care staff	Lounge, restaurant, cafe, shop, hairdressing, Jacuzzi, bar	Some	Rent/LH/Shared
Buckshaw Village	Chorley	HICA Group	156	Extra-care	Lounge, dining room, activities, hairdressing, pool, bar	All	Rent/LH
Castle Village	Berkhamsted	Retirement Villages	150	Non-resident	Lounge, dining room, activity room, shop, bar	Some lunches	LH
Cedar Village	Chorleywood	Retirement Villages	153	Non-resident	Lounge, dining room, community centre, cafe, shop, bar	All	LH
Cote Lane	Westbury-on-Trym	St Monicas Trust	175	On site care staff	Lounge, dining room, restaurant, hobby room		Rent/LH/Shared
Denham Garden Village	Denham	Anchor	327	On site care staff	Restaurant, community centre, activities, café, shop, pool, bar	Some	Rent/LH
Earlsdon Park	Coventry	ExtraCare Charitable Trust	262	On site care staff	Village centre, shop, bistro and bar, lounge, IT suite, cafe bar, well-being suite, hairdressing, craft room, fitness	Some	Rent/LH/Shared
Elmbridge Village	Cranleigh	Retirement Villages	236	Non-resident	Lounge, restaurant, community centre, activities, cafe, shop, bar	5 days	LH
Hagley Road	Birmingham	ExtraCare Charitable Trust	240	On site care staff	Lounge, restaurant, community centre, activities, cafe, shop, hairdressing	Some	Rent/LH/Shared
Hartfields	Hartlepool	Joseph Rowntree	242	Extra-care	Lounge, restaurant, community centre, activities, cafe, shop, hairdressing, pool, bar	Some	Rent/LH/Shared
Hartrigg Oaks	York	Joseph Rowntree	152	On site care staff	Lounge, restaurant, spa pool, Jacuzzi, fitness centre, music & drama, hobbies, shop, hairdressing	Lunch / Diner	
Inspired Tattenhall	Tattenhall	Inspired Villages	151	On site care staff	Lounge, dining room, activities, café, hairdressing, pool, bar	All	LH
Lark Hill	Nottingham	ExtraCare Charitable Trust	327	On site care staff	Lounge, IT room, coffee shop, bar, shop, indoor bowling green, craft rooms, gym, hairdressing, spa pool	Yes	Rent/LH/Shared
Lime Tree Village	Rugby	Retirement Villages	153	On site care staff	Lounge, dining, community centre, hobby room, shop, bar, croquet, putting green	3 days	LH
Longbridge Village	Birmingham	ExtraCare Charitable Trust	260	On site care staff	Lounge, restaurant, activities, shop, hairdressing, bar and bistro, gym, IT suite, village hall	Some	Rent/LH/Shared
Lovat Fields	Milton Keynes	ExtraCare Charitable Trust	258	On site care staff	Lounge, restaurant, community centre, activities, cafe, shop, hairdressing, Jacuzzi, bar	Some	Rent/Shared
New Oscott Village	Birmingham	ExtraCare Charitable Trust	260	On site care staff	Lounge, restaurant, activities, cafe, shop, hairdressing, pool, bar	Some	Rent/LH/Shared

Name	Location	Manager	Properties	Services	Facilities	Meals	Tenure
Pannel Croft	Birmingham	ExtraCare Charitable Trust	180	On site care staff	Lounge, restaurant, activities, cafe, shop, hairdressing, bar	Some	Rent/LH/Shared
Reeve Court	St Helens	ExtraCare Charitable Trust	206	On site care staff	Lounge, restaurant, community centre, hobby room, cafe, shop, hairdressing, Jacuzzi, bar	Some	Rent/LH/Shared
Ryfields	Warrington	Warrington Community Living	243	On site care staff	Lounge, restaurant, hobby rm, cafe, shop, hairdressing, Jacuzzi, bar	Some	Rent/LH/Shared
Shenley Wood	Milton Keynes	ExtraCare Charitable Trust	300	On site care staff	Cafe, craft rm, fitness, indoor bowling green, hairdressing, restaurant, village hall, shop, well-being suite	Some	Rent/LH/Shared
St Crispin	Northampton	ExtraCare Charitable Trust	270	On site care staff	Lounge, dining, café, shop, hairdressing, bar	Some	Rent/LH/Shared
St Georges Park	Burgess Hill	Augustinian Care	225	On site care staff	Lounge, restaurant, cafe, shop, hairdressing, bar	Some	LH
St Oswalds	Gloucester	ExtraCare Charitable Trust	166	On site care staff	Lounge, dining, hobby room, café	Some	Rent/LH/Shared
Southdowns	Dartford	Southdown RH	198	Nurse 24/7	Bar, restaurant, lounge, billiards, shop	Some	Rent/LH
Wadswick Green	Corsham	Rangeford	246	Non-resident	Lounge, restaurant, shop, pool, bar	Some	LH
Westbury Fields	Westbury-on-Trym	St Monicas Trust	150	Close Care	Lounge, restaurant, community centre, hobby room, cafe, hairdressing, bar, gym, spa pool	Some	Rent/LH/Shared
Whitley Village	Walton-on-Thames	Whiteley Village Trust	277	On site care staff	Shop, post office, hairdressing, bar, restaurant, cafe, leisure centre, pool	Most lunches	Rent

# APPENDIX 4

## GENERAL ASSUMPTIONS & DEFINITIONS

## GENERAL ASSUMPTIONS & DEFINITIONS

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards (Incorporating the International Valuation Standards) January 2014 prepared by the Royal Institution of Chartered Surveyors.

The valuations have been prepared by a suitably qualified valuer, as defined by PS 2.3 of the Professional Standards, on the basis set out below unless any variations have been specifically referred to under the heading “Special Remarks”:

### MARKET VALUE (MV)

Where we have been instructed to value the properties on the basis of Market Value, we have done so in accordance with VPS 4.1.2 of the Professional Standards issued by The Royal Institution of Chartered Surveyors, which is defined as follows:

*‘The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.*

The interpretative commentary on Market Value, as published by the International Valuation Standards Council (IVSC), has been applied.

### FAIR VALUE

Valuations based on Fair Value shall adopt one of the two definitions in accordance with VPS 4.1.5 of the Professional Standards.

1. The definition adopted by International Valuation Standards (IVS) in IVS Framework paragraph 38.

*‘The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties’.*

2. The definition adopted by the International Accounting Standards Board (IASB) in IFRS 13

*‘The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date’.*

It is important to recognise that the two definitions of Fair Value are not the same. Valuations prepared for financial reporting purposes under IFRS require the adoption of the IASB definition and IFRS 13 will apply.

The guidance in IFRS 13 includes:

*‘The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:*

- (a) the particular asset or liability that is the subject of the measurement (consistently with its unit of account)*

- (b) *for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)*
- (c) *the principal (or most advantageous) market for the asset or liability*
- (d) *the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.*

The references in IFRS 13 to market participants and a sale make it clear that for most practical purposes, fair value is consistent with the concept of market value.

### **EXISTING USE VALUE (EUV)**

If we have provided an opinion of Existing Use Value this has been arrived at in accordance with UKVS 1.3 of the Professional Standards, which is defined as follows:

*'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.'*

This basis ignores any element of hope value for an alternative use, any value attributable to goodwill and any possible increase in value due to special investment or financial transactions (such as sale and leaseback) which would leave the owner with a different interest from the one which is valued. However, it includes any value attributable to any possibilities of extensions or further buildings on undeveloped land or redevelopment of existing buildings (all for the existing planning use) providing such construction can be undertaken without major interruption to the continuing business.

### **DEPRECIATED REPLACEMENT COST (DRC)**

If we have provided a valuation based on Depreciated Replacement Cost, as set out in UKGN 2.2.3 of the Professional Standards, this has been arrived at in accordance with the definition settled by the International Valuation Standards Committee as follows:

*'The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation'.*

International Accounting Standards stipulate that DRC may be used as a basis for reporting the value of Specialised Property in Financial Statements. DRC is recognised as a basis only for this purpose. For other purposes DRC may be used as a method to support a valuation reported on another basis.

## INVESTMENT VALUE (OR WORTH)

Where we have been instructed provide valuations based on investment value or worth, we have done so in accordance with VPS 4.1.4 of the Professional Standards issued by the Royal Institution of Chartered Surveyors, which is the definition settled by IVSC:

*'Investment value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives'.*

This is an entity-specific basis of value. Although the value of an asset to the owner may be the same as the amount that could be realised from its sale to another party, this basis of value reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. Investment value reflects the circumstances and financial objectives of the entity for which the valuation is being produced. It is often used for measuring investment performance. Differences between the investment value of an asset and its market value provide the motivation for buyers or sellers to enter the marketplace.

## MARKET RENT (MR)

Valuations based on Market Rent (MR), as set out in VPS 4.1.3 of the Professional Standards, adopt the definition as settled by the International Valuation Standards Committee which is as follows:

*'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'*

MR will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on MR. In certain States, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate. The principal lease terms that are assumed when providing MR will be clearly stated in the report.

Rental values are provided for the purpose described in this report and are not to be relied upon by any third party for any other purpose.

## RENTAL ASSESSMENT

Unless stated otherwise within the report, our valuations have been based upon the assumption that the rent is to be assessed upon the premises as existing at the date of our inspection.

## REINSTATEMENT VALUATION

If we have prepared Reinstatement Values we will not have carried out a detailed cost appraisal and the figures should therefore be considered for guidance purposes only.

## **PURCHASE AND SALE COSTS**

No allowance has been made for legal fees or any other costs or expenses which would be incurred on the sale of the property. We have, however, made deductions to reflect purchasers' acquisition costs.

These are based on 2.80% for properties with a value between £150,001 and £250,000; 4.80% for properties with a value between £250,001 and £500,000 and 5.80% for properties with a value in excess of £500,000.

In respect of residential properties the properties with a value between £125,001 and £250,000 are charged at 2.80%; £250,001 to £500,000 are charged at 4.8%; £500,001 to £1,000,000 are charged at 5.8%; £1,000,001 to £2,000,000 are charged at 6.8%; in excess of £2,000,000 will be charged at 8.8%.

Stamp duty on residential properties over £2,000,000 which are bought via a company is payable at 15% giving purchasers' acquisition costs of 16.8%.

It should be noted, however, that for properties of an unusually large lot size it is common market practice that a purchaser would not expect to pay the standard 1.80% agents and solicitors costs. Accordingly, we may consider in these instances that it is appropriate to adopt a reduced rate.

## **MEASUREMENTS**

Measurements and floor areas have been arrived at in accordance with the current edition of the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors.

