

UNDERTAKINGS

SET A

PART 8 OF THE ENTERPRISE ACT 2002: ("THE ACT")

THE UNFAIR TERMS IN CONSUMER CONTRACTS REGULATIONS 1999 ("UTCCRs")

THE CONSUMER PROTECTION FROM UNFAIR TRADING REGULATIONS 2008 ("CPRs")

UNDERTAKINGS TO THE OFFICE OF FAIR TRADING (PURSUANT TO SECTION 219 OF THE ACT)

1. Fairhold Homes Limited ("Fairhold"), a body corporate (company registration number: 02556027), whose registered office address is Molteno House, 302 Regents Park Road, Finchley, London, N3 2JX, hereby undertakes to the Office of Fair Trading ("OFT") that it will not whether by its officers, employees, or agents or otherwise or by directing any other entity or individual
 - a. engage, consent to or otherwise connive in the Prohibited Conduct in the course of its business; or
 - b. consent to, or otherwise be involved in, the carrying out of the Prohibited Conduct by a body corporate that is interconnected to Fairhold (within the meaning of section 223(4) of the Act) or that has a special relationship with Fairhold (within the meaning of section 222(3) of the Act) or by directing any other entity or individual.

where engaging in such conduct harms the collective interests of consumers in the UK.

2. Prohibited Conduct is defined as
 - a. recommending, requiring or procuring the inclusion of, or
 - b. agreeing to, seeking to enforce, or otherwise relying upon

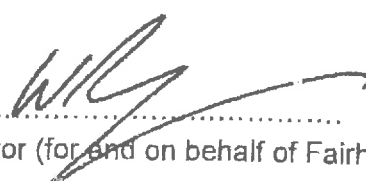
Transfer Fee Terms, Contingency Fund Fee Terms (both as defined below), or terms with similar effect, which are contrary to the UTCCRs (in particular, and within the meaning of Regulation 5(1) of the

UTCCRs, terms which have not been individually negotiated and contrary to the requirement of good faith, cause a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer).

- c. engaging in any commercial practice which is unlawful under the CPRs.
3. Fairhold has sought to enforce or otherwise relied upon certain terms known as "Transfer Fee Terms" in its Leasehold Agreements with tenants of retirement homes in which it owns the freehold. Examples of the Transfer Fee Terms are set out in **Schedule 2**.
4. Fairhold has sought to enforce or otherwise relied upon certain terms known as "Contingency Fund Fee Terms" in its Leasehold Agreements with tenants of retirement homes in which it owns the freehold. Examples of the Contingency Fund Fee Terms are set out in **Schedule 3**.
5. The OFT believes that it is, or could be the case that elements of the Transfer Fee Terms and Contingency Fund Fee Terms may give rise to a breach of the UTCCRs. In order to close the OFT's investigation, and without any admission of liability on the part of Fairhold, Fairhold hereby provides the undertakings set out in **Schedule 1**. The OFT considers that any failure to comply with the undertakings would constitute conduct within the meaning of Prohibited Conduct set out in paragraph 2 above.

IF YOU SIGN THIS DOCUMENT ON BEHALF OF FAIRHOLD HOMES LIMITED ("FAIRHOLD"), FAIRHOLD AGREES TO COMPLY WITH ITS REQUIREMENTS.

IF, AFTER YOU HAVE SIGNED THE DOCUMENT ON BEHALF OF FAIRHOLD, AND FAIRHOLD BREACHES THE ABOVE UNDERTAKING, FAIRHOLD MAY BE THE SUBJECT OF AN APPLICATION TO THE COURT FOR AN ENFORCEMENT ORDER UNDER SECTION 215 OF THE ACT.



.....
Director (for and on behalf of Fairhold Homes Limited)

Dated this 30 day of July 2012

SCHEDULE 1

Part One: Future assignments of Freehold

1. Fairhold undertakes to the OFT that it will not assign its interest, or create any subordinate leasehold interest, in any real estate it currently owns, or owns at any future time, without securing an undertaking from the prospective assignee or tenant of the Freehold interest that it will comply with the terms of this undertaking.

