

Prepared on behalf of: Hallmark Care
Homes Developments (No.2) Limited

Proposed Care Home Site
Pound Place, Roundstone Lane,
Angmering, West Sussex BN16 4PP

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ACQUISITION DUE DILIGENCE SUPPLY AND DEMAND REVIEW JANUARY 2018

IMPORTANT NOTICE

This report has been produced to review the levels of current and future provision for elderly care within a selected drive-time of the subject site at Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP.

We have utilised a number of different resources to collate information on demographics and the existing care provision.

All investigations have been undertaken on a desktop basis and whilst we have made all reasonable endeavours to ensure the accuracy of the information, we have not visited planned sites and competing homes to qualify bed numbers, the number of en suite bedrooms and such like.

We have relied upon the information supplied by the data sources used and assume this information to be correct for the purposes of this feasibility report.

This report is prepared according to the information and instructions provided to us by our client and is provided on a non-reliance basis.

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1. INSTRUCTION

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

1.1 Purpose

This report has been produced as part of Hallmark Care Homes Development (No.2) Limited due diligence process to review the supply and demand position within a selected radius of the subject site at Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP. Analysis of the demographics of elderly population and competition will be carried out as part of this feasibility study.

1.2 Methodology and Data Sources

We have utilised a number of different resources to collate information on the demand, existing and future care provision and demographics, on a desktop basis. We have assessed trading performance of existing provision within the selected county. We have also carried out mystery shop telephone calls on primary competitors to the subject scheme to identify fee and occupancy rates. Fee rates obtained will be in a range from floor or ceiling rates will be provided and may not necessarily reflect average weekly fee of the home. Occupancy rates obtained over the telephone may not reflect actual occupancy as from time to time operators may provide higher occupancy rates to secure a home visit.

The following sources have been used to support this feasibility report:

Tomorrow's Guides

2017 A-Z dataset for details of existing provision within a defined search area.

LaingBuisson

Old age bed requirements as a percentage, based on people in nursing and residential homes, NHS long stay hospitals and units for older and older

mentally ill people.

Knight Frank Research

Care Homes Trading Performance Index benchmarks at county level obtained.

Online Sources

www.carehome.co.uk, www.cqc.org.uk, www.zoopla.co.uk and local authority planning application web searches. Care home photos have been sourced from www.carehome.co.uk, operator websites and Knight Frank photographs.

CACI

This tool has been used to assess the supply and demand position, which collects information from various data sources including A-Z dataset and Census 2011 population. This system also comprises ACORN's consumer classification tool.

T.1 Instruction Summary

Client	Hallmark Care Homes Developments (No.2) Limited
Site address	Pound Place, Roundstone Lane, West Sussex, Angmering, West Sussex, BN16 4PP
Purpose of advice	Supply and Demand Review
Date of engagement	5 th January 2018
Prepared by	Mandip Bhogal BSc (Hons)

2. PROPOSED SCHEME

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

2.1 Proposed Site and Situation

The proposed site is located North East of Angmering railway station, on Roundstone Lane, Angmering, West Sussex BN16 4PP. The site comprises the curtilage of a single dwelling known as Pound Place.

We are advised that Hallmark Care Homes Developments (No.2) Limited have agreed to purchase the 1.9 acres site for a standalone care home development. They are proposing a two-storey care home scheme between 64 to 70 beds. For the purpose of this feasibility report we will assume that a two-storey 70 bed care home scheme is being developed in order to test the supply and demand position using a maximum number of proposed beds.

The site is surrounded by a new residential developments comprising good quality two to five bedroom homes. The developers include David Wilson Homes and Cala Homes.

Hallmark Care Homes Development (No.2) Limited's due diligence process is under way and they are expecting to exchange contracts before the end of January 2018.

Figure 1



3. DASHBOARD

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Armingier, West Sussex, BN16 4PP

T.2 Demand	2017	2022	2027	10 Year Variance
Aged 65-74	64	64	69	5
Aged 75-84	260	323	375	116
Aged 85+	490	550	639	149
Total required	814	937	1,083	269

T.3 Supply	No of Homes	All Beds	En Suite Rooms	En Suite Rooms (30+)
Personal Care	16	418	331	188
Nursing	8	454	404	391
Future Supply Including the subject scheme	2	142	142	142
Total Supply	26	1,014	877	721

**Undersupply – market standard
beds * (30+ bed homes)**

+93

2017 demand less en suite beds for all homes with 30 or more registered beds

**Oversupply – market standard
beds ***

-63

2017 demand less en suite beds

Oversupply – all beds

-200

2017 demand less all beds

Census 2011,
LaingBuisson, A-Z
Care Homes

* Bedrooms with
en suite facilities

**ELDERLY
POPULATION
ABOVE NATIONAL
AVERAGE**

**ONLY ONE PRIMARY
COMPETITOR**

Demand showing a
minus represents an
oversupply and
demand showing a
positive represents an
undersupply

BEDS BY REGISTRATION TYPE OF EXISTING SUPPLY

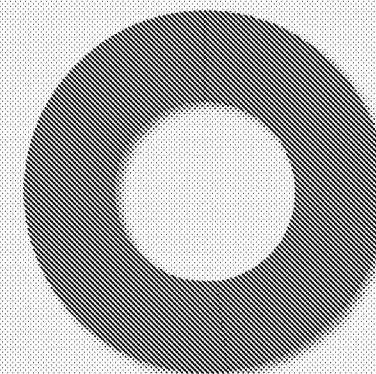


Figure 2

■ Personal Care ■ Nursing

en suite/NON en suite OF EXISTING SUPPLY

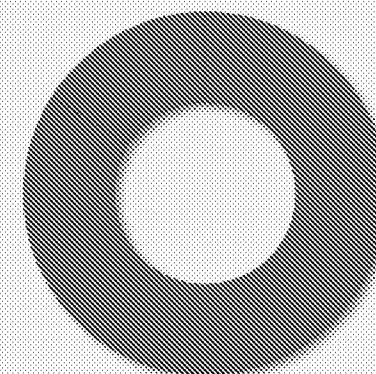


Figure 3

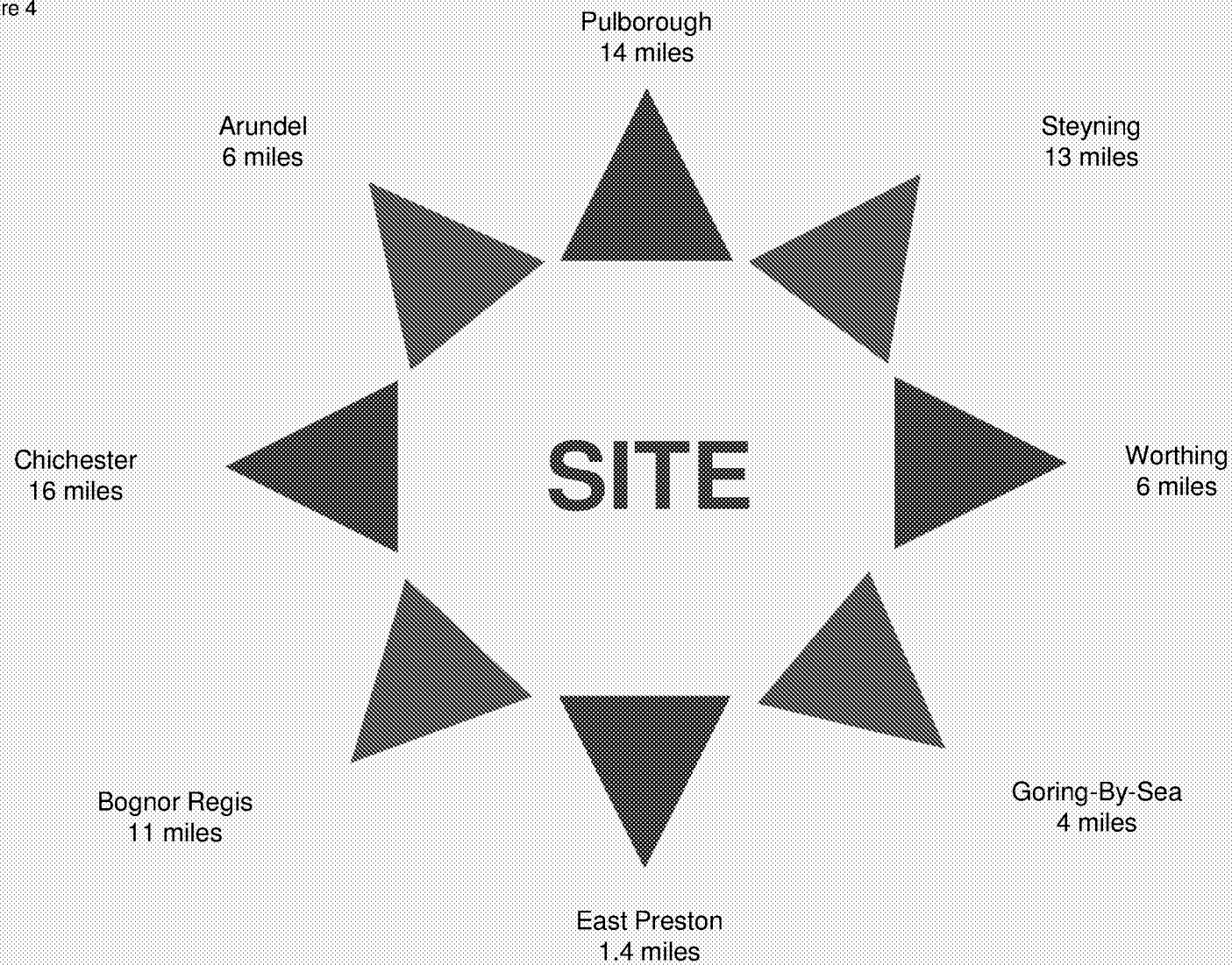
■ En suite ■ Non-en suite

4. LOCATION

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Armingier, West Sussex, BN16 4PP

Figure 4



The area south of Angmering is densely populated and has excellent road links via the A27. A 10 minute drive-time catchment area has therefore been selected which comprises circa 71,000 population.

T.4 Average distance travelled Location Type	Drive-time (minutes)
Rural	15 – 20 minutes
Urban	10 minutes

[illegible]

4.2 Accessibility

The site is located in Angmering, which is an affluent and large village with population of circa 7,600. The site is located six miles west of Worthing and only two miles from the south coast of England. The A27 connects the site to Chichester and Worthing.