Although every reasonable care has been taken to ensure the accuracy of the surveys there may be occasions when due to tenant's fittings, or due to restricted access professional estimations may have been made.

Floor areas are provided for the purpose described in this report and are not to be relied upon by any third party for any other purpose.

## **SITE PLAN AND AREA**

Where a site area and or site plan has been provided this is for indicative purposes only and should not be relied upon. We recommend that a solicitors Report on Title be obtained and that the site boundaries we have assumed are verified and if any questions of doubt arise the matter to be raised with us so that we may review our valuation.

## **CONDITION**

Unless otherwise stated within the report, we have not carried out a building survey, nor have we inspected the woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are, therefore, unable to report that such parts of the properties are free from rot, beetle or other defects.

Where we have noticed items of disrepair during the course of our inspections, they have been reflected in our valuations, unless otherwise stated.

We have assumed that none of the materials commonly considered deleterious as set out in the British Property Federation and British Council of Offices' sponsored report "Good Practice in the Selection of Construction Materials", are included within the properties. These include, inter alia, the following:

- High alumina cement concrete
- Asbestos
- Calcium chloride as a drying agent
- Wood wool slabs as permanent shuttering
- Polystyrene and polyurethane used as insulation in cladding

None of the services, drainage or service installations was tested and we are, therefore, unable to report upon their condition.

## **ENVIRONMENTAL MATTERS**

Unless otherwise stated within the report, we have not carried out soil, geological or other tests or surveys in order to ascertain the site conditions or other environmental conditions of the properties. Unless stated to the contrary within the report, our valuation assumes that there are no unusual ground conditions, contamination, pollutants or any other substances that may be environmentally harmful.

## **FIXTURES AND FITTINGS**

In arriving at our opinions of value we have disregarded the value of all process related plant, machinery, fixtures and fittings and those items which are in the nature of tenants' trade fittings and equipment. We have had regard to landlords' fixtures such as lifts, escalators, central heating and air conditioning forming an integral part of the buildings.

Where the properties are valued as an operational entity and includes the fixtures and fittings, it is assumed that these are not subject to any hire purchase or lease agreements or any other claim on title. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributable to plant and machinery.

## **TENURE, LETTINGS AND REPORTS ON TITLE AND/OR TENANCIES**

Unless otherwise stated, we have not inspected the title deeds, leases and related legal documents and, unless otherwise disclosed to us, we have assumed that there are no onerous or restrictive covenants in the titles or leases which would affect the value.

Where we have not been supplied with leases, unless we have been advised to the contrary, we have assumed that all the leases are on a full repairing and insuring basis and that all rents are reviewed in an upwards direction only, at the intervals notified to us, to the full open market value.

We have assumed that no questions of doubt arise as to the interpretation of the provisions within the leases giving effect to the rent reviews.

We have disregarded any inter-company lettings and have arrived at our valuations of such accommodation on the basis of vacant possession.

If a solicitors' Report on Title and/or Tenancies has been provided to us, our valuation will have regard to the matters therein. In the event that a Report on Title and/or Tenancies is to be prepared, we recommend that a copy is provided to us in order that we may consider whether any of the matters therein have an effect upon our opinion of value.

### **COVENANT STATUS OF THE TENANT/TENANTS**

In the case of properties that is let, our opinion of value is based on our assessment of the investment market's perception of the covenant strength of the tenant(s). This has been arrived at in our capacity as valuation surveyors on the basis of information that is publically available. We are not accountants or financial experts and we have not undertaken a detailed investigation into the financial status of the tenants. We have, however, reviewed where possible third party commentary, on the principal tenants. Our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

If the covenant status of the tenant(s) is critical to the valuation we recommend that you make your own detailed enquiries as to the financial viability of the tenant(s) and if your conclusions differ from our own, provide us with a copy of the report in order that we may consider whether our valuation should be revised.

### **ARREARS**

We have assumed that all rents and other payments payable by virtue of the leases have been paid to date. If there are rent or other arrears, we recommend that we should be informed in order that we may consider whether our valuation should be revised.

### **TAXATION**

Whilst we have had regard to the general effects of taxation on market value, we have not taken into account any liability for tax which may arise on a disposal, whether actual or notional, and neither have we made any deduction for Capital Gains Tax, Valued Added Tax or any other tax.

### **MORTGAGES**

We have disregarded the existence of any mortgages, debentures or other charges to which the properties may be subject.

## **OPERATIONAL ENTITIES**

Where the properties are valued as an operational entity and reference has been made to the trading history or trading potential of the property, reliance has been placed on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected.

Our valuations do not make any allowance for goodwill.

## **LOCAL AUTHORITIES, STATUTORY UNDERTAKERS AND LEGAL SEARCHES**

We have not made any formal searches or enquiries in respect of the property and are therefore unable to accept any responsibility in this connection. We have, however, made informal enquiries of the local planning authority in whose areas the property is situated as to whether or not they are affected by planning proposals. We have not received a written reply and, accordingly, have had to rely upon information obtained verbally.

We have assumed that all consents, licences and permissions including, inter alia, fire certificates, enabling the property to be put to the uses ascertained at the date of our inspection have been obtained and that there are not outstanding works or conditions required by lessors or statutory, local or other competent authorities.

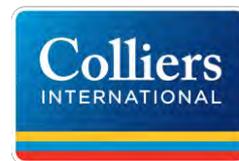
## **ENERGY PERFORMANCE CERTIFICATES**

The European Energy Performance Directive requires that whenever buildings are constructed, sold or let, they are to be certified in terms of their energy performance and given an energy efficiency rating. In the UK, Energy Performance Certificates (EPC's) are now compulsory for the sale or letting of all commercial and residential properties.

In arriving at our opinion of value, unless we have been provided with an EPC or EPC's with regard to the property or properties, we have assumed that if an EPC or EPC's were to have been available, its rating would not have had a detrimental impact upon our opinion of the properties market rent and or capital value.

## **DEFECTIVE PREMISES ACT, HEALTH & SAFETY AT WORK ACT AND DISABILITY AT WORK ACT**

Our valuations do not take account of any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act, 1972. Unless advised to the contrary, we have assumed that the properties comply with, and will continue to comply with, the current Health & Safety and Disability legislation.



## **INSURANCE**

In arriving at our valuation we have assumed that the building is capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

## **LIABILITY CAP**

We confirm that the liability of the Valuer (Colliers International) is limited to £5m (Five Million Pounds Sterling) for any single case of damages caused by simple negligence, irrespective of the legal reason. A single case of damages is defined as the total sum of all the damage claims of all persons entitled to claim, which arise from one and the same professional error (offence). In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, the Valuer can similarly only be held liable for an amount of £5m.

## **STANDARD TERMS OF BUSINESS**

We confirm that this valuation report has been provided in accordance with our Standard Terms of Business.

# APPENDIX 5

## SUPPORTED LIVING ACCOMMODATION

Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
1	Ground	Nothe Fort Ltd S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
2	Ground	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
3	Ground	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
4	Ground	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
5	Ground	Nothe Fort S/View	Balcony	85	915	2B+1E/S	2 Dbl Bed with E/S and Main Bath
6	Ground	Nothe Fort S/View	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views ICON
7	Ground	Chesil Beach/Harbour	Balcony	98	1055	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
8	Ground	Chesil Beach/Harbour	Balcony	85	915	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
9	Ground	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
10	Ground	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
11	Ground	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
12	Ground	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
13	Ground	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
14	Ground	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
15	Ground	Chesil Beach/Harbour	Balcony	85	915	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
16	Ground	Chesil Beach/Harbour	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views
17	Ground	Chesil Beach/Harbour	Balcony	104	1119	2B+1E/S+Study	Lrg 2 Dbl Bed with E/S, Bath + Study
18	Ground	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
19	Ground	Ltd Chsl Bea/Harbour	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
20	Ground	Chesil Beach/Harbour	Balcony	62	667	1B+1E/S	1 Dbl Bed c/w E/S
21	Ground	Chesil Beach/Harbour	Balcony	62	667	1B+1E/S	1 Dbl Bed c/w E/S
22	Ground	Chesil Beach/Harbour	Balcony	62	667	1B+1E/S	1 Dbl Bed c/w E/S
23	Ground	Chesil Beach/Harbour	Balcony	62	667	1B+1E/S	1 Dbl Bed c/w E/S
24	Ground	Chesil Beach/Harbour	Balcony	62	667	1B+1E/S	Lrg 1 Bed panoramic views ICON
25	Ground	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
26	Ground	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
26		<b>Ground Floor Totals</b>	<b>Total SLU Area Sq/Ft</b>	<b>2033</b>	<b>21883</b>	<b>GDV</b>	<b>Average £/SqFt</b>
		Abbreviations	2B			2 Bedroom	
			E/S			En-Suite Bathroom	

**First Floor** 42 Apartments

Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
27	First	Nothe Fort Ltd S/View	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views ICON
28	First	Nothe Fort S/View	Balcony	98	1055	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
29	First	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
30	First	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
31	First	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
32	First	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
33	First	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
34	First	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
35	First	Nothe Fort S/View	Balcony	85	915	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
36	First	Nothe Fort S/View	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views ICON
37	First	Chesil Beach/Harbour	Balcony	98	1055	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
38	First	Chesil Beach/Harbour	Balcony	85	915	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
39	First	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
40	First	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
41	First	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
42	First	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
43	First	Chesil Beach/Harbour	Balcony	97	1044	2B+1E/S	Front to back dual aspect on Curve
44	First	Chesil Beach/Harbour	Balcony	106	1141	2B+2E/S	Front to back dual aspect on Curve
45	First	Courtyard View	Balcony	71	764	2B+2E/S	1 Dbl Bed c/w E/S + 1 Single Bed
46	First	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
47	First	Chesil Beach/Harbour	Balcony	99	1066	2B+1E/S	Front to back dual aspect on Curve
48	First	Chesil Beach/Harbour	Balcony	100	1076	2B+2E/S	Front to back dual aspect on Curve
49	First	Chesil Beach/Harbour	Balcony	85	915	2B+2E/S	Lrg 2 Dbl Bed with E/S and Bath
50	First	Chesil Beach/Harbour	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views ICON
51	First	Chesil Beach/Harbour	Balcony	104	1119	2B+1E/S	Lrg 2 Dbl Bed with E/S, Bath + Study
52	First	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
53	First	Courtyard View	Balcony	81	872	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
54	First	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
55	First	Courtyard View	Balcony	81	872	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
56	First	Chesil/Harbour Limited	Balcony	74	797	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
57	First	Courtyard View	Balcony	74	797	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
31		<b>First Floor Totals (1)</b>	<b>Total SLU Area Sq/Ft</b>	<b>2597</b>	<b>27954</b>	<b>GDV</b>	