Part Two: Existing Leases

2. Fairhold undertakes to the OFT that, in relation to any Existing Lease, it shall:
 - a. only impose a Transfer Fee or a Contingency Fund Fee in the event of an assignment by way of sale or a sub-let by the tenant for valuable consideration;
 - b. for the avoidance of doubt, and specifically, not require payment of a Transfer Fee:
 - (i) from either the estate of the deceased tenant or from the incoming tenant, in circumstances where the incoming tenant is acquiring an interest in the property by way of inheritance pursuant to any will or to the rules of intestacy (for the further avoidance of doubt, should such an incoming tenant subsequently sell or sub-let the property, the Transfer Fee will be payable in the manner set out in sub-paragraphs (c) and (d) below);
 - (ii) in circumstances where there is otherwise a change in occupation, an equity release, or a surrender;
 - c. calculate the Transfer Fee on the assignment by way of sale of an Existing Lease as one per cent of the lower of the Sale Price achieved by the tenant and the Purchase Price originally paid by the tenant;
 - d. calculate the Transfer Fee arising on a sub-lease (by way of an assured shorthold tenancy) of an Existing Lease as being the Fixed

Subletting Fee (as defined in paragraph 14 below). For the avoidance of doubt:

- (i) if a sub-lease by way of assured shorthold tenancy continues beyond its fixed term period, a further Fixed Subletting Fee will become payable (even if no further formal assured shorthold tenancy is entered into); and
 - (ii) if a sub-lease by way of assured shorthold tenancy is entered into for a fixed term period of greater than one year, a further Fixed Subletting Fee will become payable at the start of each subsequent year that the assured shorthold tenancy continues;
- e. in relation to leases where waiver of the Contingency Fund Fee is permitted by the terms of the lease (such as, for example, Lease Type B listed at **Schedule 3**), calculate the Contingency Fund Fee arising on a sub-lease by way of an assured shorthold tenancy as being a sum equal to the average of the rent payable under the sub-lease for a one-month period (or the open market rent that would be paid for a one-month period, if greater), provided that this shall not exceed the sum that would otherwise have been payable under the Existing Lease. For the avoidance of doubt:
- (i) where Fairhold has discretion under the terms of the lease permitting waiver of the Contingency Fund Fee, the Contingency Fund Fee arising on a sub-lease by way of an assured shorthold tenancy (i.e. a sum equal to the average of the rent payable under the sub-lease for a one-month period (or the open market rent that would be paid for a one-month period, if greater)) will only be applied once for each sub-lease (regardless of the fixed term period of the assured shorthold tenancy or whether the sub-tenant "rolls over" at the end of the fixed term);
- f. not make verbal or written representations to any tenant that consent to an assignment is required at all or will be withheld in the event of non-payment of the Transfer Fee;
- g. in any case not to withhold consent or purport to withhold consent to an assignment by way of sale or to a sub-lease or place any

other impediment to an assignment by way of sale or a sub-lease on the basis that the Transfer Fee has not been paid;

- h. not recover or seek to recover the Transfer Fee from an incoming tenant following an assignment or sub-let in the event that the Transfer Fee in relation to that assignment or sub-let has in fact been paid by the outgoing tenant;
- i. not make written or verbal representations, including in any purchaser information materials, that indicate directly or indirectly that the Transfer Fee is an administration fee, or that the tenant or subtenant receives any service or valuable benefit for paying it;
- j. not make written or verbal representations in any purchaser information materials that indicate directly or indirectly that the Transfer Fee has operated as deferred payment and/or that it has reduced the upfront price of the retirement home (prior to the date of these undertakings) or that the consumer has received any benefit or service as a result of the Transfer Fee.

Part Three: Existing Tenants of Existing Leases

- 3. Fairhold undertakes to the OFT that, in relation to any Existing Tenant of an Existing Lease, it shall, in addition to those undertakings given in Part Two above:
 - a. make clear by way of a letter to be written to each Existing Tenant:
 - (i) the changes it has made to its policy in relation to Transfer Fees and Contingency Fund Fees set out above; and
 - (ii) the terms of the undertakings that Fairhold has given to the OFT; and
 - (iii) that they should keep the letter with their lease and other property documentation and hand the letter to their solicitor on assignment or sub-let.