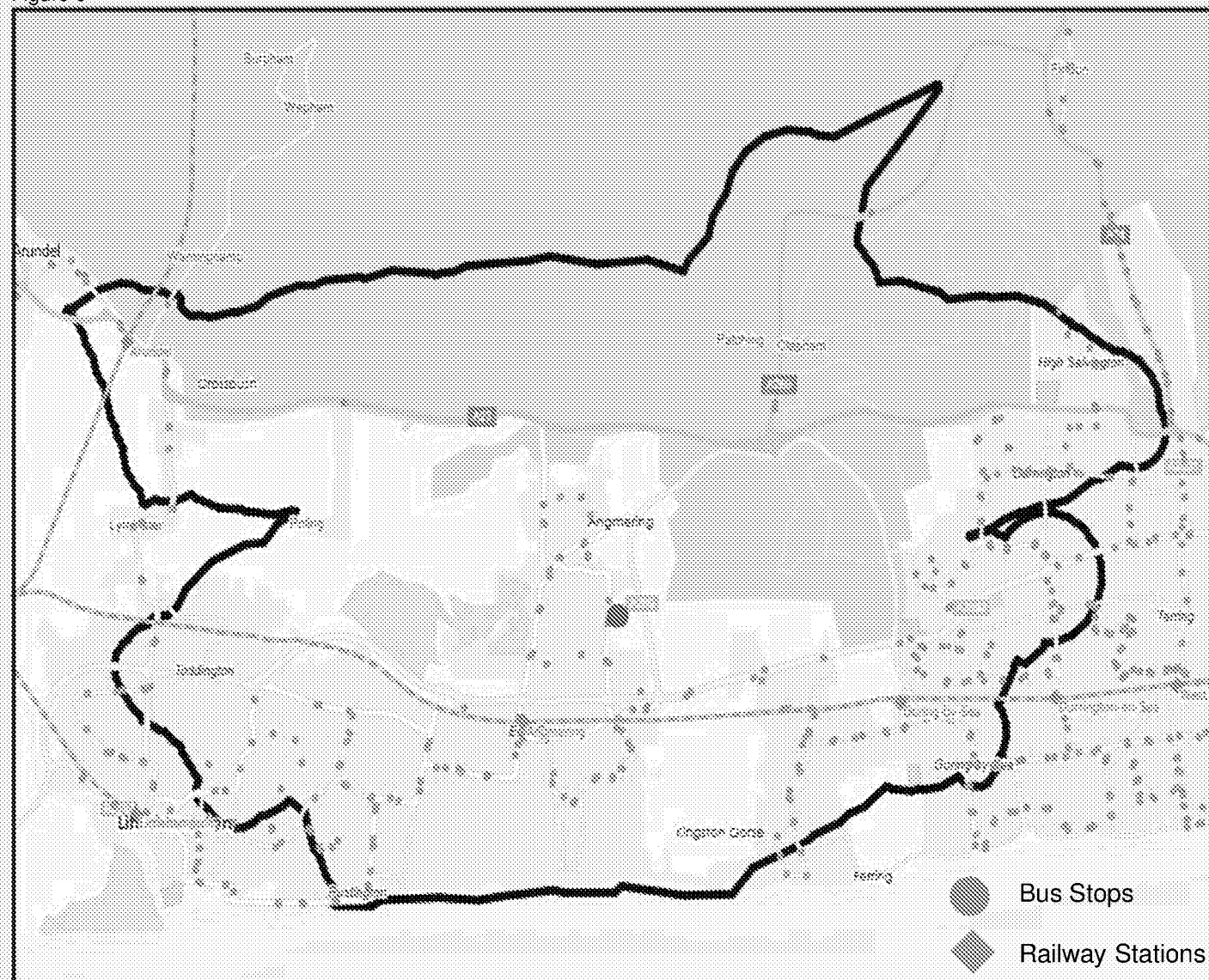
4.3 Local Transport

As shown in Figure 6, Angmering is well connected via train links from Goring-by-Sea and bus links from Littlehampton. The nearest bus stop to the subject site is 91 meters away. With a substantial number of new residential homes developed and currently being developed in the vicinity of the subject site, we envisage the infrastructure and public transport to be enhanced. Please note, although bus stops and railways have been identified within Figure 6, the frequency of transportation has not been analysed.

4.4 Prominence

We are advised that the site will be fronting Roundstone Lane which positions the site in a prominent location for marketing purposes. Once the surrounding residential developments have completed, this will also position the proposed care home in a prominent spot.

Figure 6



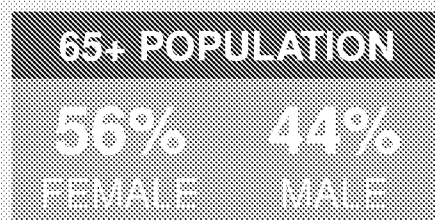
5. POPULATION AND DEMOGRAPHICS

SUPPLY AND DEMAND REVIEW JAN 2018
Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

5.1 Population

Population statistics for 2017 and forthcoming years are projected using 2011 census dataset.

As shown in T.5, elderly population (aged 65+) within the selected area in 2017 is projected is well above national average where 29% of the overall population is aged 65 and over compared to the national average of 18%



T.5 2017 Population	Area profile	Area %	GB %	Index av =100
0 - 14	11,249	15.7	17.8	88
15 - 24	6,323	8.8	12.0	74
25 - 44	13,925	19.4	26.2	74
45 - 54	9,846	13.7	14.0	98
55 - 64	9,428	13.1	11.8	112
65 - 74	10,900	15.2	10.0	152
75 - 84	6,829	9.5	5.8	164
85+	3,310	4.6	2.4	188
Total	71,180			

A similar pattern is identified with 2027 population statistics shown in T.6.

Elderly population is due to increase by 11% in 10 years, increasing demand for elderly care by 269 beds, which is encouraging for the proposed care home development.

The demographics show a higher proportion of elderly females within the catchment area. This trend is no surprise as life expectancy for females is typically higher than male. A similar trend between male and female is often found in care homes where a higher proportion of female residents to male are admitted, although recent trends suggest that this gap is now closing.

T.6 2027 Population	Area profile	Area %	GB %	Index av =100
0 - 14	11,703	14.8	17.5	85
15 - 24	6,997	8.8	11.7	75
25 - 44	14,286	18.0	25.4	71
45 - 54	8,669	10.9	11.7	93
55 - 64	11,685	14.7	12.7	116
65 - 74	11,719	14.8	10.2	145
75 - 84	9,869	12.5	7.6	165
85+	4,316	5.4	3.1	174
Total	79,244			

5.2 Demographics

CACI's consumer classification tool segments the UK population by analysing demographic dataset, consumer behaviour and takes into account social factors. This study helps us understand the types of people that live within the selected catchment area and whether the demographics support the proposed care home scheme. As a care home operator is not only selling the home to a service user but also to their relatives or friends, we're therefore analysing population in its entirety.

The 58% social grading comprises 36% in supervisor/clerical positions, 22% in higher/intermediate managerial positions and 23% of skilled manual workers. This shows a balanced mix of professionals and non-professionals, therefore comprises potential for wealthy service users or bill payers as well as potential staff for the care home.

66% of the population is economically active, therefore either employed or self-employed. Unemployment in the area is low at 2% which is a positive indicator of the local economy. 22% of the population is retired and are therefore are classified as economically inactive.

19% of the population comprises couples with non-dependant children and 17% comprises couples with dependant children. The catchment consists of 37% detached properties. 76% of the population own their own property and 10% are social renters, which is another strong indicator of wealth within the selected catchment area.

SOCIAL GRADE

58%



A, B & C1

PLACE OF BIRTH

93%



UK & ROI

ECONOMIC ACTIVITY

66%



Active

2%



Unemployed

22%



Retired

CAR OWNERSHIP

83%



...of households have access to a car

HOUSEHOLDS

37%



Detached

27%



Semi-detached

21%



Terraced

14%



Flat

12%



Single occupier
(under 65)

5%



Single
(with dependent children)

19%



Couple
(no dependent children)

17%



Couple
(with dependent children)

0%



Full-time student

6. WEALTH PROFILE

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

6.1 ACORN profiling

CACI's ACORN consumer classification tool uses similar measures to segment population as mentioned previously. ACORN is ranked by 6 categories further segmented by ACORN types. Category 1 indicates a strong affluence profile of the area. Analysing the other end of the spectrum, categories 4-6 indicate lower social grading and affluence profile.

Within the selected catchment area, Category 1 Affluent Achievers are above national average and stand at 31% of the overall population within the selected area (T.7), 13% of which is made up of ACORN group 1.B Executive Wealth who are wealthy families living in larger detached or semi-detached properties either in the suburbs, the edge of towns or in semi-rural locations. While these are generally family areas there are also some empty nesters and better-off retired couples. Many families own their home but a large proportion of families may still be repaying a mortgage. The likelihood of these families owning a second home, in the UK or abroad, is over five times the UK average. Since many individuals within this profile have managerial and professional occupations with perhaps one in five being company directors, average income rate is strong. It is rare to find households earning less than the national average income rate. These families are usually financially secure and three times more likely to have a variety of investment vehicles.

Personal pensions and significant levels of savings are also more likely to be higher than national average. This ACORN group will most likely be the son or daughter of the service user and will self-fund the care package.

A substantial 17% of the population within the selected catchment area falls in the ACORN group 1.C Mature Money which also falls under Category 1 of Affluent Achievers. People in this group tend to be older empty nesters and retired couples. Typically, these individuals are prosperous and live in larger detached, semi-detached houses or bungalows. Some of these individuals may have down-sized to reside in good quality apartments. Many live in rural villages and others live in larger towns. Many have two cars and a second home. Those that fall in this group are generally employed in professional or managerial roles and a good number of them own their homes outright with many having no mortgages to pay. These are high income households and even the retired have good incomes. These are older, affluent people that have the money and time to enjoy life. These will typically be the Service Users of a care home.

Overall, there is a strong indication of affluence within the selected area which is encouraging for an operator targeting the private pay market. There seems to be a high concentration of potential bill payers and service users within a 10 minute drive-time catchment area.

T.7 Acorn Category Description	Area Population	% of Area	% of Area UK	Index
Affluent Achievers	22,099	30.8	22.6	136
Rising Prosperity	1,980	2.8	9.4	29
Comfortable Communities	24,642	34.3	26.5	130
Financially Stretched	17,723	24.7	23.0	107
Urban Adversity	4,842	6.7	17.6	38
Not Private Households	524	0.7	0.9	80
Total Population	71,810			



6.2 ACORN Profiling

The mapping shown in Figure 7 segments the ACORN categories into groups by output areas. Groups 1A – 1C indicate strong affluence profile.

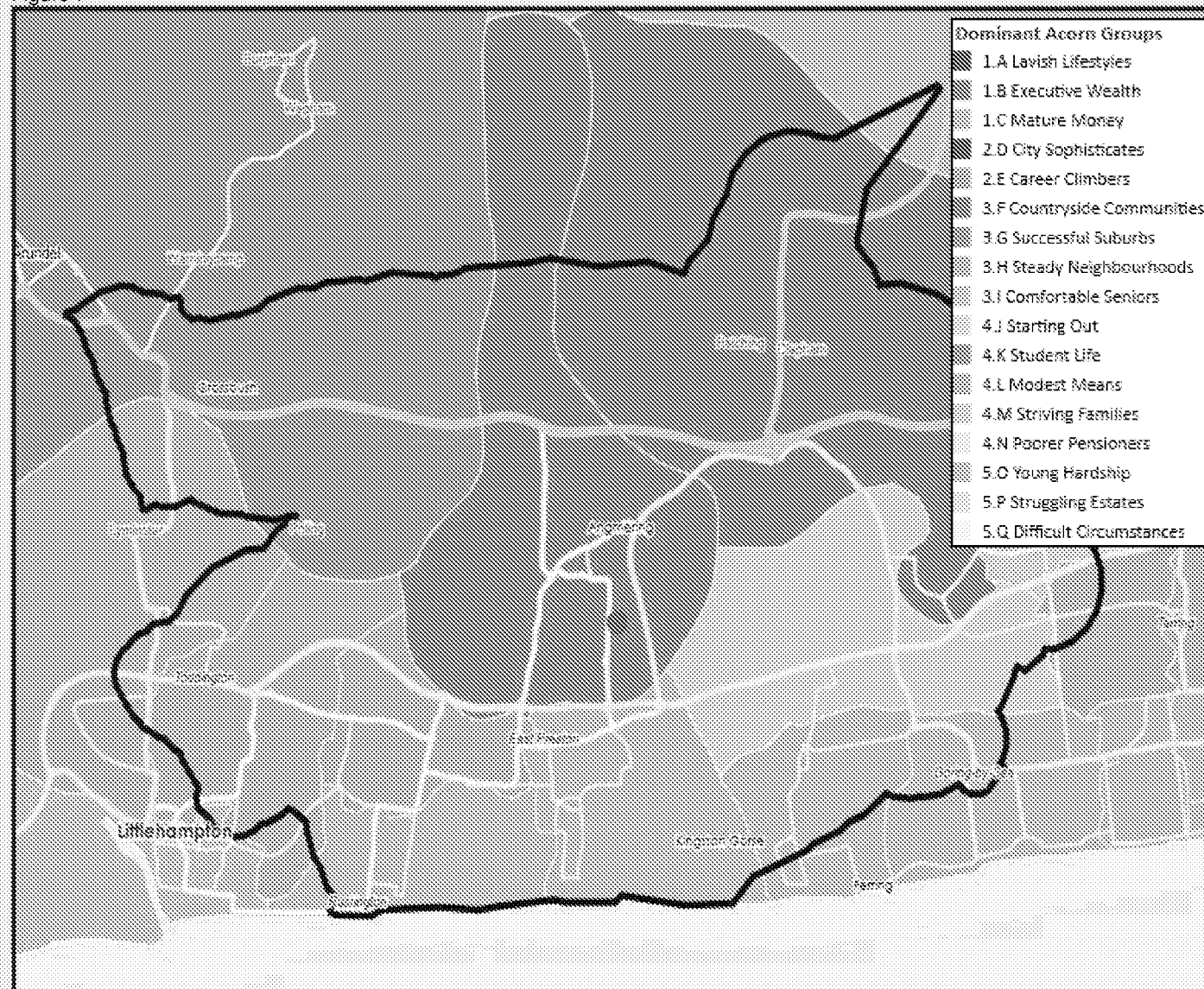
The subject site is situated within an output area that is dominated by ACORN group 1.B Executive Wealth. Villages south of Angmering, by the coast are dominated by 1.C Mature Money. Our market intelligence suggests that private service users and bill payers are prominently classified as ACORN groups 1.B Executive Wealth or 1.C Mature Money. The selected catchment area presents above average population of these groups.