**First Floor (Continued)**

Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
58	First	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect next to W/G
59	First	Chesil Beach/Harbour	Balcony	57	614	1B+1E/S	1 Dbl Bed plus E/S and sep WC
60	First	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
61	First	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
62	First	Chesil Beach/Harbour	Balcony	57	614	1B+1E/S	1 Dbl Bed plus E/S and sep WC
63	First	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
64	First	Chesil Beach/Harbour	Balcony	62	667	1B+1E/S	1 Bed panoramic views ICON
65	First	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
66	First	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
67	First	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
68	First	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
		<b>First Floor Totals (2)</b>	<b>Total SLU Area Sq/Ft</b>	<b>824</b>	<b>8,870</b>	<b>GDV</b>	

11	<b>Total First Floor</b>	<b>Total SLU Area Sq/Ft</b>	<b>3,421</b>	<b>36,824</b>	<b>GDV</b>	<b>Average £/SqFt</b>	
<b>Second Floor</b> 39 Apartments							
Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
69	Second	Nothe Fort Ltd S/View	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views ICON
70	Second	Nothe Fort S/View	Balcony	98	1055	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
71	Second	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
72	Second	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
73	Second	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
74	Second	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
75	Second	Nothe Fort S/View	Balcony	85	915	2B+1E/S	2 Dbl Bed with E/S and Main Bath
76	Second	Nothe Fort S/View	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views ICON
77	Second	Chesil Beach/Harbour	Balcony	98	1055	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
78	Second	Chesil Beach/Harbour	Balcony	85	915	2B+1E/S	2 Dbl Bed with E/S and Main Bath
79	Second	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
80	Second	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
81	Second	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
82	Second	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
83	Second	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
84	Second	Chesil Beach/Harbour	Balcony	97	1044	2B+2E/S	Front to back dual aspect on Curve
16	2nd Floor Totals (1)		Total SLU Area Sq/Ft	1333	14348	GDV	

**Second Floor (Continued).**

Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
85	Second	Chesil Beach/Harbour	Balcony	106	1141	2B+2E/S	Front to back dual aspect on Curve
86	Second	Courtyard View	Balcony	71	764	2B+2E/S	1 Dbl Bed c/w E/S + 1 Single Bed
87	Second	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
88	Second	Chesil Beach/Harbour	Balcony	99	1066	2B+1E/S	Front to back dual aspect on Curve
89	Second	Chesil Beach/Harbour	Balcony	100	1076	2B+2E/S	Front to back dual aspect on Curve
90	Second	Chesil Beach/Harbour	Balcony	85	915	2B+2E/S	2 Dbl Bed with E/S and Main Bath
91	Second	Chesil Beach/Harbour	Balcony	77	829	2B+1E/S	V Lrg 1 Bed panoramic views
92	Second	Chesil Beach/Harbour	Balcony	104	1119	1B+1E/S	Lrg 2 Dbl Bed with E/S, Bath + Study
93	Second	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
94	Second	Courtyard View	Balcony	81	872	2B+1E/S	2 Dbl Bed with E/S and Main Bath
95	Second	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
96	Second	Courtyard View	Balcony	81	872	2B+1E/S	2 Dbl Bed with E/S and Main Bath
97	Second	Chesil/Harbour Limited	Balcony	74	797	2B+1E/S	2 Dbl Bed with E/S and Main Bath
98	Second	Courtyard View	Balcony	74	797	2B+1E/S	2 Dbl Bed with E/S and Main Bath
99	Second	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect next to WG
100	Second	Chesil Beach/Harbour	Balcony	57	614	1B+1E/S	1 Dbl Bed plus E/S and sep WC
101	Second	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
102	Second	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
103	Second	Chesil Beach/Harbour	Balcony	57	614	1B+1E/S	1 Dbl Bed plus E/S and sep WC
104	Second	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
105	Second	Chesil Beach/Harbour	Balcony	83	893	2B+2E/S	2 Bed panoramic views ICON
106	Second	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
107	Second	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
	2nd Floor Totals (2)		Total SLU Area Sq/Ft	1881	20247	GDV	
23	<b>Total Second Floor</b>	<b>Total SLU Area Sq/Ft</b>	<b>3214</b>	<b>34595</b>	<b>GDV</b>	<b>Average £/SqFt</b>	

**Third Floor** 39 Apartments

Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
108	Third	Nothe Fort Ltd S/View	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views ICON
109	Third	Nothe Fort S/View	Balcony	98	1055	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
110	Third	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
111	Third	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
112	Third	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
113	Third	Nothe Fort S/View	Balcony	76	818	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
114	Third	Nothe Fort S/View	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
115	Third	Nothe Fort S/View	Balcony	77	829	1B+1E/S	V Lrg 1 Bed panoramic views ICON
116	Third	Chesil Beach/Harbour	Balcony	98	1055	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
117	Third	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
118	Third	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
119	Third	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
120	Third	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
121	Third	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
122	Third	Nothe Fort S/View	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
123	Third	Chesil Beach/Harbour	Balcony	97	1044	2B+2E/S	Front to back dual aspect on Curve
124	Third	Chesil Beach/Harbour	Balcony	106	1141	2B+2E/S	Front to back dual aspect on Curve
125	Third	Courtyard View	Balcony	71	764	2B+2E/S	1 Dbl Bed c/w E/S + 1 Single Bed
126	Third	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
127	Third	Chesil Beach/Harbour	Balcony	99	1066	2B+1E/S	Front to back dual aspect on Curve
128	Third	Chesil Beach/Harbour	Balcony	100	1076	2B+2E/S	Front to back dual aspect on Curve
129	Third	Chesil Beach/Harbour	Balcony	76	818	2B+2E/S	2 Dbl Bed with E/S and Main Bath
130	Third	Chesil Beach/Harbour	Balcony	77	829	2B+1E/S	V Lrg 1 Bed panoramic views
131	Third	Chesil Beach/Harbour	Balcony	104	1119	1B+1E/S	Lrg 2 Dbl Bed with E/S, Bath + Study
132	Third	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
133	Third	Courtyard View	Balcony	81	872	2B+1E/S	2 Dbl Bed with E/S and Main Bath
134	Third	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath

135	Third	Courtyard View	Balcony	81	872	2B+1E/S	2 Dbl Bed with E/S and Main Bath
136	Third	Chesil/Harbour	Balcony	74	797	2B+1E/S	2 Dbl Bed with E/S and Main Bath
137	Third	Courtyard View	Balcony	74	797	2B+1E/S	2 Dbl Bed with E/S and Main Bath
138	Third	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect next to WG
139	Third	Chesil Beach/Harbour	Balcony	57	614	1B+1E/S	1 Dbl Bed plus E/S and sep WC
32		Third Floor Totals (1)	Total SLU Area Sq/Ft	2637	28385	GDV	

### Third Floor (Continued)

Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
140	Third	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
141	Third	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
142	Third	Chesil Beach/Harbour	Balcony	57	614	1B+1E/S	1 Dbl Bed plus E/S and sep WC
143	Third	Chesil Beach/Harbour	Balcony	86	926	2B+2E/S	Front to back dual aspect
144	Third	Chesil Beach/Harbour	Balcony	83	893	2B+2E/S	2 Bed panoramic views ICON
145	Third	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
146	Third	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
7		Third Floor Totals (2)	Total SLU Area Sq/Ft	550	5,920	GDV	
		<b>Total Third Floor</b>	<b>Total SLU Area Sq/Ft</b>	<b>3,187</b>	<b>34,305</b>	<b>GDV</b>	<b>Average £/SqFt</b>

### Forth Floor 34 Apartments

Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
147	Forth	Nothe Fort Ltd S/View	Balcony	75	807	1B+1E/S	V Lrg 1 Bed panoramic views ICON
148	Forth	Nothe Fort S/View	Balcony	89	958	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
149	Forth	Nothe Fort S/View	Balcony	82	883	2B+2E/S	2 Dbl Bed with E/S and Main Bath
150	Forth	Nothe Fort S/View	Balcony	82	883	2B+2E/S	2 Dbl Bed with E/S and Main Bath
151	Forth	Nothe Fort S/View	Balcony	82	883	2B+2E/S	2 Dbl Bed with E/S and Main Bath
152	Forth	Nothe Fort S/View	Balcony	82	883	2B+2E/S	2 Dbl Bed with E/S and Main Bath
153	Forth	Nothe Fort S/View	Balcony	82	883	2B+2E/S	2 Dbl Bed with E/S and Main Bath
154	Forth	Nothe Fort S/View	Balcony	82	883	2B+2E/S	2 Dbl Bed with E/S and Main Bath
155	Forth	Nothe Fort S/View	Balcony	71	764	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
156	Forth	Nothe Fort S/View	Balcony	71	764	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
157	Forth	Nothe Fort S/View	Balcony	71	764	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
158	Forth	Nothe Fort S/View	Balcony	71	764	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
159	Forth	Nothe Fort S/View	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
160	Forth	Nothe Fort S/View	Balcony	75	807	1B+1E/S	V Lrg 1 Bed panoramic views ICON
161	Forth	Chesil Beach/Harbour	Balcony	89	958	2B+1E/S	Lrg 2 Dbl Bed + E/S and Bath ICON
162	Forth	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
163	Forth	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
164	Forth	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
165	Forth	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
166	Forth	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
20		Forth Floor Totals (1)	Total SLU Area Sq/Ft	1592	17136	GDV	