Part Four: Future Tenants of Existing Leases

- 4. Subject to compliance with all appropriate professional guidance, Fairhold undertakes to the OFT that, in relation to any Future Tenant of

an Existing Lease, it shall, in addition to those undertakings given in Part Two above:

- a. not impose a Transfer Fee at all on the Future Tenant unless Fairhold ensures that the following have taken place:
 - (i) provided Fairhold is informed of a transaction and is provided with or is otherwise able to obtain details of the identity and address of the prospective tenant and/or their solicitor or registered conveyancer, the Purchaser Information Pack ("PIP") has been provided to the prospective tenant's solicitor or registered conveyancer or the prospective tenant prior to exchange of contracts; Fairhold will use its best endeavours to provide the PIP to the prospective tenant's solicitor or registered conveyancer or the prospective tenant as quickly as reasonably practicable;
 - (ii) where it is not possible to obtain details of the identity and address of the prospective tenant and/or their solicitor or registered conveyancer, and provided Fairhold is informed of a transaction and of the identity and address of the vendor's solicitor or registered conveyancer, Fairhold will provide the PIP to the vendor's solicitor or registered conveyancer with prominent instructions that it be passed to the prospective tenant's solicitor or registered conveyancer as quickly as reasonably practicable; and
 - (iii) the prospective tenant has been provided with a clear and prominent explanation of the financial liabilities under the Transfer Fee Term alongside the other financial obligations in the PIP. Such an explanation should include details of the circumstances under which the tenant will become liable, how the Transfer Fee is calculated and worked examples for sale and subletting. It should also provide full details of where more information can be found on the operation of the Transfer Fee; and
 - (iv) the prospective tenant's solicitor or registered conveyancer or the prospective tenant has, within the timetable referred to in sub-paragraph 4(a)(i) above, been provided with a one-page summary which sets out, with worked examples, the tenant's full

financial liability on transfer, including where relevant the Contingency Fund Fee.

A specimen example of the document referred to in subparagraphs 4(a)(iii) and 4(a)(iv) above is included in **Schedule 4**.

- b. Bring these undertakings, and the changes it has made to its policy in relation to Transfer Fees and Contingency Fund Fees, to the attention of all Future Tenants, by way of an explanatory letter to accompany the PIP.

Part Five: Future Leases

5. Fairhold undertakes to the OFT that, in relation to any Future Lease it creates or obtains through acquisition or development, it shall not charge a Transfer Fee unless this is a fee for a service provided by Fairhold and the fee is no more than the actual costs reasonably and necessarily incurred by Fairhold in providing that service.

Part Six: Interpretation and Scope

6. Any reference to 'Consumer' or 'Consumers' in this undertaking is a reference to consumers generally or individually, as defined in the UTCCRs or the CPRs as the case may be.
7. Any reference to 'Fairhold' includes a reference to any body corporate that is either interconnected to Fairhold Homes Limited within the meaning of section 223(4) of the Act or which has a special relationship with Fairhold Homes Limited within the meaning of section 222(3) of the Act. For the avoidance of doubt, this includes all of those bodies corporate listed in **Schedule 5** to these undertakings (and which, together with those bodies corporate listed in Schedule 5 of Set B of Fairhold's undertakings to the OFT of 30 July 2012, hold all of the wider corporate group's existing freehold interests in standard leases for retirement home properties that contain Transfer Fee Terms as at 30 July 2012)). A list of retirement home properties, sorted by reference to the Fairhold group company (as listed in Schedule 5 to these undertakings) that owns the freehold, is provided at **Schedule 6**.
8. Any reference to 'Transfer Fee Term' is a reference to a term (other than a Contingency Fund Fee Term) included in, or which is of like or

similar effect to, those terms included in Lease Types A to E set out at **Schedule 2**, or that otherwise allows or purports to allow Fairhold to require a consumer to pay a fee that is expressed as a percentage of the price or value on transfer of the consumer's interest on the occurrence of a Transfer. Any reference to a 'Contingency Fund Fee Term' is a reference to a term (other than a Transfer Fee Term), included in, or which is of like or similar effect to, those terms included in Lease Types A to C set out in **Schedule 3**, or that otherwise allows or purports to allow Fairhold to require a consumer to pay a fee, as a contribution towards any contingency fund or similar fund for the purpose of contributing to the expenses of maintaining a property, that is expressed as a percentage of the price or value on transfer of the consumer's interest on the occurrence of a Transfer.