Areas west of Angmering, towards Littlehampton are dominated by 4.L Modest Means who typically are semi-skilled workers in traditional neighbourhoods and reside in very low cost flats in suburban areas. The subject scheme is highly likely to attract staff from these areas.

6.3 Average House Prices

Average sold house prices within the last 12 months have been sourced via Zoopla's website as shown in T.8. Average sold house prices are £361,978 in the postcode district BN16. Average sold house prices of detached

Figure 7



properties within this district are £503,464.

The house prices identified are well above national average of £225,956 (HM Land Registry, October 2017) therefore indicating a strong wealth profile in the area. The strong average house price is also a good indicator of potential self-funders within the catchment area.

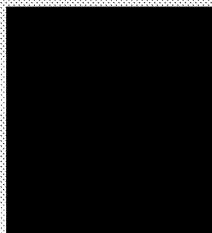
**T.8 Zoopla (as at
03/01/2018)**

**Average Sold
House Prices
(last 12
months)**

Postcode District
(BN16)

Angmering (town)

Brougham Grove
(Road near site)



7. DEMAND

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Ardingers, West Sussex BN16 4PP.

7.1 Demand

Demand is based upon LaingBuisson's estimation of general old age bed requirements. Based upon their research on elderly people in nursing and personal care homes, NHS long stay hospitals and units for older and older mentally ill people, they have identified the following percentages to calculate demand:

T.9 Age	Percentage
65-74	0.59%
75-84	3.80%
85+	14.80%

T.10 Projected Population (aged)	2017	2022	2027	10 Year Variance
65-74	10,900	10,895	11,719	819
75-84	6,829	8,495	9,869	3,040
85+	3,310	3,713	4,316	1,006

For clarification, 14.80% of 85+ population are forecasted to require care beds.

The 10 minute drive-time catchment area consists of a strong elderly population which is well-above national average.

Demand as at 2017 stands at 814 beds, increasing to 937 beds by 2022, and to 1,083 beds by 2027. In the next 10 years elderly population is projected to increase by 4,865 and therefore demand will increase by 269 beds.

T.11 Bed Demand (aged)	2017	2022	2027	10 Year Variance
65-74	64	64	69	5
75-84	260	323	375	116
85+	490	550	639	149
Total Requirement	814	937	1,083	269

8. CURRENT SUPPLY

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

8.1 List of existing Personal Care Homes

T.12 lists the personal care home stock identified within the selected catchment area. Tomorrow's Guides dataset has been used to identify the competition and even though all reasonable endeavours have been made to ensure the accuracy of the information, we have not visited competing homes to qualify bed numbers, the number of en suite bedrooms etc. for both personal care and nursing homes. The home types shown in the table below represent the following: D = Dementia, SP = Specialist Services, MH = Mental Health, YA = Younger Adults.

There are 16 personal care homes in total creating a provision of 418 beds. 79% of all beds have en suite facilities, however 81% of the existing stock is converted and 19% is older purpose-built. 12 homes are run by private operators, two by charitable organisations and two by the local authority.

T.12 Address	Group name, owner, private or voluntary	Personal Care home type	Service Type	Total registered beds	Single beds	En suite beds	Fee min	Fee max	Property purpose-built?	Distance in miles
Green Willow Residential Home 21/23 Vicarage Lane Littlehampton BN16 2SP	Kew Care Group Private		Personal Care Home Only	30	28	29			Y Older purpose-built	1.05
Greystoke Manor Church Lane Ferring Worthing BN12 5HR	Ian George Bradley Private		Personal Care Home Only	37	31	34			N	1.38
Tenby House 28 Downview Road Worthing BN12 5RW	Assured Care Services Ltd Private	D,M,H,SP	Personal Care Home Only	32	32	27			N	1.45
White Lodge South Strand Angmering-on-Sea Littlehampton BN16 1PN	South Coast Nursing Homes Ltd Private	D	Personal Care Home Only	30	30	30			N	1.45

T.12 Address	Group name, owner, private or voluntary	Personal Care home type	Service Type	Total registered beds	Single beds	En suite beds	Fee min	Fee max	Property purpose -built?	Distance in miles
Dean House 67 Sea Lane Angmering-on-Sea	Maria England and Dean Williams Private		Personal Care Home Only	27	23	25			N	1.47
Littlehampton BN16 1NB										
Ferringham House Ltd Residential Care Home 58 Ferringham Lane South Ferring Worthing BN12 5LU	Rajan Shah Private		Personal Care Home Only	14	12	13			N	1.54
Cornwell House 23/25 Beehive Lane	Abbeyfield Ferring Society Ltd Voluntary/Charity		Personal Care Home Only	20	20	20			N	1.70
Ferring Worthing BN12 5NN										
Scotch Dyke 38 Beehive Lane	Westerman Ltd Private		Personal Care Home Only	25	25	21			N	1.77
Ferring Worthing BN12 5NR										
Kensington Lodge 53 Broadmark Lane	Apex Healthcare Private	D,M,H	Personal Care Home Only	18	14	15			N	1.86
Rustington Littlehampton BN16 2HJ										
Ashdown Lodge 2 Wendy Ridge North Lane	Janet Tucker Private		Personal Care Home Only	13	13	4			N	2.00
Littlehampton BN16 3PJ										

T.12 Address	Group name, owner, private or voluntary	Personal Care home type	Service Type	Total registered beds	Single beds	En suite beds	Fee min	Fee max	Property purpose-built?	Distance in miles
Clapham Lodge Care Home Woodlands Close Clapham Village Worthing BN13 3XR	Clapham Village Care Ltd	D	Personal Care Home Only	27	25	23			N	2.05
Princess Marina House Seaford Road Rustington Littlehampton BN16 2JG	Royal Air Force Benevolent Fund Voluntary/Charity	D,SP,YA	Personal Care Home Only	30	22	26			Y Older purpose-built	2.06
Stanhope Lodge Poplar Road Durrington Worthing BN13 3EZ	West Sussex County Council Local Authority	D,SP,YA	Personal Care Home Only	28	28	3			N	2.36
New Tyne Durrington Lane Durrington Worthing BN13 2TF	West Sussex County Council Local Authority	D,M,H,SP,YA	Personal Care Home Only	20	20	0			N	2.75
Oakland Grange St Floras Road Littlehampton BN17 6BB	Oakland (Littlehampton) Ltd Private	D	Personal Care Home Only	42	42	42			Y Older purpose-built	2.71
The Heathers 162 - 164 Salvington Road Durrington Worthing BN13 2JU	Assured Care Services Ltd Private	D,S,P	Personal Care Home Only	25	25	19			N	2.96

8.2 List of existing Nursing Homes

T.13 lists the nursing home stock identified within the selected catchment area. Tomorrow's Guides dataset has been used to identify the competition. There are eight nursing homes in total creating a provision of 454 beds. 89% of all beds have en suite facilities. One property opened in 2015, one property was renovated in 2015 and one property opened in 2009. Three properties are older-purpose-built and two properties are converted. Six properties are privately owned and two properties are owned by charitable organisations.

T.13 Address	Group name, owner, private or voluntary	Nursing home type	Service Type	Total registered beds	Single beds	En suite beds	Fee min	Fee max	Property purpose-built?	Distance in miles
Darlington Court The Leas, Off Station Road Rustington Littlehampton BN16 3SE	Care UK Nursing & Residential Care Services Private	D,SP,YA	Nursing Care Home Only	61	51	51			Y Renovated 2015	0.85
The Martlets Fairlands East Preston Littlehampton BN16 1HS	Shaw Healthcare Private	D,SP	Nursing Care Home Only	80	80	80			Y Opened 2009	1.08
Rustington Hall Station Road Rustington Littlehampton BN16 3AY	Littlehampton and Rustington Housing Society Voluntary/Charity	SP	Nursing Care Home Only	62	62	62			Y Older purpose-built	1.20

T.13 Address	Group name, owner, private or voluntary	Nursing home type	Service Type	Total registered beds	Single beds	En suite beds	Fee min	Fee max	Property purpose - built?	Distance in miles
Fairlight Nursing Home 121 Worthing Road Rustington Littlehampton BN16 3LX	Forever Care Ltd Private	D,S,P	Nursing Care Home Only	62	62	62			Y Older purpose-built	1.58
Haviland House 20a Robin Road Goring-by-Sea Worthing BN12 6FE	Guild Care Voluntary/Charity	D,M,H,SP	Nursing Care Home Only	60	60	60			Y Opened in 2015	1.99
Fulford Care and Nursing Home East Street Littlehampton BN17 6AJ	Agincare Homes Holdings Ltd Private	D,M,H,SP,YA	Nursing Care Home Only	74	70	67			Y Older purpose-built	2.69
Country Lodge Nursing Home Cote Street High Salvington Worthing BN13 3EX	Mr & Mrs John Wright Private	SP	Nursing Care Home Only	25	25	13			N	2.73
Longacre Nursing Home 12/14 Chute Way High Salvington Worthing BN13 3EA	Mr & Mrs Raj Doorga Private	SP	Nursing Care Home Only	30	24	9			N	3.18

8.3 Homes by Type and Size of Existing Supply

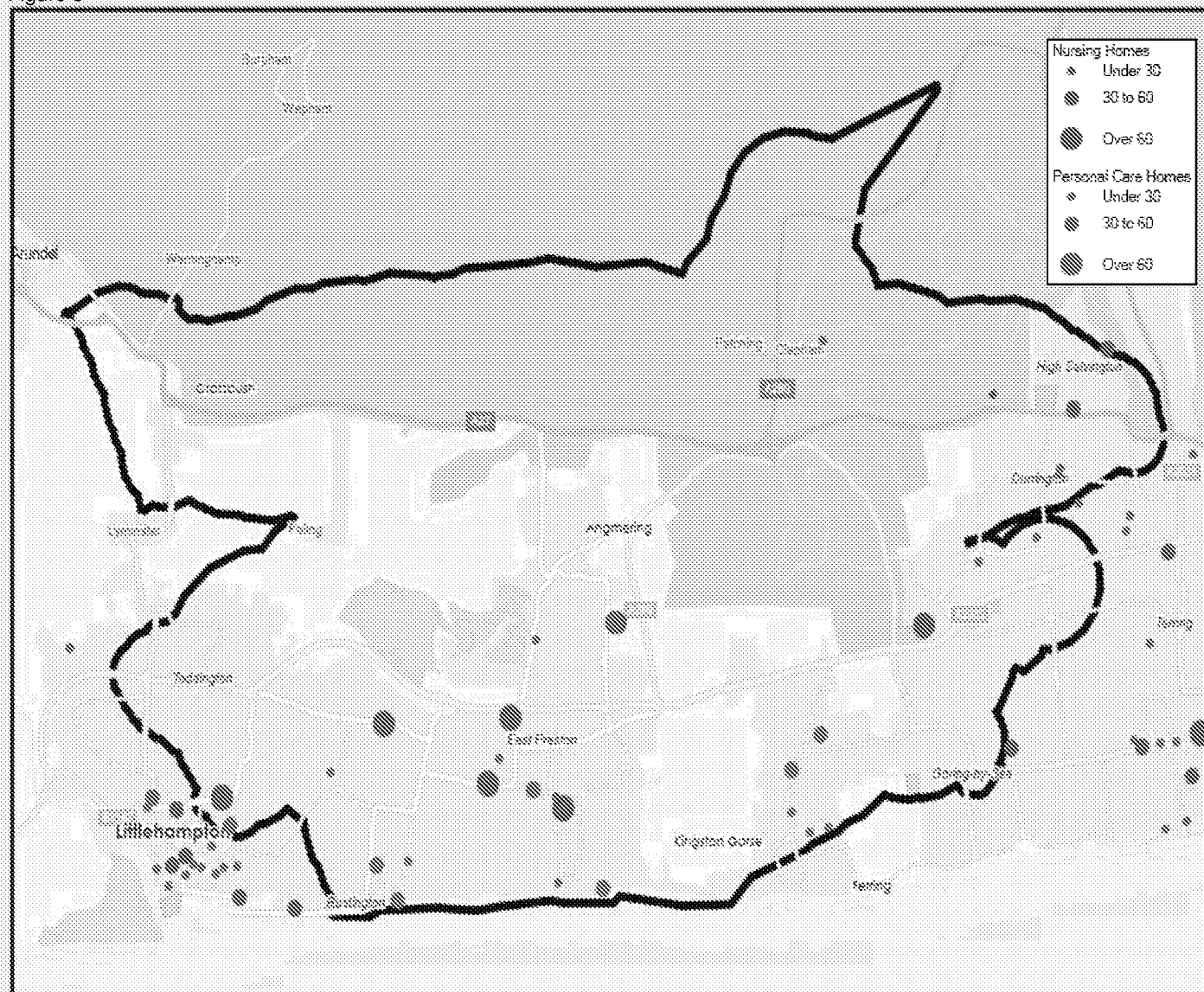
The mapping in Figure 8 shows homes by care type and size. The selected catchment area comprises six over 60 bed nursing homes and no over 60 bed personal care homes.