### Forth Floor (Continued)

Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
167	Forth	Nothe Fort S/View	Balcony	71	764	2B+1E/S	1 Dbl Bed c/w E/S + 1 Single Bed
168	Forth	Chesil Beach/Harbour	Balcony	97	1044	2B+2E/S	Front to back dual aspect on Curve
169	Forth	Chesil Beach/Harbour	Balcony	106	1141	2B+2E/S	Front to back dual aspect on Curve
170	Forth	Courtyard View	Balcony	71	764	2B+2E/S	1 Dbl Bed c/w E/S + 1 Single Bed
171	Forth	Chesil Beach/Harbour	Balcony	84	904	2B+1E/S	Lrg 2 Dbl Bed with E/S and Bath
172	Forth	Chesil Beach/Harbour	Balcony	99	1066	2B+1E/S	Front to back dual aspect on Curve
173	Forth	Chesil Beach/Harbour	Balcony	100	1076	2B+2E/S	Front to back dual aspect on Curve
174	Forth	Chesil Beach/Harbour	Balcony	76	818	2B+1E/S	2 Dbl Bed with E/S and Main Bath
175	Forth	Chesil Beach/Harbour	Balcony	77	829	2B+1E/S	V Lrg 1 Bed panoramic views
176	Forth	Chesil Beach/Harbour	Balcony	104	1119	2B+2E/S	Lrg 2 Dbl Bed with E/S, Bath + Study
177	Forth	Chesil Beach/Harbour	Balcony	57	614	1B+1E/S	2 Dbl Bed with E/S and Main Bath
178	Forth	Courtyard View	Balcony	57	614	1B+1E/S	2 Dbl Bed with E/S and Main Bath
179	Forth	Chesil Beach/Harbour	Balcony	92	990	2B+2E/S+Study	Lrg 2 Dbl Bed with E/S and Bath
180	Forth	Courtyard View	Balcony	92	990	2B+2E/S+Study	Lrg 2 Dbl Bed with E/S and Bath
14		Forth Floor Totals (2)	Total SLU Area Sq/Ft	1183	12734	GDV	
		<b>Total Forth Floor</b>	<b>Total SLU Area Sq/Ft</b>	<b>2775</b>	<b>29870</b>	<b>GDV</b>	<b>Average £/SqFt</b>

### Fifth Floor 12 Premium Penthouses with Bespoke Finishes

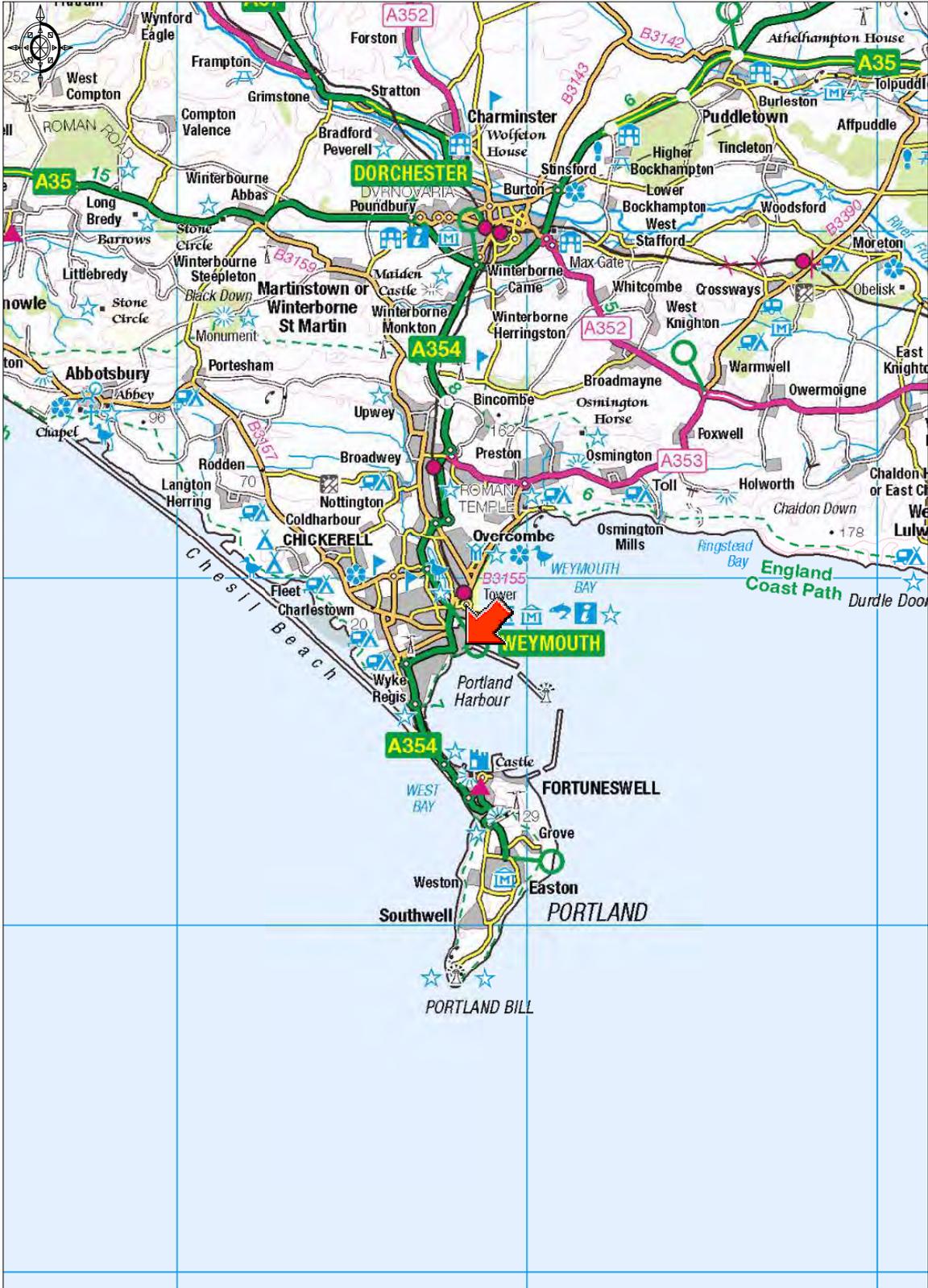
Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
181	Fifth	Nothe Fort S/View	Balcony	74	797	1B+1E/S	Icon Apartment Bespoke Penthouse
182	Fifth	Nothe Fort S/View	Balcony	74	797	1B+1E/S	Icon Apartment Bespoke Penthouse
183	Fifth	Dual Nothe/Courtyard	Large Balcony	136	1464	2B+2E/S+Study	Bespoke / PentHouse Dual Aspect
184	Fifth	Dual Nothe/Courtyard	Large Balcony	130	1399	2B+2E/S+Study	Bespoke / PentHouse Dual Aspect
185	Fifth	Panoramic	Large Balcony	129	1389	2B+2E/S+Study	Bespoke / PentHouse Dual Aspect
186	Fifth	Panoramic	Large Balcony	91	980	2B+2E/S	Bespoke / PentHouse Dual Aspect
187	Fifth	Panoramic	Balcony	74	797	1B+1E/S	Icon Apartment Bespoke Penthouse
188	Fifth	Panoramic	Balcony	74	797	1B+1E/S	Icon Apartment Bespoke Penthouse
189	Fifth	Chesil Beach/Harbour	Large Balcony	105	1130	2B+2E/S+Study	Bespoke / PentHouse Dual Aspect
190	Fifth	Chesil Beach/Harbour	Large Balcony	115	1238	2B+2E/S+Study	Bespoke / PentHouse Dual Aspect
191	Fifth	Panoramic	Large Balcony	74	797	1B+1E/S	Icon Apartment Bespoke Penthouse
192	Fifth	Panoramic	Balcony	74	797	1B+1E/S	Icon Apartment Bespoke Penthouse
12		<b>Fifth Floor Totals</b>	<b>Total SLU Area Sq/Ft</b>	<b>1150</b>	<b>12379</b>	<b>GDV</b>	<b>Average £/SqFt</b>

### Sixth Floor 3 Premium Penthouses with Bespoke Finishes

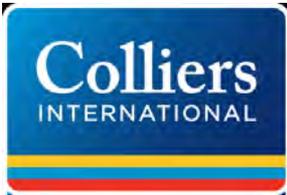
Unit No	Floor	View	Outside Amenity	Sq M	SqFt	Description	Notes
193	Sixth	Panoramic 360Deg	Balcony 360 Deg	94	1012	2B+2E/S	Icon Apartment Bespoke Penthouse
194	Sixth	Panoramic 360Deg	Balcony 360 Deg	94	1012	2B+2E/S	Icon Apartment Bespoke Penthouse
195	Sixth	Panoramic 360Deg	Balcony 360 Deg	94	1012	2B+2E/S	Icon Apartment Bespoke Penthouse
3		<b>Sixth Floor Totals</b>	<b>Total SLU Area Sq/Ft</b>	<b>282</b>	<b>3035.4</b>	<b>GDV</b>	<b>Average £/SqFt</b>

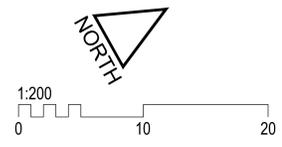
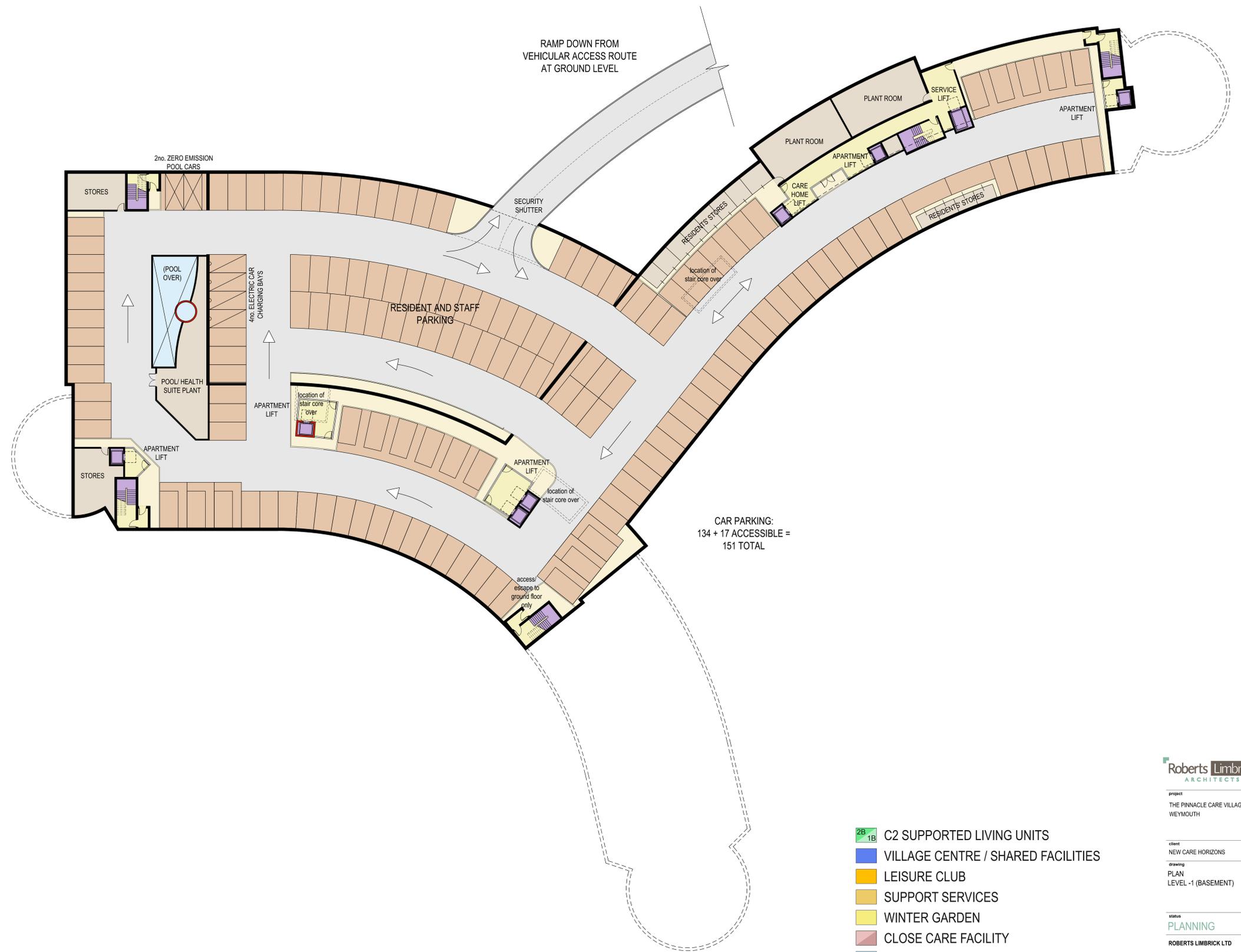
# APPENDIX 6