9. Any reference to 'Transfer' in this undertaking is a reference to any legal or equitable means by which a Consumer may seek to transfer his or her leasehold estate in land or by which another person may acquire a legal or equitable proprietary right in respect of such land, including but not limited to any form of conveyance, grant, trust, bequest, sale, underlease, surrender, devolution or disposal.
10. Any reference to an 'Existing Lease' is a reference to a lease created or acquired by Fairhold before 30 July 2012, or in which Fairhold has any legal or equitable interest at 30 July 2012, and which includes a Transfer Fee Term or a Contingency Fund Fee Term.
11. Any reference to an 'Existing Tenant' is a reference to a Consumer who has a legal interest in an Existing Lease as at 30 July 2012.
12. Any reference to a 'Future Tenant' is a reference to a Consumer who has a legal interest in an Existing Lease after 30 July 2012.
13. Any reference to a 'Future Lease' is a reference to a lease created or acquired by Fairhold, or in which Fairhold acquires any legal or equitable interest, after 30 July 2012, and which includes a Transfer Fee Term or a Contingency Fund Fee Term.
14. Any reference to 'Fixed Subletting Fee' is for the calendar year beginning 1 January 2012, the sum of £85 (eighty-five pounds). For subsequent calendar years, the Fixed Subletting Fee shall be the Fixed Subletting Fee for the previous calendar year adjusted by the retail

price index for that previous calendar year (as published by the Office of National Statistics or any successor body).

15. Any reference to an 'assured shorthold tenancy' includes a reference to an equivalent shorthold tenancy agreement under tenancy law in Scotland and Northern Ireland.

SCHEDULE 2:

Illustrative examples of Transfer Fee Terms referred to under 'The Prohibited Conduct' at paragraph 2 of the Undertaking

Lease Type 'A'

Term 12.3(a) of Schedule 5

Not to assign transfer underlet or part with or share possession of the whole of the Apartment:

12.3 *without paying immediately after completion of any such assignment transfer or underletting or parting with possession*

(a) *to the Lessor a transfer fee (plus value added tax if any) to be determined by the Lessor and not to exceed one per centum (plus value added tax if any) of the gross proceeds of sale for such assignment transfer underletting or parting with possession or (if higher) the open market value of the unexpired residue of the Term at the date of such assignment transfer underletting or parting with possession of this Lease and in default of agreement such open market value shall be determined by an independent valuer agreed between the parties or in default of agreement to be appointed on the application of either party by the President for the time being of the Royal Institution of Chartered Surveyors ...*

and so that if either of the payments referred to in sub paragraphs (a) and (b) above have not been paid in full within 28 days after completion of any assignment transfer or underletting or parting with possession the assignee (being the Lessee for the time being) will pay to the Lessor on demand a sum equal to the balance outstanding but without affecting the liability of the assignor to make such payment.

Lease Type 'B'

Term 10.4 of The Fifth Schedule

10.4 *Not to agree to assign underlet or to make any other material change in occupation or otherwise part with possession of the Premises without first having given at least 28 days prior written notice to the Landlord or its agent of the Tenants intention so to do (together with details of the proposed assignee underlessee or occupier and his/her solicitors (if any)) so that the*

Landlord can endeavour to ascertain whether the assignee underlessee or occupier (as appropriate) is capable of maintaining an independent and active lifestyle taking full advantage of the facilities offered on the Estate whilst occupying the Premises and subject to Clause 10.6 at completion of any such transaction occurring not earlier than 28 days after the date hereof to pay to the Landlord a transfer fee of 1% of the gross sale price or unencumbered open market value (which in default of agreement shall be determined by the Landlord's Surveyor) whichever shall be the greater sum (together with such Value Added Tax or similar tax as may from time to time by law be required to be added to such fee) and subject as aforesaid if the transfer fee shall not be paid within seven days of the said assignment underletting or parting with possession then the said fee shall be due and payable by the assignee underlessee or occupier as the case may be.