Darlington Court operated by Care UK, is the closest nursing home to the subject site, comprising of over 60 registered beds. The home comprises 61 registered beds of which 51 beds have en suite facilities. The property is a purpose-built facility which was renovated in 2015.

The second nursing home closest to the subject site is The Martlets operated by Shaw Healthcare comprising 80 registered beds of which 80 beds have an en suite facility.

There are no homes over 60 registered beds in the village of Angmering.

Figure 8



8.4 Competition (>30 registered beds) by Care Type of Existing Supply

1 Care UK Nursing & Residential Care Services – Darlington Court- 51 en suite beds (1.1 Miles)

2 Kew Care Group–Green Willow Residential Home– 29 en suite beds (1.4 Miles)

3 Shaw Healthcare–The Martlets- 80 en suite beds (1.4 Miles)

4 Littlehampton and Rustington Housing Society–Rustington Hall- 62 en suite beds (1.5 Miles)

5 Ian George Bradley– Greystoke Manor - 34 en suite beds (1.6 Miles)

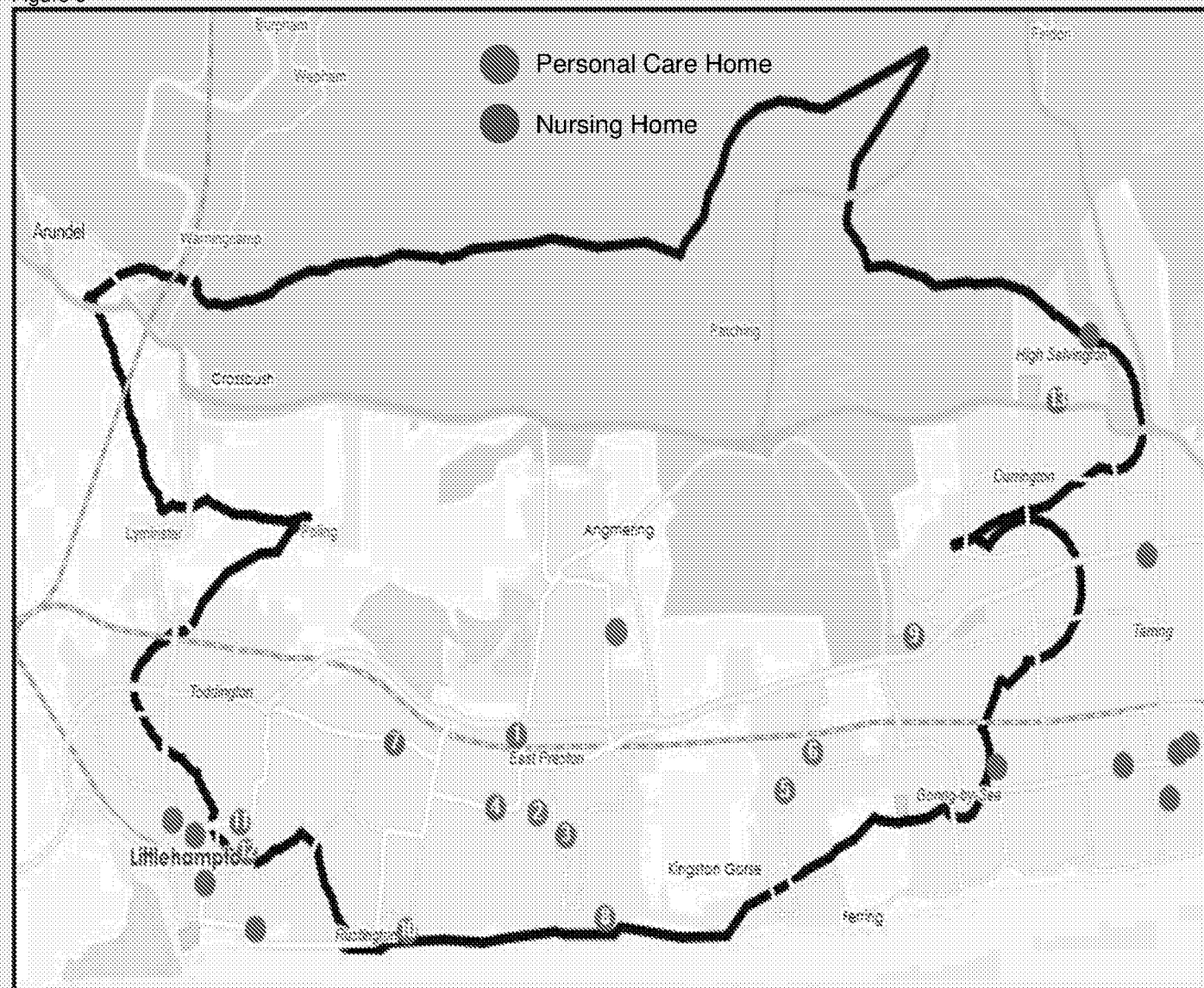
6 Assured Care Services Ltd– Tenby House- 27 en suite beds (1.7 Miles)

7 Forever Care Ltd– Fairlight Nursing Home- 62 en suite beds (1.7 Miles)

8 South Coast Nursing Homes–White Lodge- 30 en suite beds (1.8 Miles)

9 Guild Care–Haviland House- 60-en suite beds (2.1 Miles)

Figure 9



8.4 Competition (>30 registered beds) by Care Type of Existing Supply

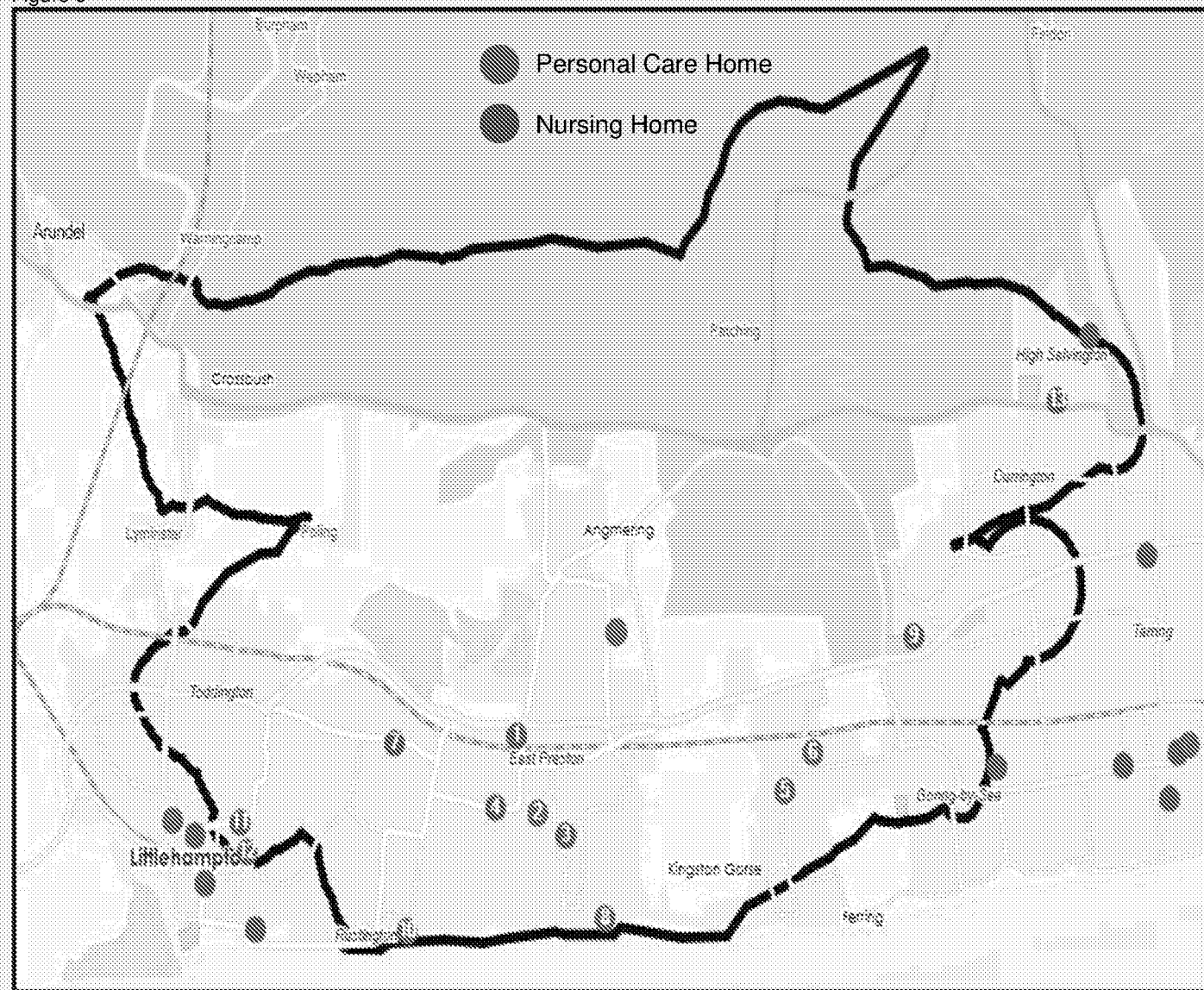
10 Royal Air Force Benevolent Fund– Princess Marina House- 26 en suite beds (2.3 Miles)

11 Agincare Homes Holdings Ltd–Fulford Care and nursing Home– 67 en suite beds (2.8 Miles)

12 Oakland (Littlehampton) Ltd–Oakland Grange – 42 en suite beds (2.8 Miles)

13 Mr & Mrs Raj Doorga- Longacre Nursing Home- 9 en suite beds (3.1 Miles)

Figure 9



8.5 Grading Competition

Competition has been graded using a three-tier rating system, on a desktop research basis, as follows:

Primary competition

Comprises modern purpose-built stock of good quality, offering facilities fit for 21st century care. The threat from these competitors could be very high if in close proximity to the subject site.

Secondary competition

These are typically mid-market products posing a moderate level of competitive threat. These will typically consist of a mixture of older purpose-built or converted stock.

Tertiary competition

These homes will pose a low level threat to the subject site. The majority of the stock within this category will consist of sub 30 bed homes that are either converted or older purpose-built. Older local authority homes may also fall within this category that are not fit for the 21st century care and may not comprise market standard (en suite) beds.

Please note, the following section includes primary and secondary competitors. All other homes not included fall within the tertiary category.