## LOCATION AND FLOOR PLANS

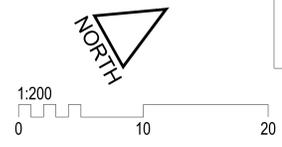
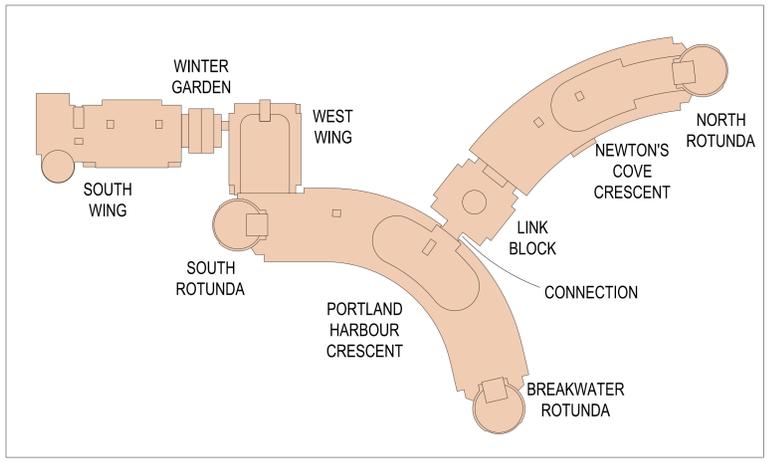
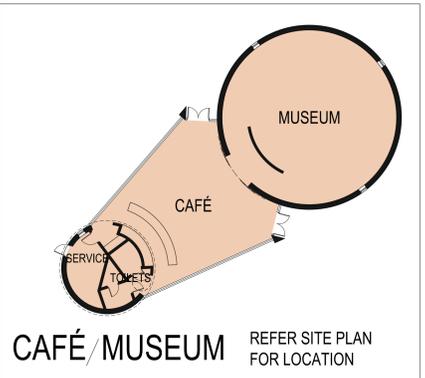
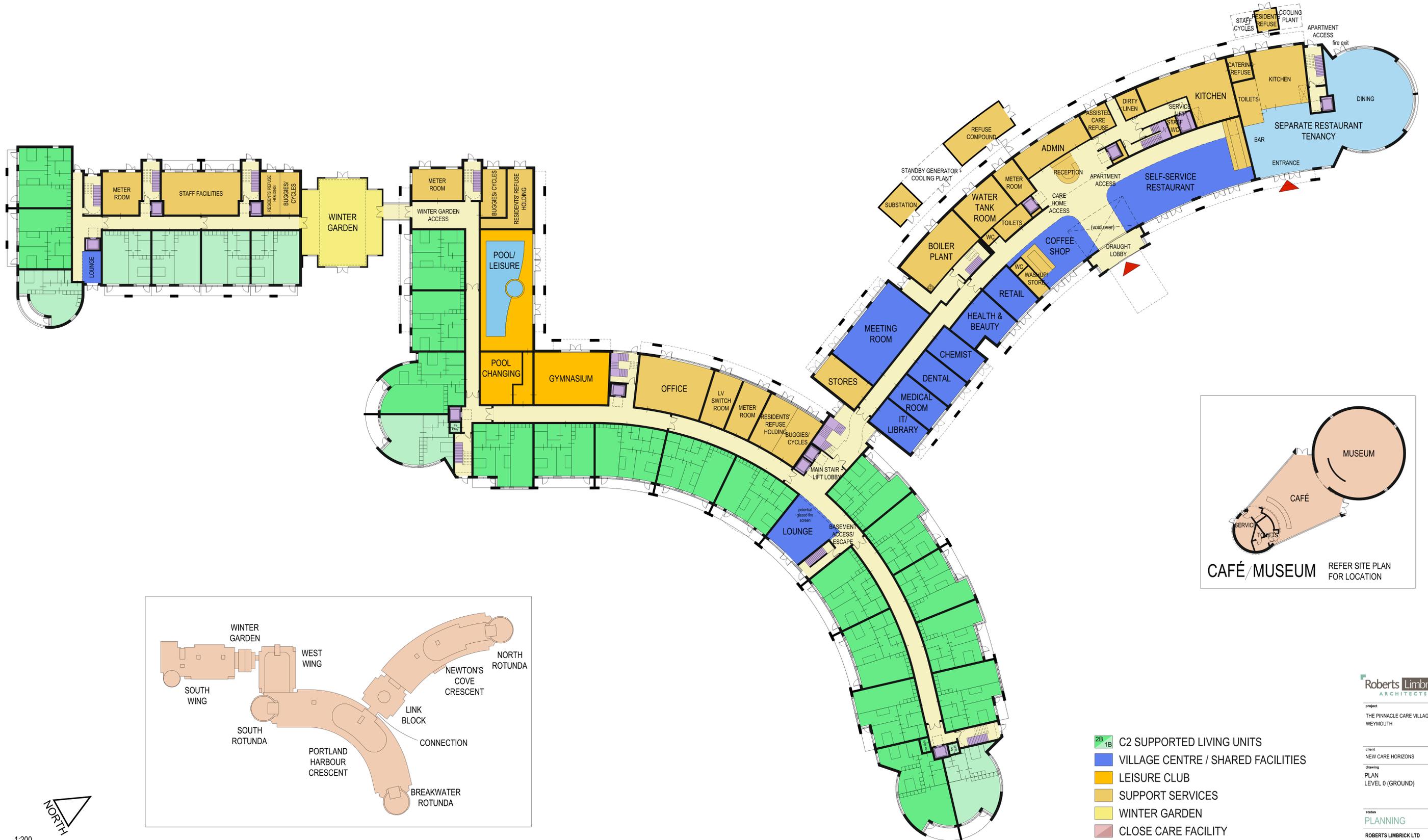


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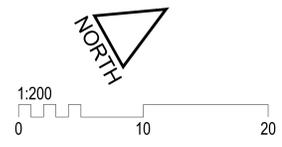
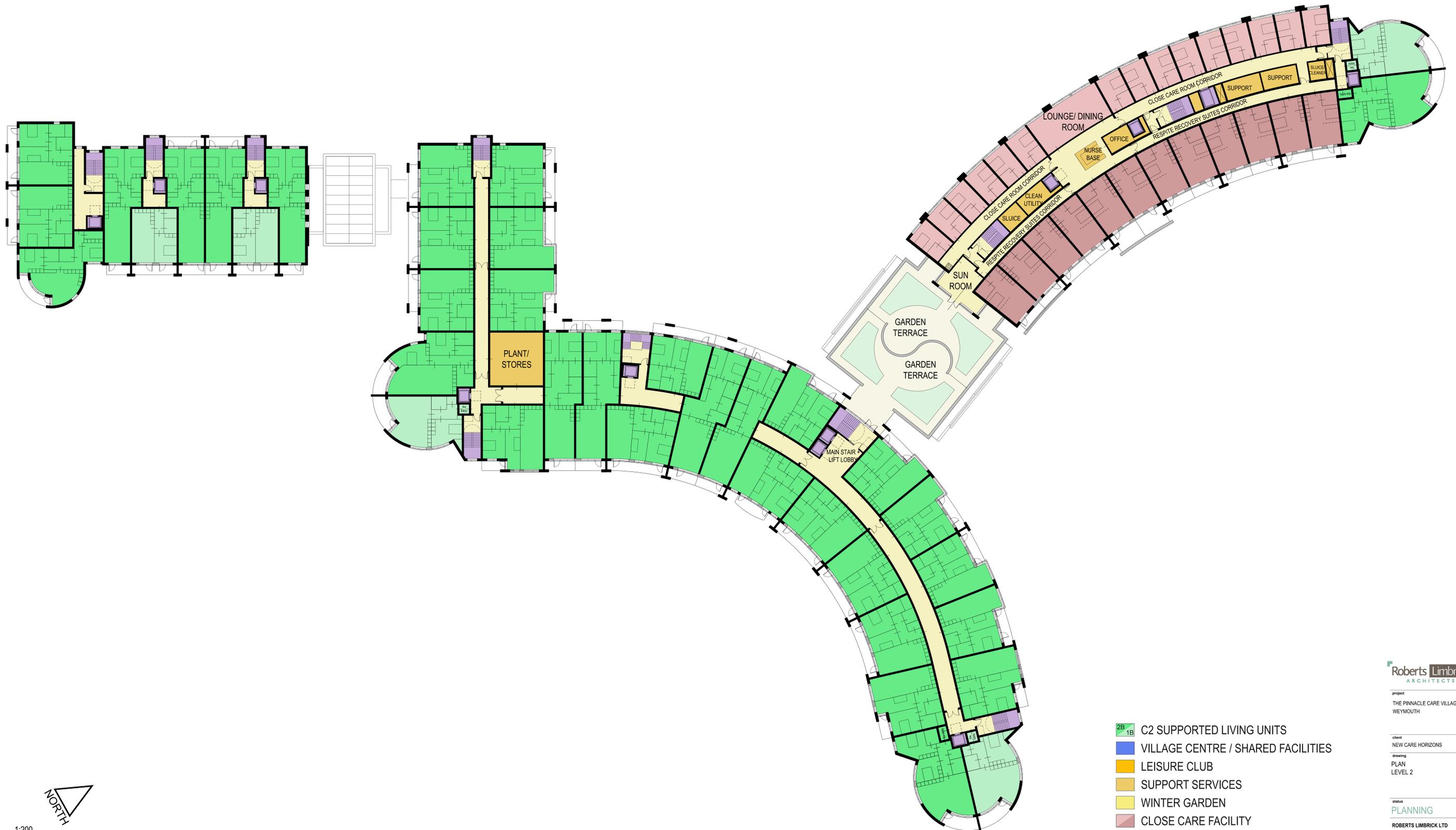




