

Explanation of Event Fee

Retirement villages the world over generally follow a model based on three payments and we are no exception:

- A capital sum to buy the property (in our case, you will be buying a 125-year lease);
- A monthly service charge to cover management and provision of services provided within the village (see Service Charge information sheet);
- An event fee payable when you sell or leave your property or someone else moves into the property and occupies it as their main home (but excluding your spouse or partner who shares the property with you or short term guests or carers).

Often this property purchase is the last a resident will make and so the event fee is paid out of the estate, allowing people to realise certain benefits without paying immediately for them out of hard-earned savings and income. This fits with the ethos of Inspired Villages believing that later living can and should be the best years of your life. The event fee is calculated as a percentage of the property resale price and this percentage increases as you spend more time in the village to reflect an increasing level of benefit.

The event fee provides buyers with a number of distinct benefits:

- 1. Return on investment in the central facilities.** The event fee allows the operator to charge the buyer less for the property at the time of the purchase, as they recover some of the cost of the central facilities via the event fee;
- 2. Long-term maintenance of the village.** Whilst day-to-day maintenance of properties is covered by the monthly service charge, it is essential that money is available for long-term maintenance such as window replacement or roof repairs. We prepare a long-term maintenance plan and it is funded by the event fee. This ensures that the village will always offer a first-class environment and helps sustain property resale prices within the village;
- 3. Resale service.** When you or your estate come to sell your property we provide a resale service. You can use an external estate agency but they will charge 1.5-2% whereas we understand the product better, retain a trained sales team, and are experienced at marketing and selling village properties. All of this is covered by the event fee so, although you are not obliged to use our resale service, you can choose to do so without paying any additional charge. In some cases we already have a waiting list of interested potential customers.

Event fees vary across all operators with the more established villages overseas charging 30% and operators in the UK charging anywhere between 3% and 30%.

The event fee is calculated by reference to a percentage of the sale price. The percentage payable is 4% of the selling price in the first year of your ownership, 6% in year 2, 8% in year 3, 10% in year 4 and thereafter.

For example, a property purchased for £500,000 that decreases in value by £20,000 each year will attract the following event fees on resale:

Year	Example Decrease Price	Percentage	Event Fee
1	£480,000	4%	£19,200
2	£460,000	6%	£27,600
3	£440,000	8%	£35,200
4	£420,000	10%	£42,000
5	£400,000	10%	£40,000
6	£380,000	10%	£38,000

For example, a property purchased for £500,000 that maintains that value will attract the following event fees on resale:

Year	Example Maintain Price	Percentage	Event Fee
1	£500,000	4%	£20,000
2	£500,000	6%	£30,000
3	£500,000	8%	£40,000
4	£500,000	10%	£50,000
5	£500,000	10%	£50,000
6	£500,000	10%	£50,000

For example, a property purchased for £500,000 that increases in value by £20,000 each year will attract the following event fees on resale:

Year	Example Increase Price	Percentage	Event Fee
1	£500,000	4%	£20,000
2	£520,000	6%	£31,200
3	£540,000	8%	£43,200
4	£560,000	10%	£ 56,000
5	£580,000	10%	£58,000
6	£600,000	10%	£60,000

Bespoke illustrations can be provided for customers for any specific property, sale value and percentage change in value.

Full details of these charges and options are set out in the Lease and related documentation which is available from the village adviser. We would encourage you to discuss this with your family and your legal advisers in detail. We would be happy to talk through any issues where you feel you need further information or explanation.

We have taken every care to ensure the accuracy of this leaflet, but you will need to refer to the legal documentation which, when made available, will cover in detail the rights and obligations of the parties, together with the commercial terms that will apply to our contracts.

For more information on any aspect of Austin Heath, please contact us:
Telephone: **01926 334 201** or email: **sales.austinheath@inspiredvillages.co.uk**