8.6 Primary Competitors

Home Name: Haviland House

Operator: Guild Care

Location: 20a Robin Road, Goring-by-Sea, Worthing BN12 6FE

Distance from the Subject Site: 1.99 miles (10 minutes drive-time)

Number of Beds: 60 registered beds, 60 single beds, 60 en suite beds

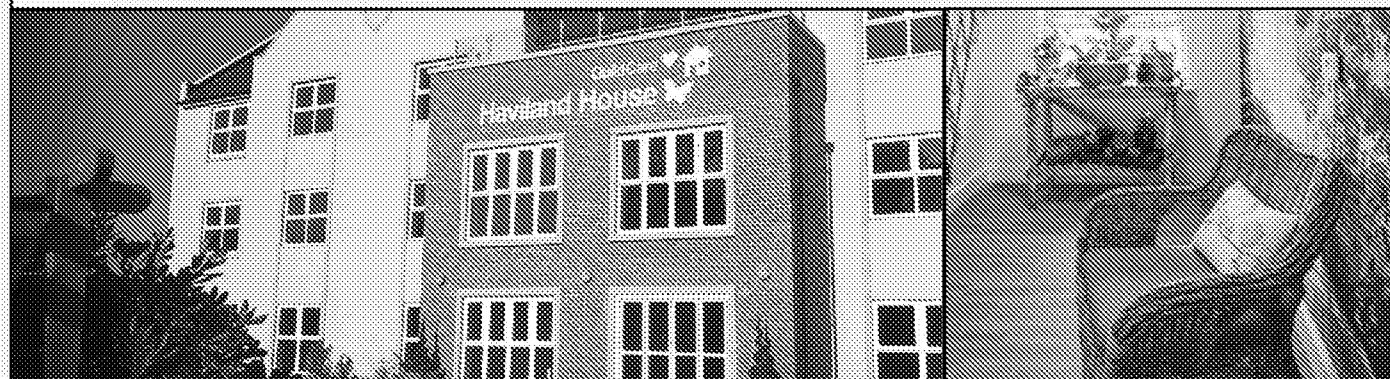
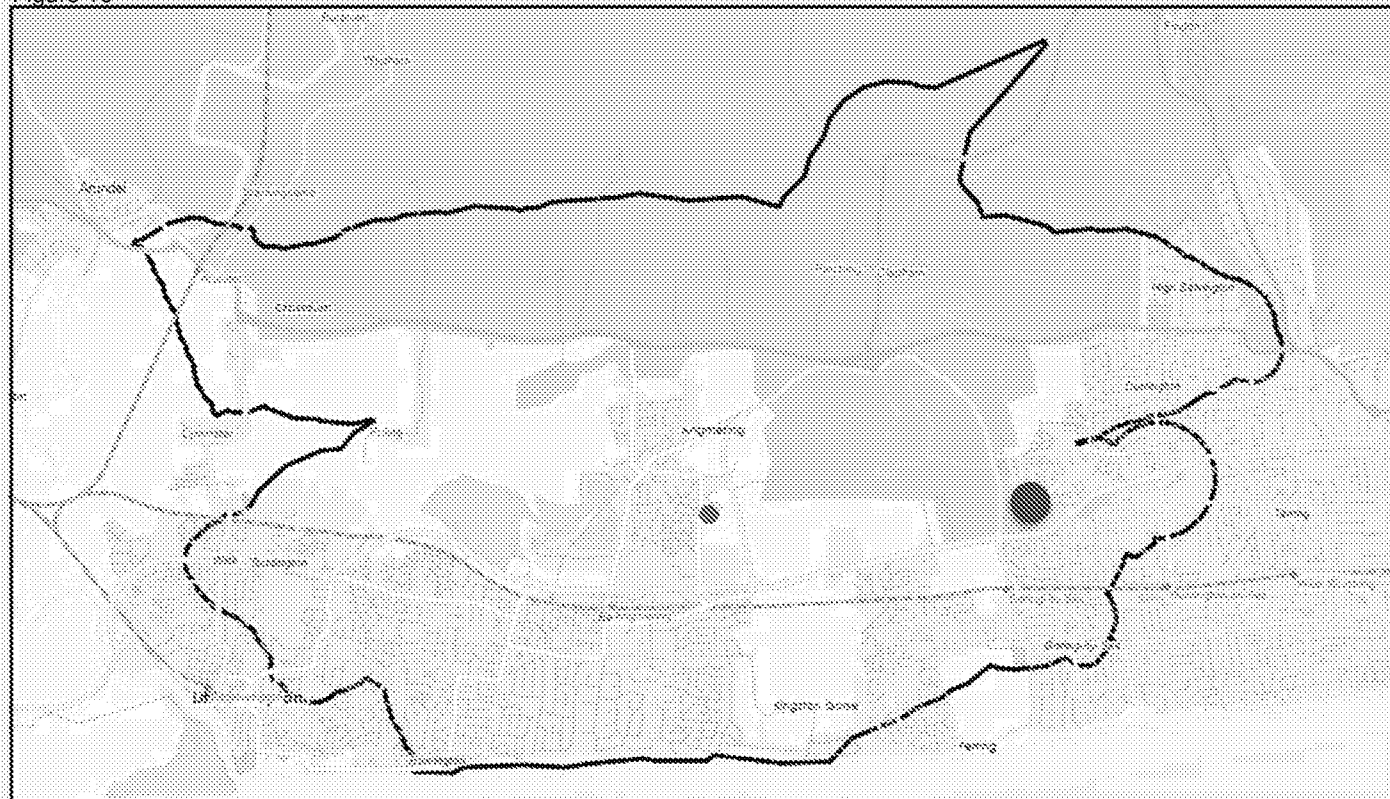
CQC Rating: Good (December 2017)

Service: Haviland House is a registered nursing home which also provides care for both residents with dementia and mental health conditions.

Property: It is a modern purpose-built home which opened in 2015. The home comprises five small units of 12 bedrooms, quiet room, living room area and a private dining area.

Location: Haviland House is set just off the A2032 which links the site to Worthing and Littlehampton.

Figure 10

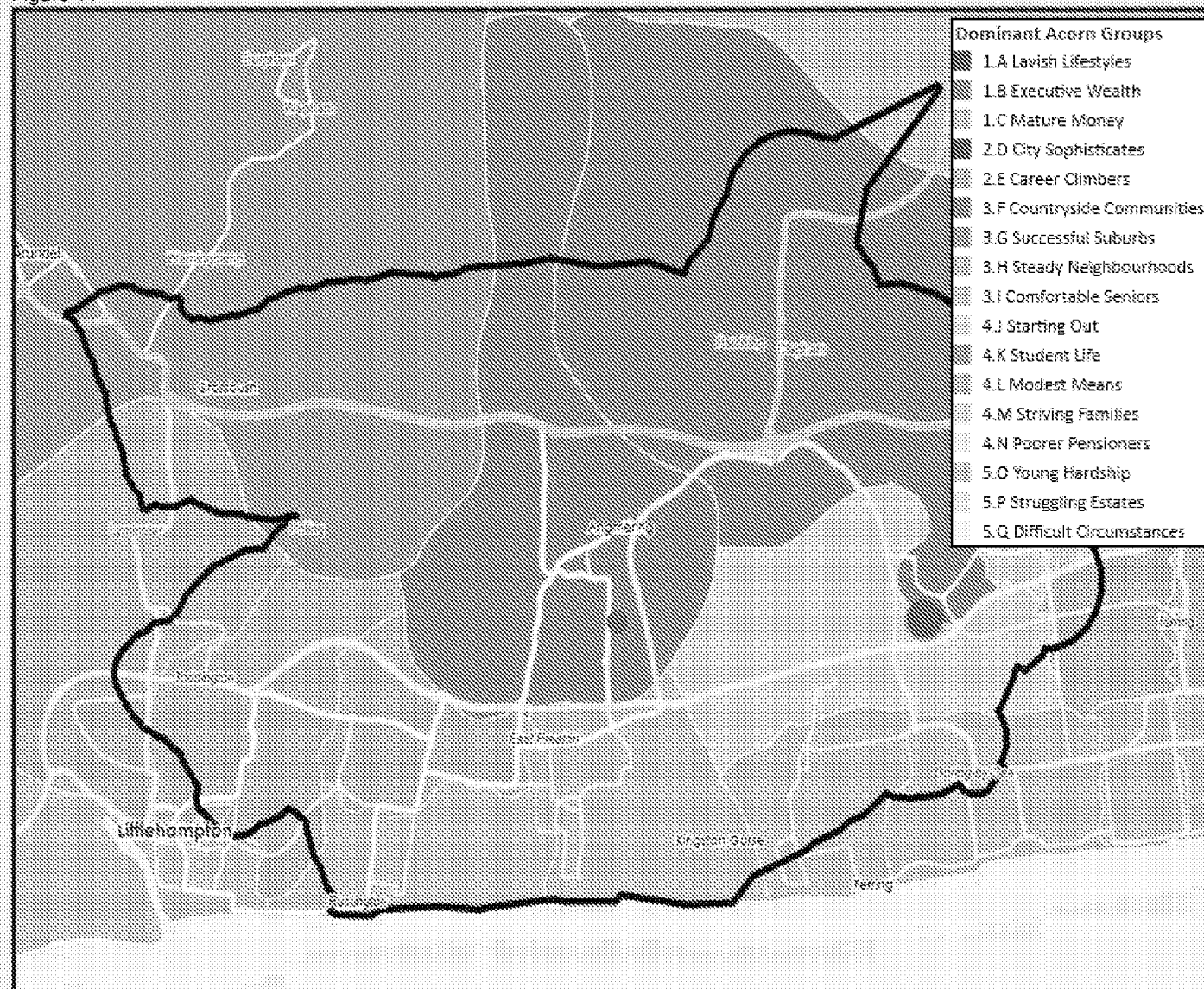


Mystery Shop:

As per our mystery shop telephone call made on 15/01/2018, a fixed fee rate of £1,442 was established. It was also established that the home only provides dementia care and therefore will not accept residents that have not been diagnosed with dementia. It was also confirmed that Haviland House is separated into five wings and each wing focuses on different stages in a dementia patients' journey. The Care Manager the mystery shopper spoke with handled the call professionally and was keen to speak further about the potential resident and what the home can offer. Accurate information on the occupancy rate was not obtained over the telephone.

Wealth Profile of the Area: The average house price value of the road stands at £339,250 (www.zoopla.co.uk). The area surrounding Haviland House consists of recently developed properties of good quality which is not reflected within the ACORN map in Figure 11. The modern purpose-built home represents a good quality asset which has the prospects of attracting the private pay market.

Figure 11



8.6 Primary Competitors

Competitive Threat:

We envisage a medium level threat from Haviland House due to its proximity to Angmering. We expect Hallmark's scheme to trade at the top-end of the market given their prominent position within Angmering itself and the quality of existing modern purpose-built stock. Also, at the time of writing this report, Haviland House was restricted to providing accommodation for dementia residents only therefore Hallmark would be in a position to capture admissions from residents that are not diagnosed with dementia. The threat level could increase to an extent if Haviland House removes this restriction.



8.7 Secondary Competitors

Home Name: The Martlets

Operator: Shaw Healthcare

Location: Fairlands, East Preston,
Littlehampton, BN16 1HS

Distance from the Subject Site: 1.08
miles (7 minutes drive-time)