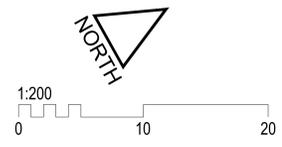
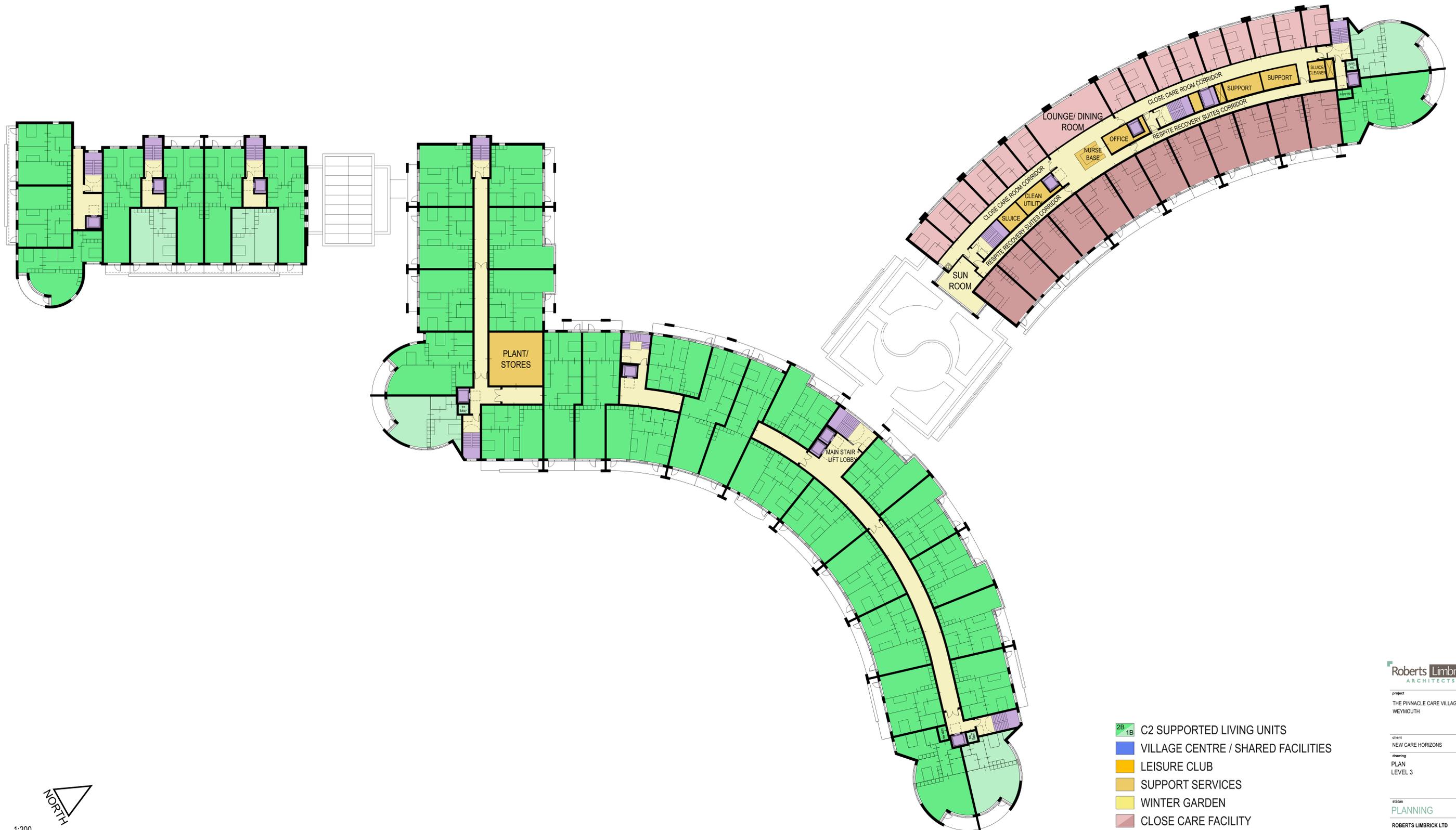
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- VILLAGE CENTRE / SHARED FACILITIES
- LEISURE CLUB
- SUPPORT SERVICES
- WINTER GARDEN
- CLOSE CARE FACILITY
- RESTAURANT
- BASEMENT CAR PARK



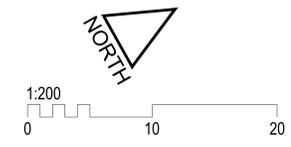
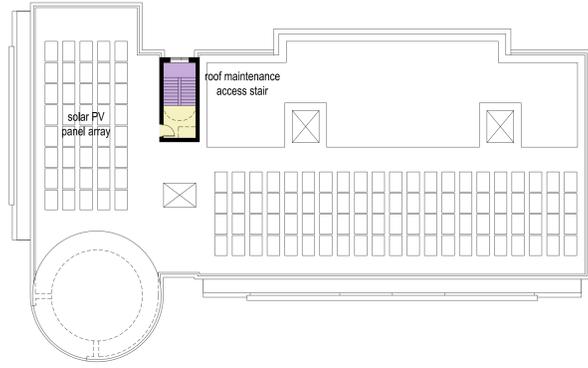
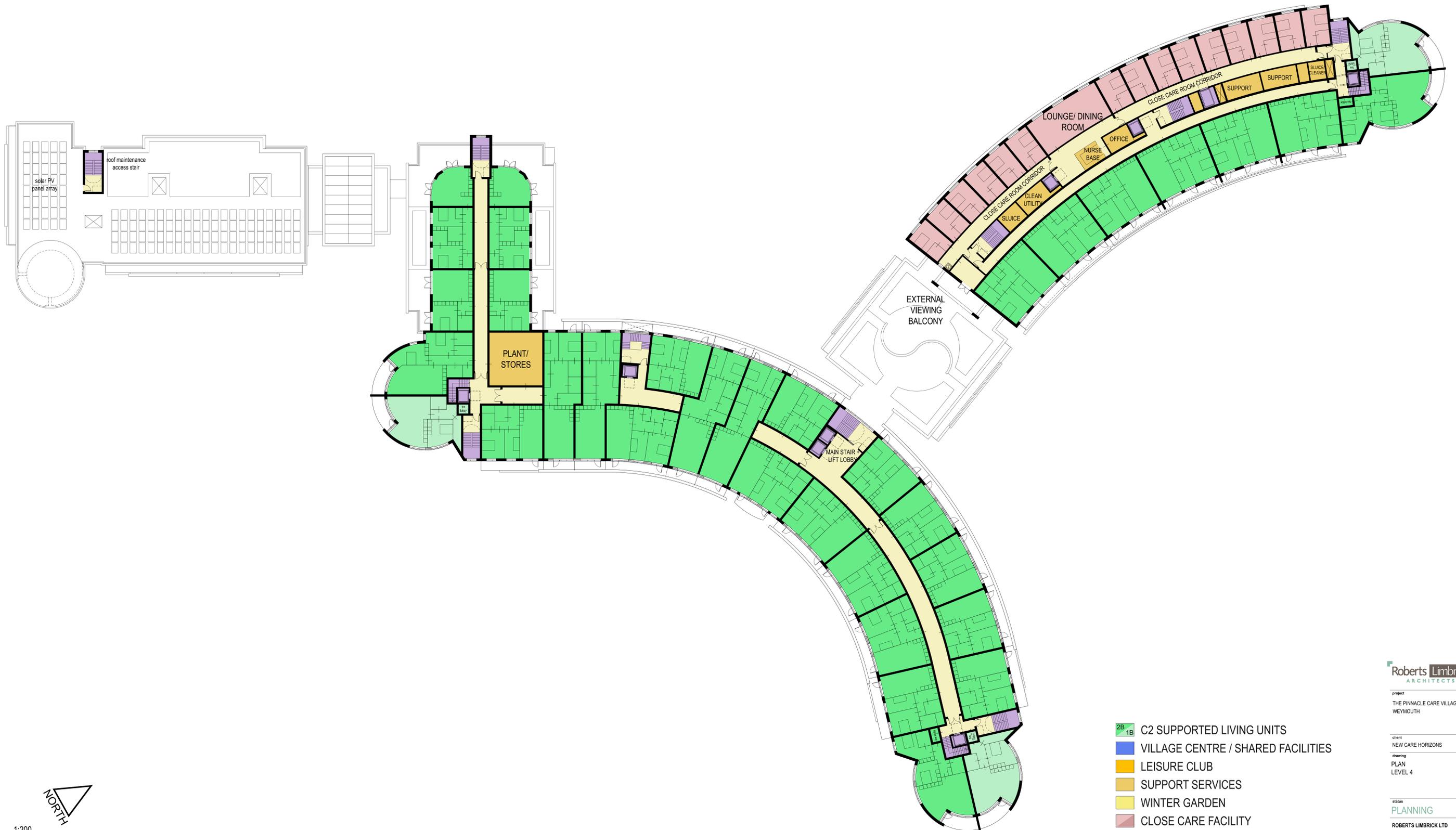
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- RESTAURANT
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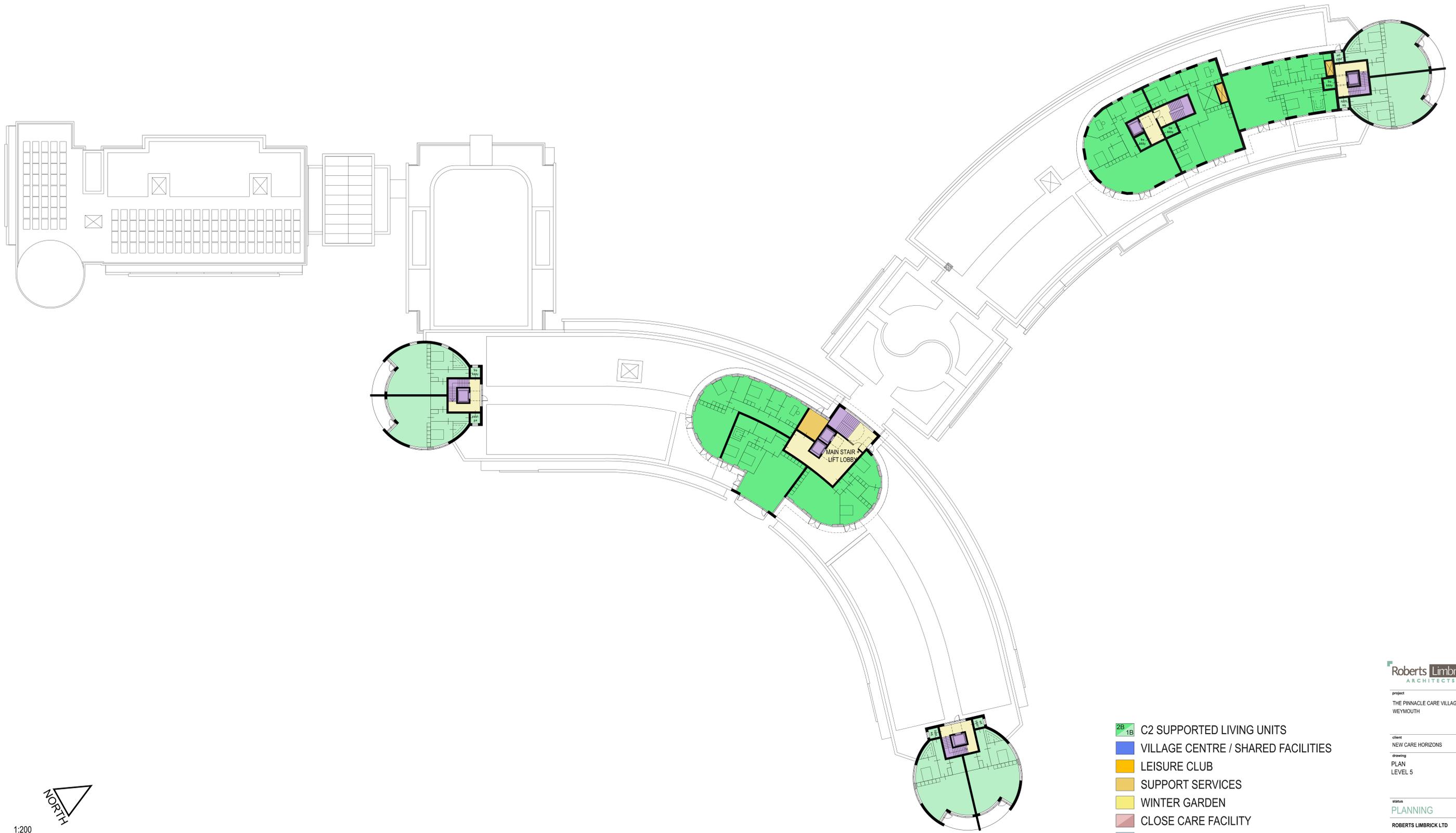
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- RESTAURANT
- BASEMENT CAR PARK