Lease Type 'C'

Term 10.4 of The Fifth Schedule

10.4 Not to agree to assign underlet or to make any other material change in occupation or otherwise part with possession of the Premises without first having given at least 28 days prior written notice to the Landlord or its agent of the Tenants intention so to do (together with details of the proposed assignee underlessee or occupier and his/her solicitors (if any)) so that the Landlord can endeavour to ascertain whether the assignee underlessee or occupier (as appropriate) is capable of maintaining an independent and active lifestyle taking full advantage of the facilities offered on the Estate whilst occupying the Premises and at completion of any such transaction to pay to the Landlord a transfer fee of 1% of the gross sale price or open market value (which in default of agreement shall be determined by the Landlord's Surveyor) whichever shall be the greater sum (together with such Value Added Tax or similar tax as may from time to time by law be required to be added to such fee) and if the transfer fee shall not be paid within seven days of the said assignment underletting or parting with possession then the said fee shall be due and payable by the assignee underlessee or occupier as the case may be.

Lease Type 'D'

Term 3.(9)(c)

3.(9)(c) not to offer to assign transfer underlet or otherwise part with possession of the Flat without first notifying the Lessor thereof and on completion of any such assignment transfer or underletting or parting with possession (except in the case of an assent following the death of the Tenant) to pay to the Lessor a transfer fee of one per cent of the gross sale price or of the open market value of the Flat (which in default of agreement shall be determined by the Lessor's surveyor who shall be a fellow or associate of the Royal Institution of Chartered Surveyors) whichever shall be the greater.

Lease Type 'E'

Term 3.(8)(c)

3.(8)(c) not to offer to assign underlet or otherwise part with possession of the Flat without first notifying the Lessor of the Tenant's intention so to do and further to notify the Lessor not later than seven days after becoming contractually bound to the assignment underletting or parting with possession and at legal completion to pay to the Lessor a transfer fee of 1% of the gross sale price or open market value (which in default of agreement shall be determined by the Lessor's surveyor) whichever shall be the greater sum and if the transfer fee shall not be paid within seven days of the said assignment underletting or parting with possession then the said fee shall be due and payable by the assignee undertenant or occupier as the case may be.

SCHEDULE 3:

Illustrative examples of Contingency Fund Fee Terms referred to under 'The Prohibited Conduct' at paragraph 2 of the Undertaking

Lease Type 'A'

Term 12.3(b) of Schedule 5

Not to assign transfer underlet or part with or share possession of the whole of the Apartment:

12.3 *without paying immediately after completion of any such assignment transfer or underletting or parting with possession*

(b) *to the Manager a sum equal to one per centum (plus value added tax if any) of the gross proceeds of sale for such assignment transfer underletting or parting with possession or (if higher) the open market value of the unexpired residue of the Term at the date of such assignment transfer underletting or parting with possession of this Lease and in default of agreement such open market value shall be determined by an independent valuer agreed between the parties or in default of agreement to be appointed on the application of either party by the President for the time being of the Royal Institution of Chartered Surveyors such sum to be paid by the Manager into a sinking fund to be held by the Manager to defray (at the Manager's discretion) any future extraordinary or substantial items of Service Charge expenditure*

and so that if either of the payments referred to in sub paragraphs (a) and (b) above have not been paid in full within 28 days after completion of any assignment transfer or underletting or parting with possession the assignee (being the Lessee for the time being) will pay to the Lessor on demand a sum equal to the balance outstanding but without affecting the liability of the assignor to make such payment.

Lease Type 'B'

Term 10.5 of The Fifth Schedule

10.5 *Without prejudice to the foregoing but subject to Clause 10.6 the Tenant shall upon completion of every assignment underletting or other disposition of the Premises (excluding devolution on death and the completion of any mortgage or charge) occurring not earlier than 28 days after the date hereof pay to the Landlord a contingency fee of 1% of the gross sale price or*

unencumbered open market value (which in default of agreement shall be determined by the Landlord's Surveyor) whichever shall be the greater sum (together with such Value Added Tax or similar tax as may from time to time by law be required to be added to such fee) and if the said contingency fee shall not be paid within 7 days of the said assignment underletting or parting with possession then the said fee shall be due and payable by the assignee underlessee or occupier as the case may be such contingency fee to be held by the Landlord for the purposes and upon the terms set out in the Fourth Schedule.