Number of Beds: 80 registered beds, 80
single beds, 80 en suite beds

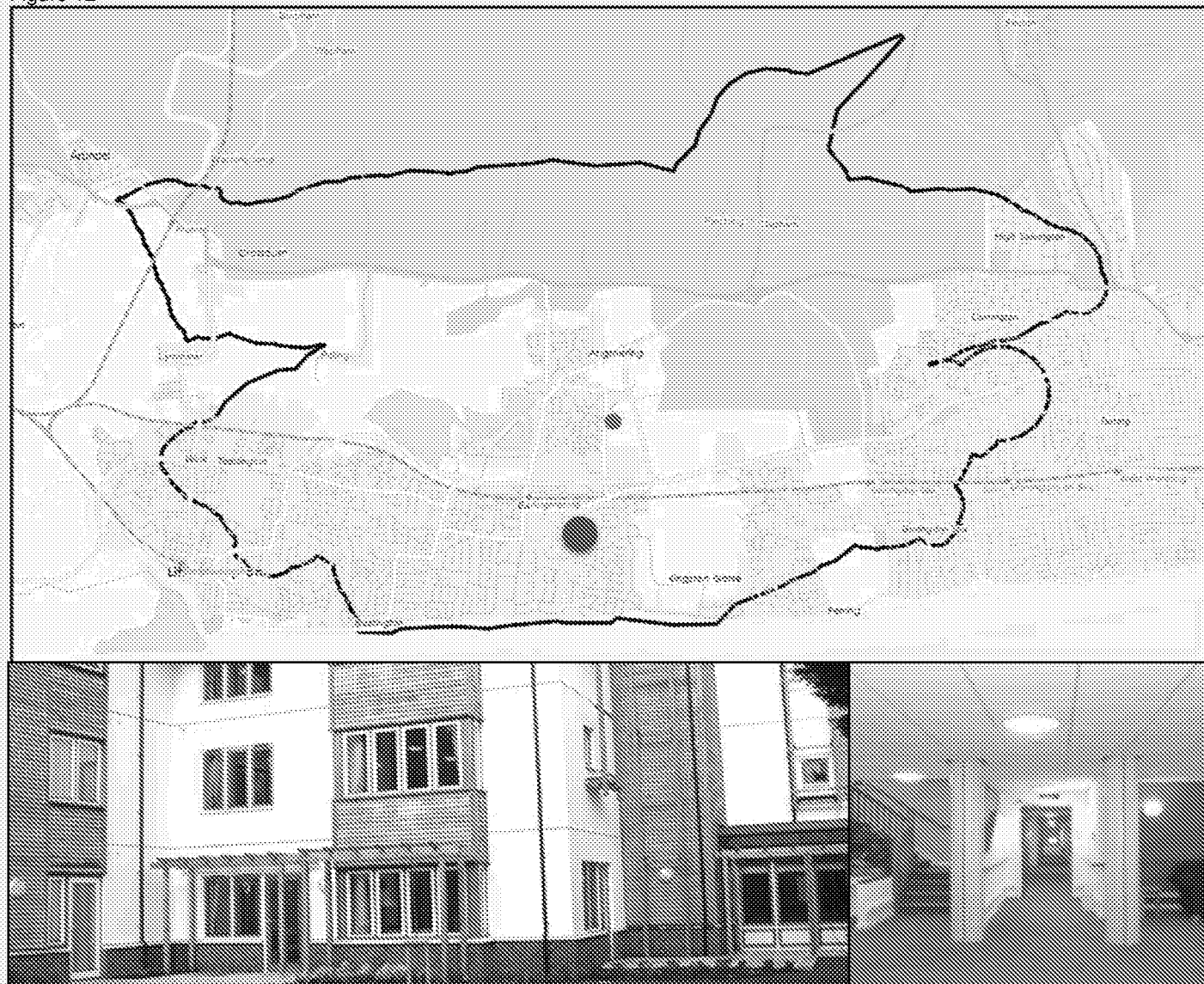
CQC Rating: Requires Improvement
(January 2017)

Service: It is a registered nursing home
for the elderly, providing care for
dementia, physically disabled and
sensory impairment residents.

Property: This is purpose-built property
which opened in 2009. It contains eight
separate self-contained wings, each
comprising a lounge and a dining area.

Location: The Martlets is situated in
East Preston, a small village that lies
less than 1 mile away from the south
coast.

Figure 12

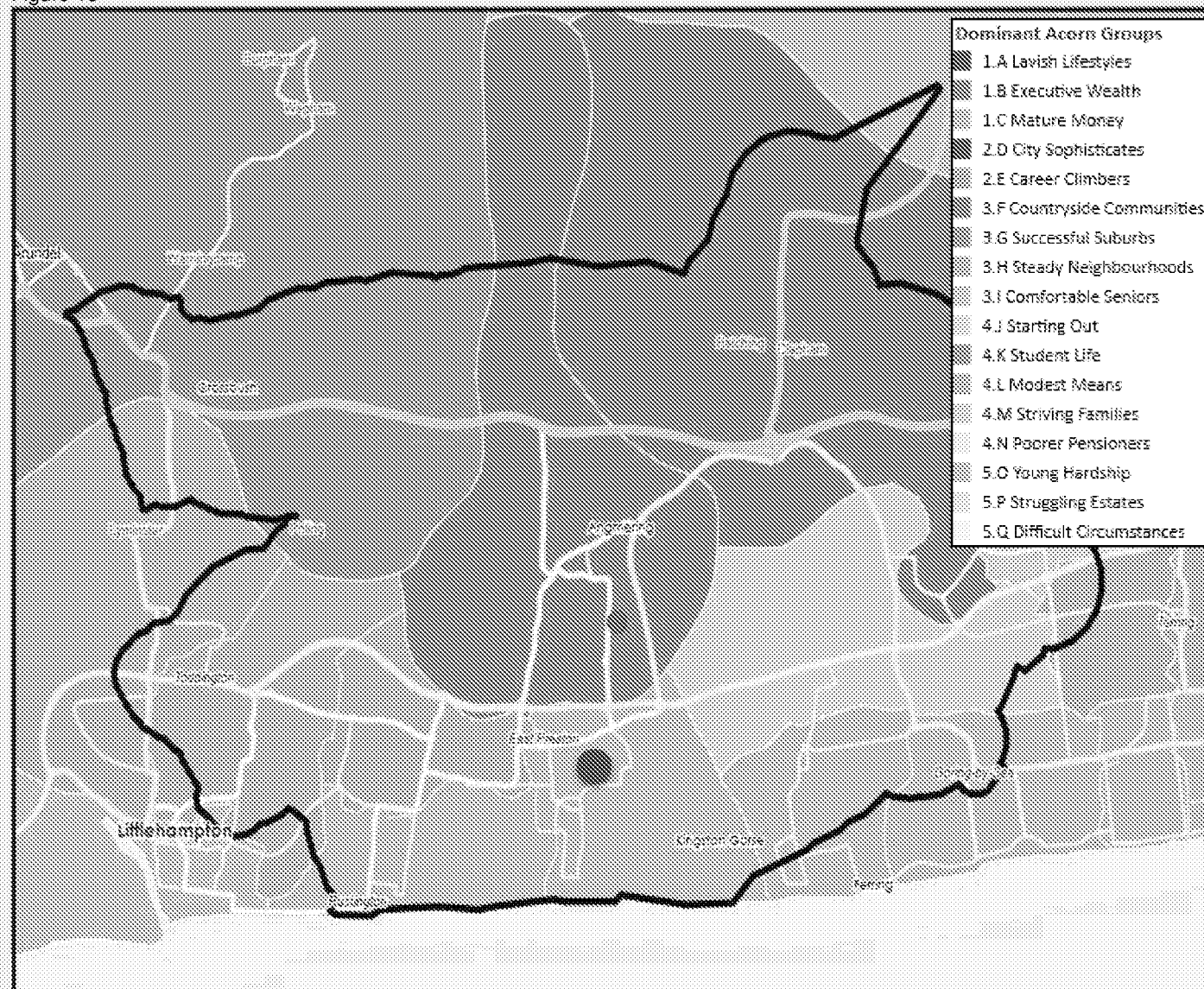


8.7 Secondary Competitors

Mystery shop: As per our mystery shop call made on 16/01/2018, the Home Manager at The Martlets advised that approximately 70% of their residents are funded by West Sussex County Council at circa £500 per week. Private rates were quoted at a fixed price of £914 per week. Accurate information on the occupancy rate was not obtained over the telephone. The Home Manager was friendly, informative and had no problems in answering our questions.

Wealth Profile of the Area: The average house price value of Fincham Close (the road adjacent to Fairlands) stands at £361,666 (www.zoopla.co.uk). The ACORN mapping in Figure 13 suggests that the competitor is located in an area dominated by individuals with ACORN's classification of 1.C Mature Money which falls in the highest ACORN category of Affluent Achievers.

Figure 13



8.7 Secondary Competitors

Competitive Threat: The threat to the subject site is limited as The Martlets are currently mainly geared towards providing care for local authority funded residents whereas we envisage Hallmark to predominantly target the private pay market. For this reason, we have classified The Martlets as a secondary level competitor to the subject site. This home could become a primary competitor if the competitor's strategy changes in future to target the private pay market.



8.7 Secondary Competitors

Home Name: Darlington Court ●

Operator: Care UK

Location: The Leads, Off Station Road, Rustington, Littlehampton BN16 3SE

Distance from the Subject Site: 0.85 miles (5 minutes drive-time)

Number of Beds: 61 registered beds, 51 single beds, 51 en suite beds

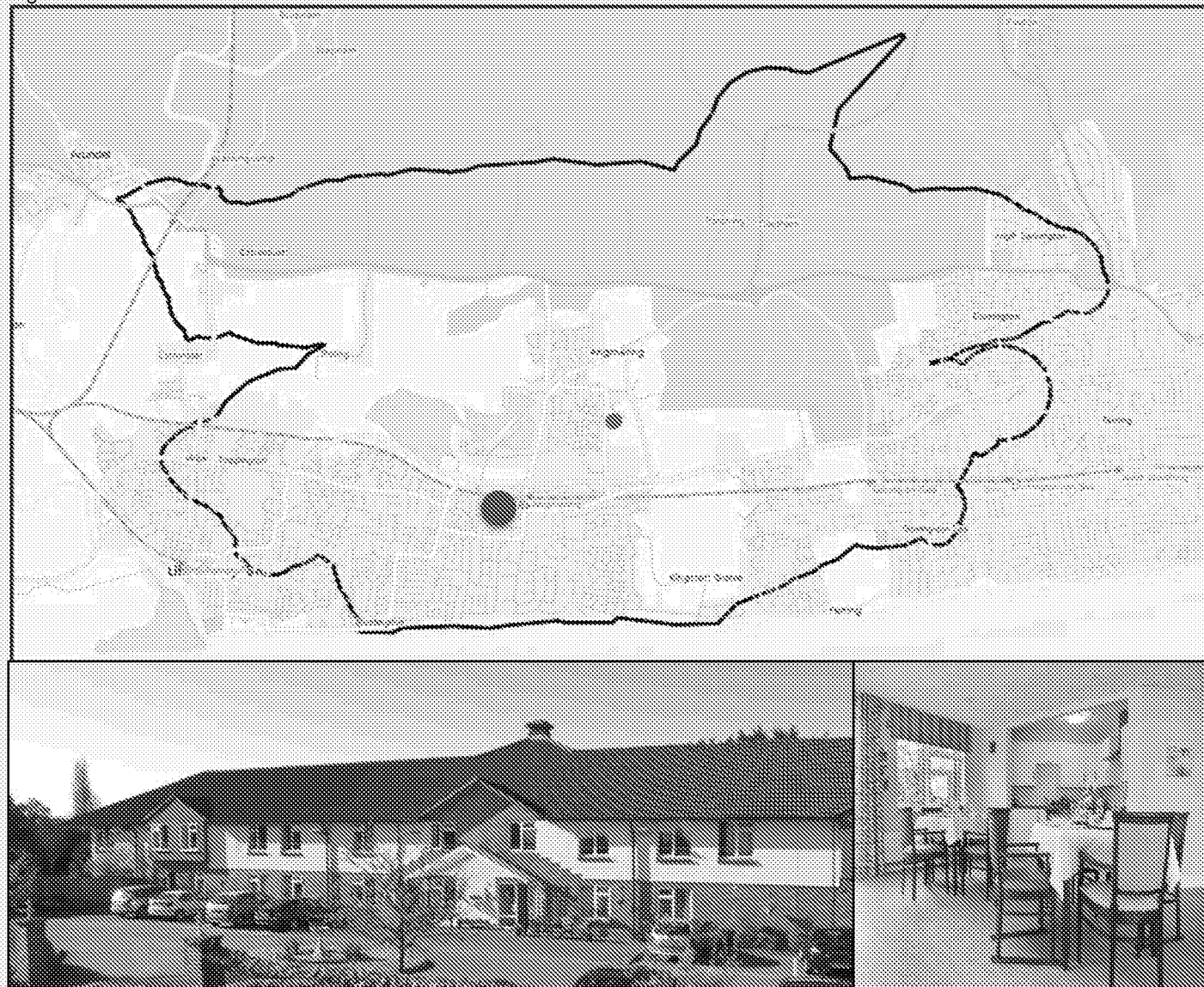
CQC Rating: Good (July 2016)

Service: It is a registered nursing home for the elderly, providing care for dementia, learning disabilities, physical disabilities, mental health conditions, treatment of disease, disorder or injury.

Property: This is older purpose-built property, built in the 90's and recently renovated in 2015.

Location: Darlington Court is located in Rustington which is a small village and civil parish within Littlehampton. Darlington Court benefits from roadside frontage to the busy A259.