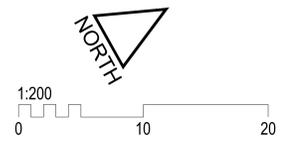
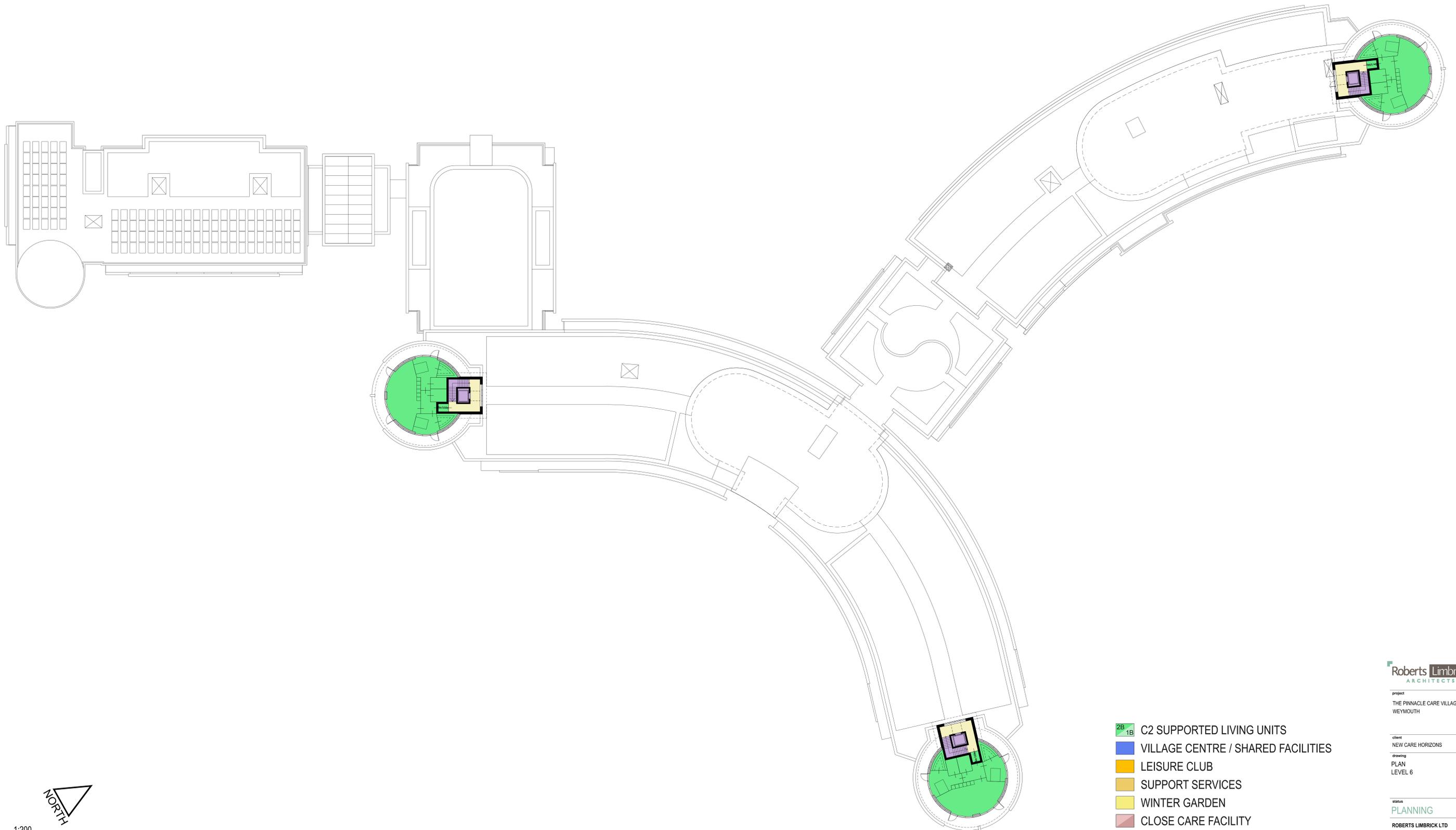
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- BASEMENT CAR PARK



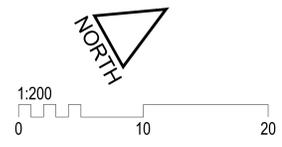
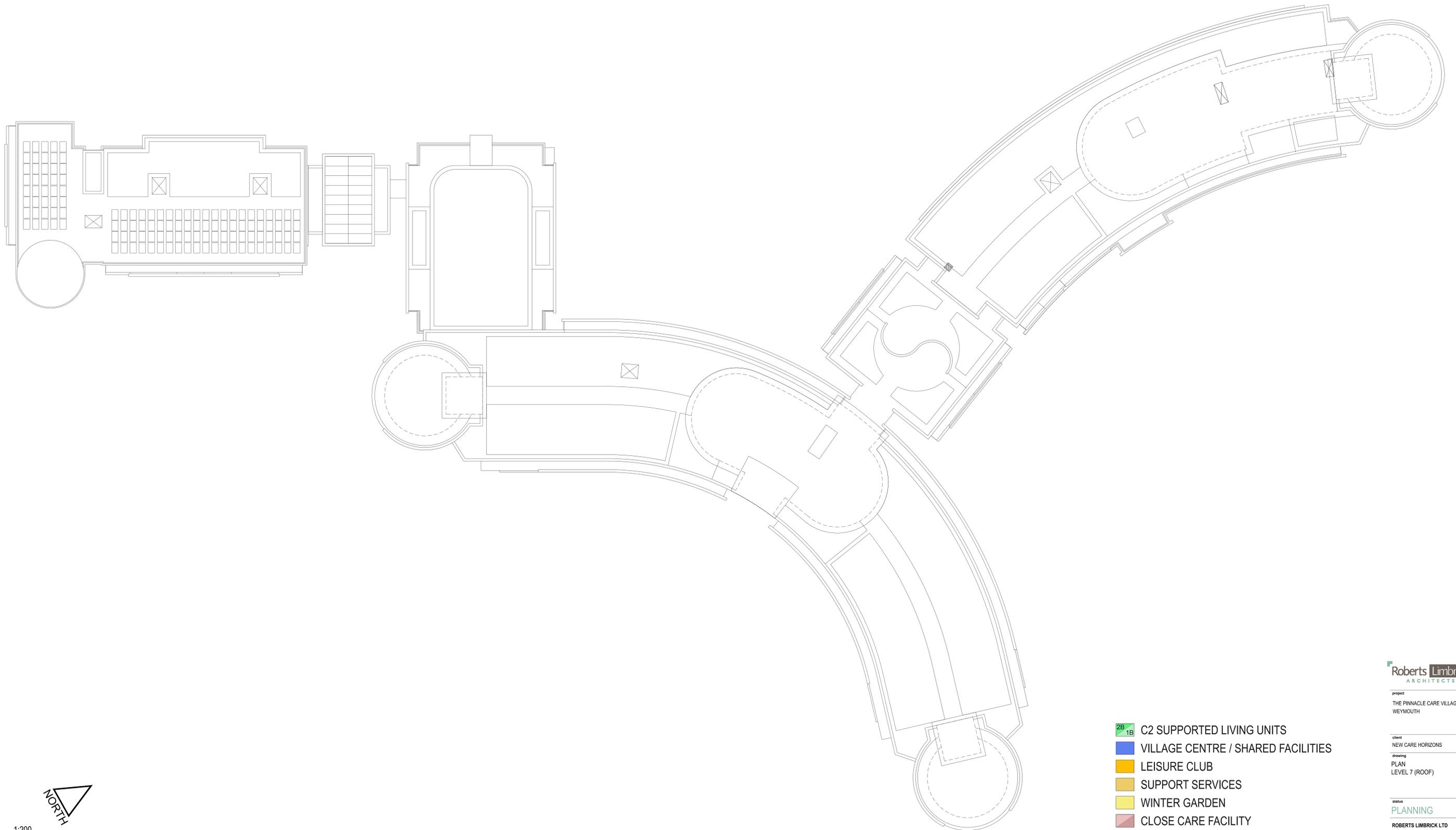
- 2B 1B C2 SUPPORTED LIVING UNITS
- VILLAGE CENTRE / SHARED FACILITIES
- LEISURE CLUB
- SUPPORT SERVICES
- WINTER GARDEN
- CLOSE CARE FACILITY
- RESTAURANT
- BASEMENT CAR PARK