Lease Type 'C'

Term 10.5 of The Fifth Schedule

10.5 Without prejudice to the foregoing the Tenant shall upon completion of every assignment underletting or other disposition of the Premises (excluding devolution on death and the completion of any mortgage or charge) pay to the Landlord a contingency fee of 1% of the gross sale price or unencumbered open market value (which in default of agreement shall be determined by the Landlord's Surveyor) whichever shall be the greater sum (together with such Value Added Tax or similar tax as may from time to time by law be required to be added to such fee) and if the said contingency fee shall not be paid within 7 days of the said assignment underletting or parting with possession then the said fee shall be due and payable by the assignee underlessee or occupier as the case may be such contingency fee to be held by the Landlord for the purposes and upon the terms set out in the Fourth Schedule.

SCHEDULE 4: SPECIMEN SUMMARY DOCUMENT

[ON APPROPRIATE FAIRHOLD / PEVEREL LETTERHEAD]

BUYING A RETIREMENT PROPERTY: KEY POINTS TO CONSIDER

This document is important. Please read it carefully, and discuss any points you do not understand with your solicitor, conveyancer or legal adviser.

If you are thinking of buying a retirement property, there are a number of key points you should consider.

1. You should **arrange a survey** prior to purchase.
2. In addition to the cost of purchasing a property, you need to pay **annual charges** associated with living in a retirement property:
 - (a) **ground rent**, which will go to the Landlord;
 - (b) **service charge**, which will go to the residents' service charge account; and
 - (c) **other personal expenses and outgoings** (council tax, gas, electricity etc).
3. In addition, there is a requirement for you to pay:
 - (a) **on the sale (sometimes referred to as the assignment) of the property:**
 - (i) **a transfer fee of 1% of the price you paid for the property when buying or the price you receive on sale (whichever is lower).** The transfer fee will go to the Landlord; and
 - (ii) **a contingency fee of 1% of the higher of the price received on sale or the open market value (a value we will determine based on recent sale prices for similar properties. You may challenge the open market value we arrive at if you wish – please ask your adviser about how to challenge). The contingency fee will go to the residents' service charge account.**

(b) on the sub-let (sometimes referred to as the under-let) by way of assured shorthold tenancy of the property:

(i) a transfer fee of £85.

(A) if the sub-let (sometimes referred to as the under-let) continues beyond the fixed term of the tenancy a further transfer fee of £85 will be payable. The further transfer fee will become payable as soon as the fixed term period expires;

(B) if the sub-let (sometimes referred to as the under-let) is for a fixed term period of more than one year, a further transfer fee of £85 will be payable. The further transfer fee will become payable at the start of each subsequent year of the sub-let.

The transfer fee will go to the Landlord; and

(ii) [a contingency fee of 1% of the open market value of the property (a value we will determine based on recent sale prices for similar properties. You may challenge the open market value arrived at if you wish – please ask your adviser about how to challenge)]/or/[a contingency fee equal to the rent payable under the sub-lease for a one-month period (or the open market rent that would be paid for a one-month period, whichever is greater), provided this does not exceed 1% of the open market value of the property].

Where permitted by the terms of the head-lease (between the owner of the property and the owner of the freehold of the property), the contingency fee will be payable once for each sub-let that is entered into regardless of the fixed term period of the sub-let or whether the sub-let rolls over beyond its fixed term period.

The contingency fee will go to the residents' service charge account.

The existing owner – the person from whom you are purchasing the property – should pay the contingency fee and transfer fee in respect of their sale (sometimes referred to as the assignment) to you of the property. But you will be responsible if the existing owner fails to pay within seven days of the sale to you.

PASS THIS NOTE TO YOUR SOLICITOR, CONVEYANCER OR LEGAL ADVISER (we will send a copy direct to your solicitor, conveyancer or legal adviser as well, if we are informed of his or her name and address by you) so that they can advise you on your exact legal obligations in relation to all charges and fees, and so they can make sure that the person you are buying the property from pays the contingency and transfer fees due on sale or sub-let.

4. You have to meet a minimum age requirement to live in each retirement development. Details are available from the Peverel Property Transfer Department.
5. You should be able to maintain an independent lifestyle. House Managers at the development provide emergency assistance only. The House Manager does not provide nursing care, administer medicines, cook, clean or fetch shopping for residents.