Figure 14



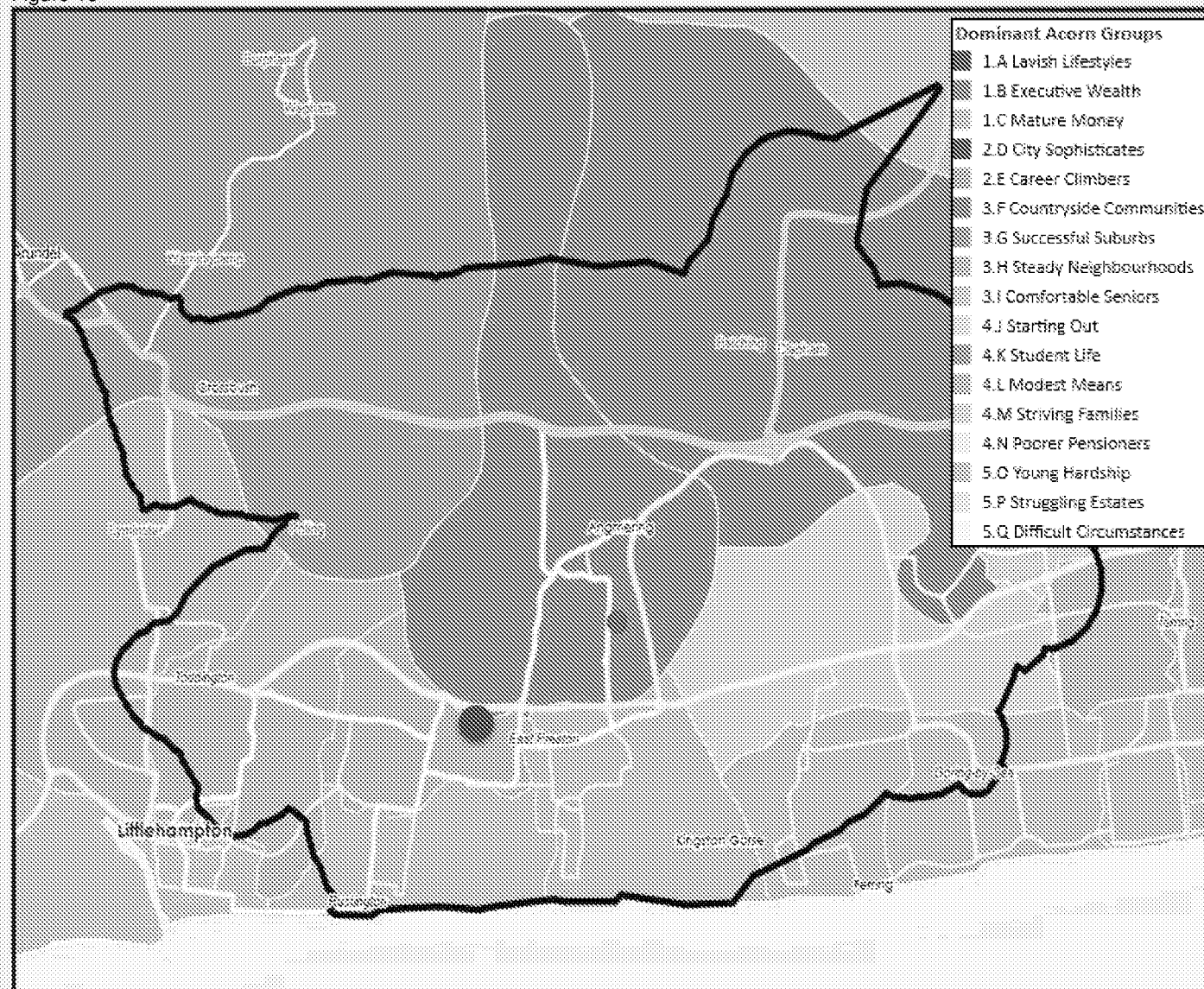
8.7 Secondary Competitors

Mystery Shop: The mystery shop call was made on 15/1/2018. A sales representative advised a fee range between £900 - £1,000 and occupancy rate was approximately 75% at the time of making the telephone call. The sales representative handled the call in a profession manner and was very informative.

Wealth Profile of the Area: The average house price value of the road stands at £248,000 (www.zoopla.co.uk). The ACORN mapping in Figure 15 suggests that the competitor is located in an area dominated by individuals with ACORN's classification of 4.1 Modest Means which is at the lower spectrum of the wealth profile typically comprising semi-skilled workers in traditional neighbourhoods who may reside in very low cost flats in suburban areas.

Competitive Threat: The threat from this competitor is limited due to the age of the property, its location and its trading performance obtained via the mystery shop. Darlington Court will be a secondary level competitor to the subject scheme.

Figure 15



8.7 Secondary Competitors



Home Name: Green Willow Care Home (Personal Care Home)
Operator: Kew Care Group
Location: Littlehampton
Beds: 30/28/29 (total beds/single beds/en suites)
Distance: 1.05 miles from the subject site
Property: Older Purpose-Built



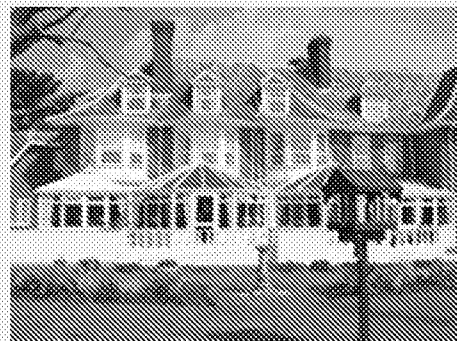
Home Name: Rustington Hall (Nursing Home)
Operator: Littlehampton and Rustington Housing Society
Location: Rustington
Beds: 62/62/62 (total beds/single beds/en suites)
Distance: 1.20 miles from the subject site
Property: Older Purpose-Built (1997)



Home Name: Fairlight Nursing Home (Nursing Home)
Operator: Forever Care Ltd
Location: Rustington
Beds: 62/62/62 (total beds/single beds/en suites)
Distance: 1.58 miles from the subject site
Property: Older Purpose-Built



Home Name: Fulford Care and Nursing Home (Nursing Home)
Operator: Agincare Homes Holdings Ltd
Location: Littlehampton
Beds: 74/70/67 (total beds/single beds/en suites)
Distance: 2.69 miles from the subject site
Property: Older Purpose-Built



Home Name: Oaklands Grange (Personal Care Home)
Operator: Oakland (Littlehampton)
Location: Littlehampton
Beds: 42/42/42 (total beds/single beds/en suites)
Distance: 2.71 miles from the subject site
Property: Older Purpose-Built with extensions

9. FUTURE SUPPLY

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

9.1 List of Future Supply

T.14 lists the future supply, which has been identified using online searches via local planning authority websites. Although reasonable endeavours have been made to ensure that all planning applications are captured, at the time of the searches, planning portals may not be up-to-date or schemes could have changed to effect future supply within the search area. The searches were carried out between 8th January 2018 and 12th January 2018. Applications submitted after 12th January 2018 have not been researched.

Including the subject scheme, there are two schemes in total contributing to future supply within the selected area. A care home operator has not been established for the Store Property Investments' site at the time of writing this report.

T.14 Address	Group name, owner, private or voluntary	Total registered beds	Single beds	En suite beds	Planning Application Status	Distance in miles
Subject Site Land off Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP	Hallmark Care Homes Developments (No.2) Limited	70	70	70	Detailed planning application to be submitted	0.00
Maidenhead SL6 6RH						
Land West of Brook Lane South of A259 Rustington BN16 3JL	Store Property Investments Limited	72	72	72	Planning application A/44/17/OUT is being appealed which was lodged on 25/09/2017.	2.20

9.2 Future Supply

Developer/Applicant: Store Property Investments Limited

Operator: Unknown at this stage

Location: Land west of Brook Lane and south of A259, Rustington BN16 3JL

Distance from the Subject Site: 2.2 miles (6 minutes drive-time)

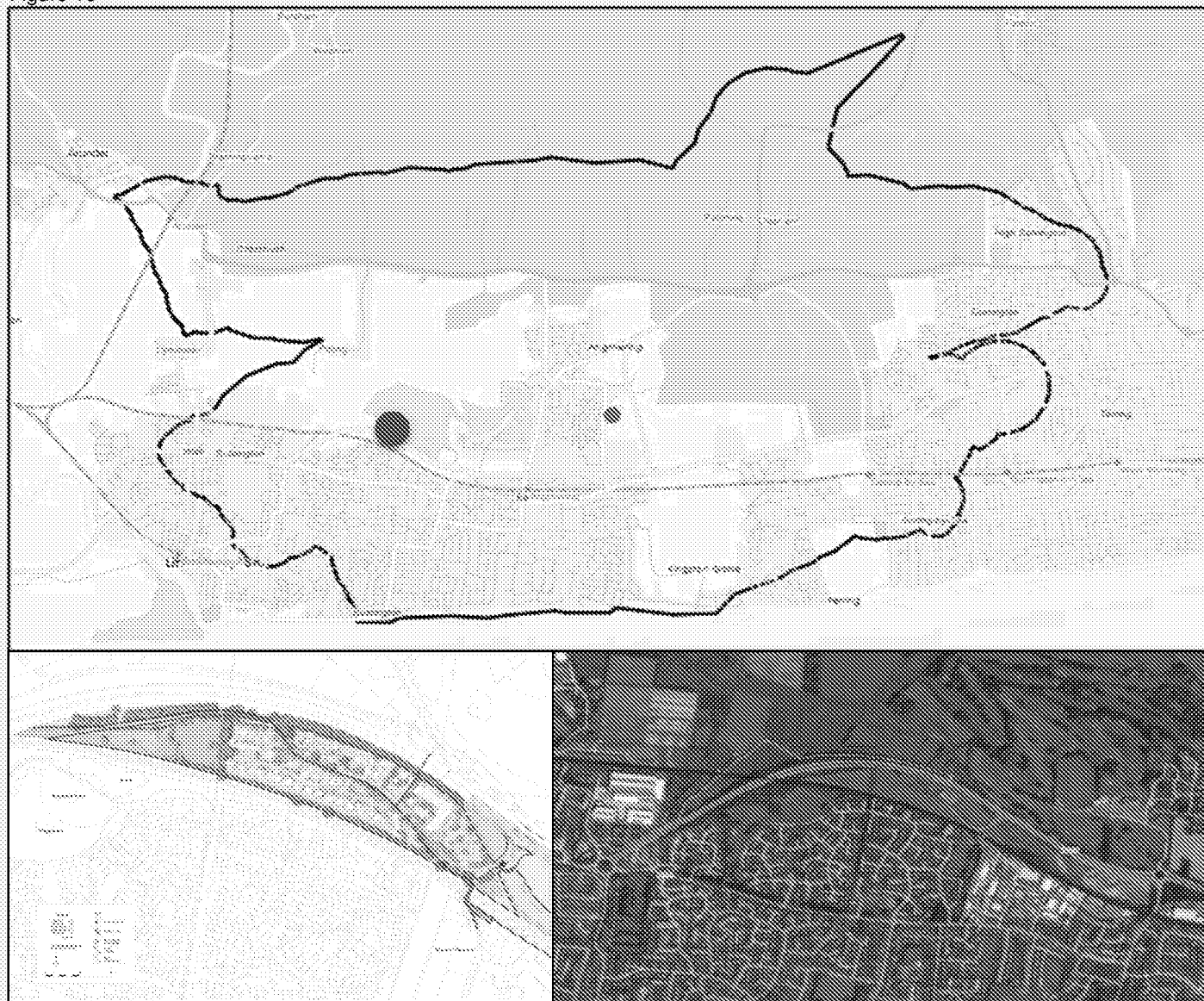
Number of Beds: 72 beds

Site: It comprises a few dwellings and fields. The linear development site is situated north of the railway line and south of the A259.

Details of the Planning Application: Store Property Investments Limited have submitted an outline planning application for the demolition of existing buildings on site and erection of a mixed use development comprising up to 90 residential units and a care home (C2 and C3).