- 2B C2 SUPPORTED LIVING UNITS
- VILLAGE CENTRE / SHARED FACILITIES
- LEISURE CLUB
- SUPPORT SERVICES
- WINTER GARDEN
- CLOSE CARE FACILITY
- RESTAURANT
- BASEMENT CAR PARK



- 2B C2 SUPPORTED LIVING UNITS
- VILLAGE CENTRE / SHARED FACILITIES
- LEISURE CLUB
- SUPPORT SERVICES
- WINTER GARDEN
- CLOSE CARE FACILITY
- RESTAURANT
- BASEMENT CAR PARK



- 2B C2 SUPPORTED LIVING UNITS
- 1B VILLAGE CENTRE / SHARED FACILITIES
- LEISURE CLUB
- SUPPORT SERVICES
- WINTER GARDEN
- CLOSE CARE FACILITY
- RESTAURANT
- BASEMENT CAR PARK

# APPENDIX 7

## COMMERCIAL COMPARABLES

Transaction type	Address	Postcode	Deal/Auction date	Use	Sub use type	Total space Size(sq ft)	Rental Price	Price per annum	Price Per Sq.ft	Rent Per Sq.ft	Lease length
Sale	Ground and 1st, 24 Commercial Road,	DT4 7DW	22/11/2016	Retail	Restaurants and	2,358	£172,500	Not quoted	£73.16		
Investment Sale	Guildhall, 1 St. Edmund Street, Weymouth,	DT4 8AS	27/10/2016	Leisure	Drinking		£185,000	Not quoted			
Auction	76 St. Thomas Street, Weymouth, Dorset, DT4 8HU	DT4 8HU	10/10/2016	Office	Offices (B1a)		£1,300,000				
Auction	6-7 Coburg Place, 104F & 105 St. Mary Street,	DT4 8NY	10/10/2016	Flats,	Residential (C3),		£1,380,000				
Lease	1st, 72 St. Thomas Street, Weymouth, Dorset, DT4 8EL	DT4 8EL	01/04/2016	Office	Office (B1a)	600	Not quoted	£5,200		£8.67	No
Sale	Weymouth Squash & Fitness Centre, Newstead Road, Weymouth, Dorset, DT4 8JE	DT4 8JE	05/10/2016	Leisure	Sports & Health Club (D2)		£149,000	Not quoted			
Sale & Leaseback	Ground, 2 St. Alban Street, Weymouth, Dorset, DT4 8BZ	DT4 8BZ	02/09/2016	Retail	General Retail (A1)	754	£170,000	£17,500	£225.47	£23.21	
Investment Sale	Ground, 205 Littlemoor Road, Weymouth, Dorset, DT3 6AF	DT3 6AF	01/07/2016	Retail	General Retail (A1)	600	£60,000	£6,000	£100.00	£10.00	
Sale	14-15 Crescent Street, Weymouth, Dorset, DT4 7BX	DT4 7BX	08/06/2016	Retail	General Retail (A1)	3,520	£170,000	Not quoted	£48.30		
Sale	Entire Building, Abbotsbury Tea Rooms, 26 Rodden Row, Abbotsbury, Weymouth, Dorset,	DT3 4JL	29/04/2016	Retail	Restaurants and Cafes (Food &	n/a	£600,000	Not quoted			
Lease	Unit 23a Cambridge Road, Granby Industrial Estate, Tecan Way, Weymouth, Dorset, DT4	DT4 9TU	17/03/2016	Industrial /	Light Industrial / Business Units	2,593	Not quoted	£14,000		£5.40	3
Lease	41 Abbotsbury Road, Weymouth, Dorset, DT4 0AQ	DT4 0AQ	01/01/2016	Leisure	Drinking Establishment		Not quoted	£25,500			5
Lease	75 St. Mary Street, Weymouth, Dorset, DT4 8PJ	DT4 8PJ	01/01/2016	Retail	General Retail (A1)	2,400	Not quoted	£32,500		£13.54	10
Auction	2-4 Coburg Place, Weymouth, Dorset, DT4 8HP	DT4 8HP	10/12/2015	Flats, General	Residential (C3), Retail (A1)		£362,000				
Auction	1-12 Gordon Row, Weymouth, Dorset, DT4 8LL	DT4 8LL	07/12/2015	General Retail	Retail (A1)		£310,000				
Licence	Offices, 16a St Alban Street, Weymouth, Dorset, DT4 8BZ	DT4 8BZ	01/12/2015	Office	Office (B1a)		Not quoted	£7,000			1
Investment Sale	22-23 St. Mary Street, Weymouth, Dorset, DT4 8PN	DT4 8PN	18/11/2015	Retail	General Retail (A1)	2,809	£670,000	Not quoted			
Auction	27/28 St. Mary Street, Weymouth, Dorset, DT4 8PN	DT4 8PN	20/10/2015	General Retail	Retail (A1)		£450,000				
Lease	5, New Bond Street, New Bond Street, Commercial Road, Weymouth, Dorset, DT4	DT4 8LY	30/09/2015	Retail	Shopping Centre (A1/2/3/4/5)		Not quoted	Not quoted			
Sale	Belvedere Inn, 33-34 High West Street, Weymouth, Dorset, DT4 8JH	DT4 8JH	01/08/2015	Leisure	Drinking Establishment		£210,000	Not quoted			
Lease	5 Preston Road, Weymouth, Dorset, DT3 6PU	DT3 6PU	01/08/2015	Retail	General Retail (A1)		Not quoted	£125,000			
Lease	Unit 8, Retail Units At, Gordon Row, Weymouth, Dorset, DT4 8LL	DT4 8LL	31/07/2015	Retail	General Retail (A1)	500	Not quoted	£5,200		£10.40	10
Lease	Ground, 11 Custom House Quay, Weymouth, Dorset, DT4 8BG	DT4 8BG	01/07/2015	Retail	General Retail (A1)	1,250	Not quoted	£15,000		£12.00	6
Investment Sale	Entire Building, 128-130 Abbotsbury Road, Weymouth, Dorset, DT4 0JS	DT4 0JS	01/07/2015	Retail	General Retail (A1)		£325,000	£27,390			
Auction	Former Olds Garage, Bramdon Lane, Portesham, Weymouth, Dorset, DT3 4HG	DT3 4HG	26/06/2015	Office, Petrol	Offices (B1a), Retail, Retail (A1),		£250,000				
Lease	17 St. Mary Street, Weymouth, Dorset, DT4 8PB	DT4 8PB	15/06/2015	Retail, General	General Retail (A1), Ancillary	1,498	Not quoted	£40,000		£26.70	
Sale	Entire Building, Duke Of Albany, 51 Park Street, Weymouth, Dorset, DT4 7DE	DT4 7DE	01/06/2015	Leisure	Drinking Establishment		£145,000	Not quoted			
Lease	Ground, 1 St. Thomas Street, Weymouth, Dorset, DT4 8EW	DT4 8EW	15/05/2015	Retail	General Retail (A1)		Not quoted	£11,000			
Auction	128-130 Abbotsbury Road, Weymouth, Dorset, DT4 0JS	DT4 0JS	30/04/2015	General Retail,	Retail (A1), Residential (C3)		Not quoted				
Lease	Unit 4, Retail Units At, Gordon Row, Weymouth, Dorset, DT4 8LL	DT4 8LL	10/04/2015	Retail	General Retail (A1)	628	Not quoted	£6,240		£9.94	10
Auction	98 St. Mary Street, Weymouth, Dorset, DT4 8NY	DT4 8NY	30/03/2015	General Retail	Retail (A1)		£225,000				
Sale	Entire Building, Costcutter, 112 Portland Road, Weymouth, Dorset, DT4 9AD	DT4 9AD	12/03/2015	Retail	General Retail (A1)	2,928	£285,000	Not quoted	£97.34		
Sale	Entire Building, Marina Court Hotel, 142 The Esplanade, Weymouth, Dorset, DT4 7PB	DT4 7PB	01/03/2015	Hotel	Hotel (C1)		£250,000	Not quoted			
Sale	8 Custom House Quay, Weymouth, Dorset, DT4 8BE	DT4 8BE	01/02/2015	Leisure	Drinking Establishment		£300,000	Not quoted			
Lease	Ground and 1st, 8 St. Thomas Street, Weymouth, Dorset, DT4 8EW	DT4 8EW	01/02/2015	Retail	General Retail (A1)	1,371	Not quoted	£22,000		£16.05	
Lease	Ground, 11 St. Thomas Street, Weymouth,	DT4 8EW	30/01/2015	Retail	General Retail		Not quoted	£13,500			
Lease	Ground, 17a St. Alban Street, Weymouth,	DT4 8BZ	01/01/2015	Retail	General Retail		Not quoted	£10,200			

## APPENDIX 8

# TURNKEY CARE HOME COMPARABLES



# APPENDIX 9

## RESIDUAL CALCULATIONS

**RESIDUAL CALCULATION**

**Proposed Village Bingleaves Site, Wey Operators Build Costs**

Gross Development Value £82,586,000

**DEVELOPMENT COSTS:**

Total Building cost		£52,120,007
Site Overage		£270,000
Professional Fees		£435,000
Short Term Finance @		£5,496,388
<b>SUB TOTAL ESTIMATED COST</b>		<b>£58,321,395</b>
Marketing		£250,000
Sale Fees - Legal		£845,937
<b>DEVELOPER'S PROFIT</b>	<b>17.5%</b>	<b>£10,398,033</b>
<b>TOTAL ESTIMATED COST</b>		<b>£69,815,000</b>

**PRESENT VALUE SITE VALUE**

SITE VALUE IN		£12,771,000
Acquisition Costs		£801,000 <small>Costs</small>
<b>Market Value - Site</b>		<b>£11,970,000</b>
Rounded	<b>Rounded</b>	<b>£12,000,000</b>



## HEALTHCARE ADMINISTRATION

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