Generic worked examples setting out the financial implications of purchasing a retirement property are set out overleaf. Please discuss any points you do not understand with your solicitor, conveyancer or legal adviser.

THE FINANCIAL IMPLICATIONS OF BUYING A RETIREMENT PROPERTY

Set out below are three generic worked examples of the financial implications of buying a retirement property.

NOTE: These generic examples are for guidance only. Please discuss your individual circumstances and financial commitments with your solicitor, conveyancer or legal adviser.

Example 1: Typical Annual Costs

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

- the cost of any mortgage you may have; and
- the personal monthly bills for which you would be liable (for instance council tax, gas, electricity – see page 13 of the Purchaser Information Guide for further examples).

It is calculated for a property with an assumed purchase price of £120,000. You will see a range of values is suggested below. The newness of the flat, its size, and the number of bedrooms will all affect how much service charge and ground rent is payable. For instance, the level of ground rent and service charge is higher for a two-bed property than for a one-bed property.

Fee	Calculation method	Cost
Service Charge	£1,500 – £2,300 per annum, paid in two equal six-monthly instalments of £750-£1,150	£1,500 - £2,300
Ground Rent	Approximately £500 per annum, paid in two equal six-monthly instalments of £250. Increases on approximately each 21 st anniversary of the grant of the lease, in line with inflation.	£500
	Total	£2,000 - £2,800

Example 2: Sale (otherwise known as assignment) of your property

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

- any outstanding ground rent or service charges;
- any mortgage costs including the costs of paying off (sometimes referred to as redeeming) your mortgage;
- the costs of any solicitor, conveyancer or legal adviser you appoint to deal with the sale / assignment;
- any estate agent's fees;
- any tax you may have to pay; and
- any costs of moving.

If you purchased the property for £120,000, and sold (otherwise known as assigned) the property for £140,000, then some of costs you would incur on the sale (otherwise known as assignment) of your property would be:

Fee	Calculation method	Cost
Transfer Fee	1% of the lower of the purchase price or sale (otherwise known as assignment) price, so 1% of £120,000	£1,200
Contingency Fee	1% of the higher of the sale (otherwise known as assignment) price or open market value, so 1% of £140,000	£1,400
	Total	£2,600

Example 3: Sub-let (otherwise known as under-let) of your property

The third example deals with some of the one-off costs if you were to sub-let (otherwise known as under-let) your property by way of assured shorthold tenancy for six months. It excludes:

- the costs of any solicitor, conveyancer or legal adviser you appoint to deal with the sub-let (otherwise known as under-let); and
- any estate agent's fees.

If you purchased the property for £120,000, and sub-let (otherwise known as under-let) the property by way of assured shorthold tenancy when it was worth approximately £140,000, at a rent of £600 a calendar month (the newness of the flat, its size, and the number of bedrooms will all affect how much rent can be achieved on a sub-let (otherwise known as under-let) of the property), some of the costs you would incur would be:

Fee	Calculation method	Cost
Transfer Fee	Flat fee of £85	£85
Contingency Fee	[1% of the open market value, so 1% of £140,000]/or/[a sum equal to the rent payable under the sub-let for a one-month period (or the open market rent that would be paid for a one-month period, if greater), provided this does not exceed 1% of the open market value of the property (here £1,400)]	£1,400 £600
	Total	£[1,485][685]

SCHEDULE 5: SET A

Bodies corporate holding together with those bodies corporate listed in Schedule 5 of Set B of Fairhold's undertakings to the Office of Fair Trading of 30 July 2012 all of the wider Fairhold corporate group's existing freehold interests in standard leases for retirement home properties that contain Transfer Fee Terms as at 30 July 2012).

No.	Company
1.	Fairhold Homes Limited
2.	Fairhold Homes (No 2) Limited
3.	Fairhold Homes (No 3) Limited
4.	Fairhold Homes (No 4) Limited
5.	Fairhold Homes (No 6) Limited
6.	Fairhold Homes (No 7) Limited
7.	Fairhold Homes (No 9) Limited
8.	Fairhold Homes (No 11) Limited
9.	Fairhold Homes (No 13) Limited
10.	Fairhold Homes (No 14) Limited
11.	Fairhold Homes (No 15) Limited