Planning status: The outline planning application was validated on 13/03/2017 which was refused on 29/08/2017. Since then an appeal has been lodged on

Figure 16

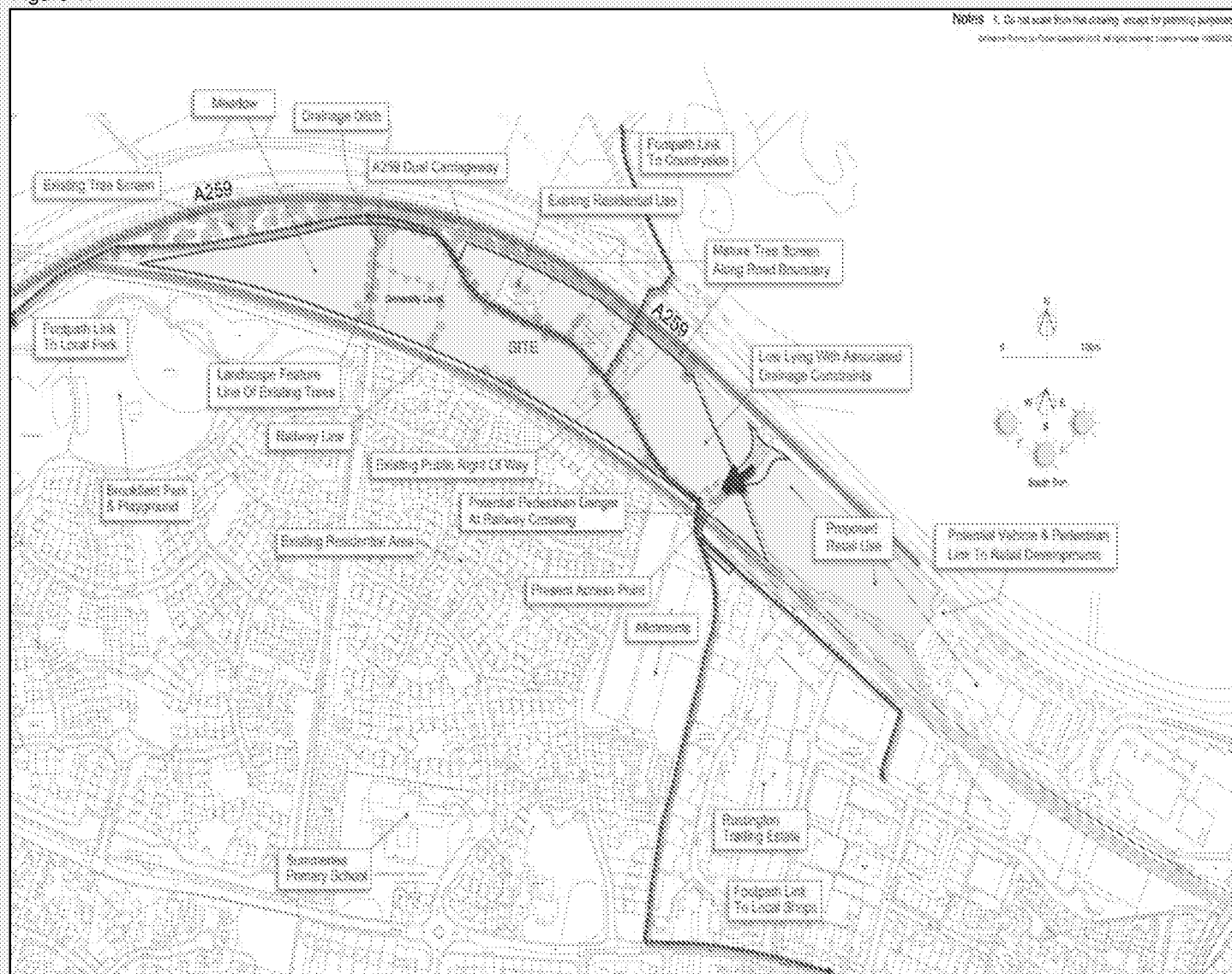


25/09/2017. A decision is yet to be made on the appeal. To err on the side of caution, we have included this scheme within our analysis.

Competitive Threat: We are unable to accurately measure the competitive threat at this stage as the proposed operator could not be established and the original planning application was refused.

The timing of obtaining a satisfactory planning consent will be key i.e. if the subject scheme obtains a detailed planning consent, an operator is established and the home is constructed before the Store Property Investments Limited scheme, a competitive advantage will be obtained. If the situation is vice-versa then we consider a moderate level of competitive threat to exist dependant upon the quality of the care home design, size of home and the operator. A medium level threat has been established as the development site is in an inferior position to the subject site. This threat level could increase if planning permission is granted and if the design of the competing home is exceptional and a well-regarded operator is on-board.

Figure 17



10. STAFFING

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

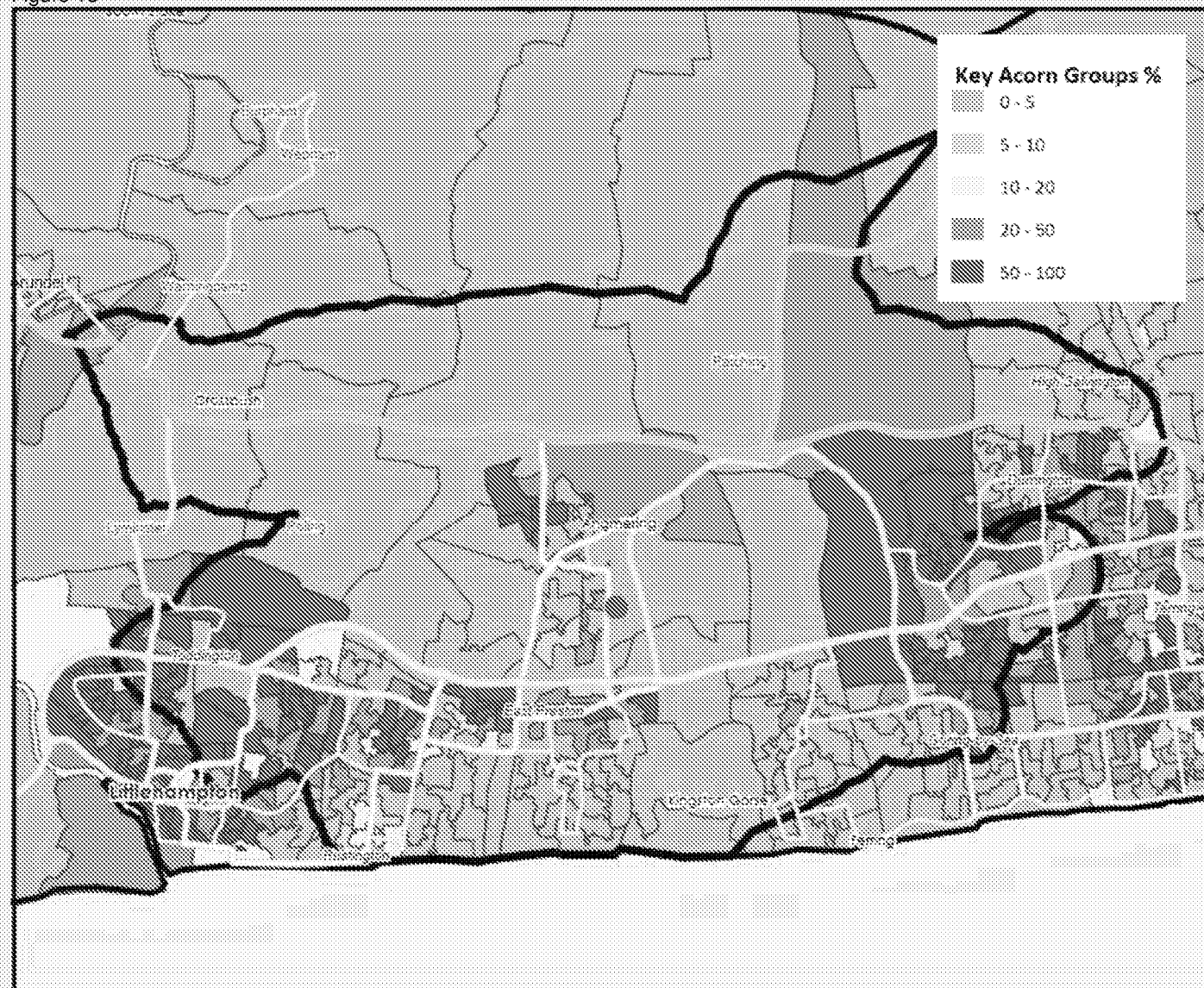
10.1 Where staff could potentially travel from?

Using market intelligence, we have identified dominant ACORN groups that nurse and care staff belong to and applied these to a heat map (Figure 18) to show where the highest concentration of these ACORN groups exist in conjunction with the subject site. The map is segmented using Output Areas. If an Output Area is shaded in red, it shows the highest concentration of where potential staff could come from.

As illustrated in Figure 18, it is clear that the highest concentration of potential staff is identified east of Angmering and pockets of potential staff are located within the vicinity of the subject site.

Overall Goring-by-Sea and Littlehampton have the highest concentration of potential staff and due to the railway and bus links from these areas (Figure 6) to Angmering, this makes the location attractive for potential staff journeys.

Figure 18



11. TRADING PERFORMANCE REVIEW

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

11.1 Background

For the past six years Knight Frank's Research team has reviewed the trading performance in the UK care home sector, supported by data kindly provided by leading care home operators. The Care Home Trading Performance Index (CHTPI) provides industry-leading benchmarks on occupancy rates, funding mix, average weekly fees (AWF), costs such as staff and agency outlays, and profitability.

11.2 Methodology

For the purpose of this feasibility report, we have taken a sample dataset from our most recent CHTPI, which was carried out in 2017, for West Sussex County. This dataset has been used to analyse the key performance indicators (KPIs) mentioned above. The results will be presented in an aggregated form.

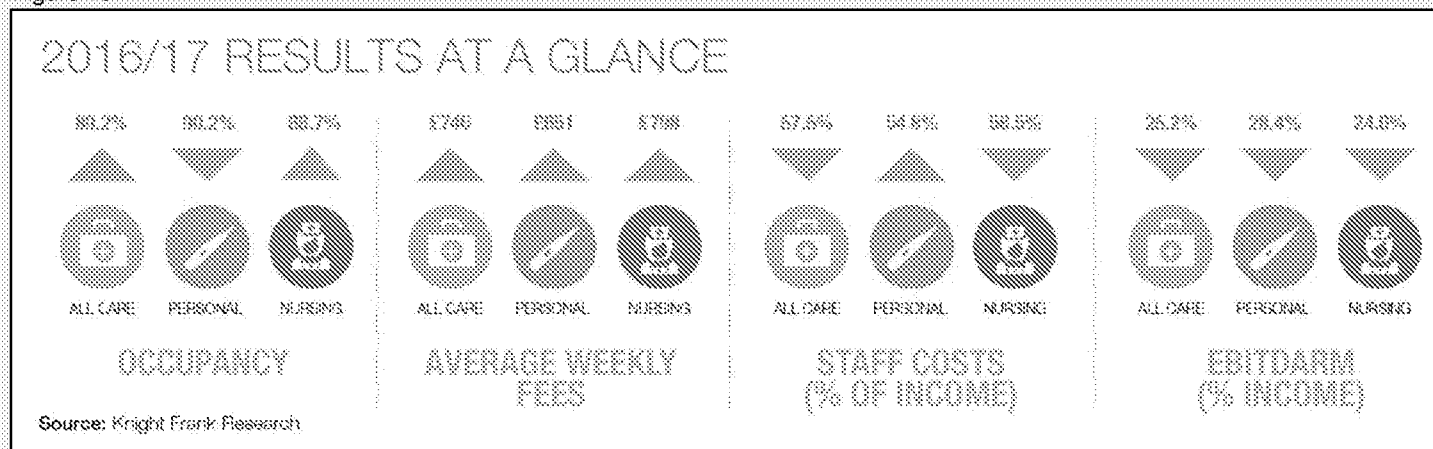
11.3 Limitations

As the sample data comprises a combination of old and new stock, the performance will not be reflective of how a new, state-of-the-art facility will perform but it will provide the developer or operator a useful benchmark on KPIs.

11.4 Headline Results (National Average)

As shown below in Figure 19, occupancy rates rose for the sixth consecutive year in 2016/17 while average fee levels outstripped RPI inflation for the fourth year running. With the introduction of the National Living Wage (NLW) and the national crisis in regards to the shortfall of qualified nurses in the UK, staff costs increased significantly in absolute terms but fell as a percentage of income as operators inflated their fee rates to mitigate the necessary increase in labour costs. The fall in profitability was triggered by the increase in food and property costs coupled with public sector funders failing to increase fee rates in personal care to a level sufficient to offset higher wage costs.

Figure 19

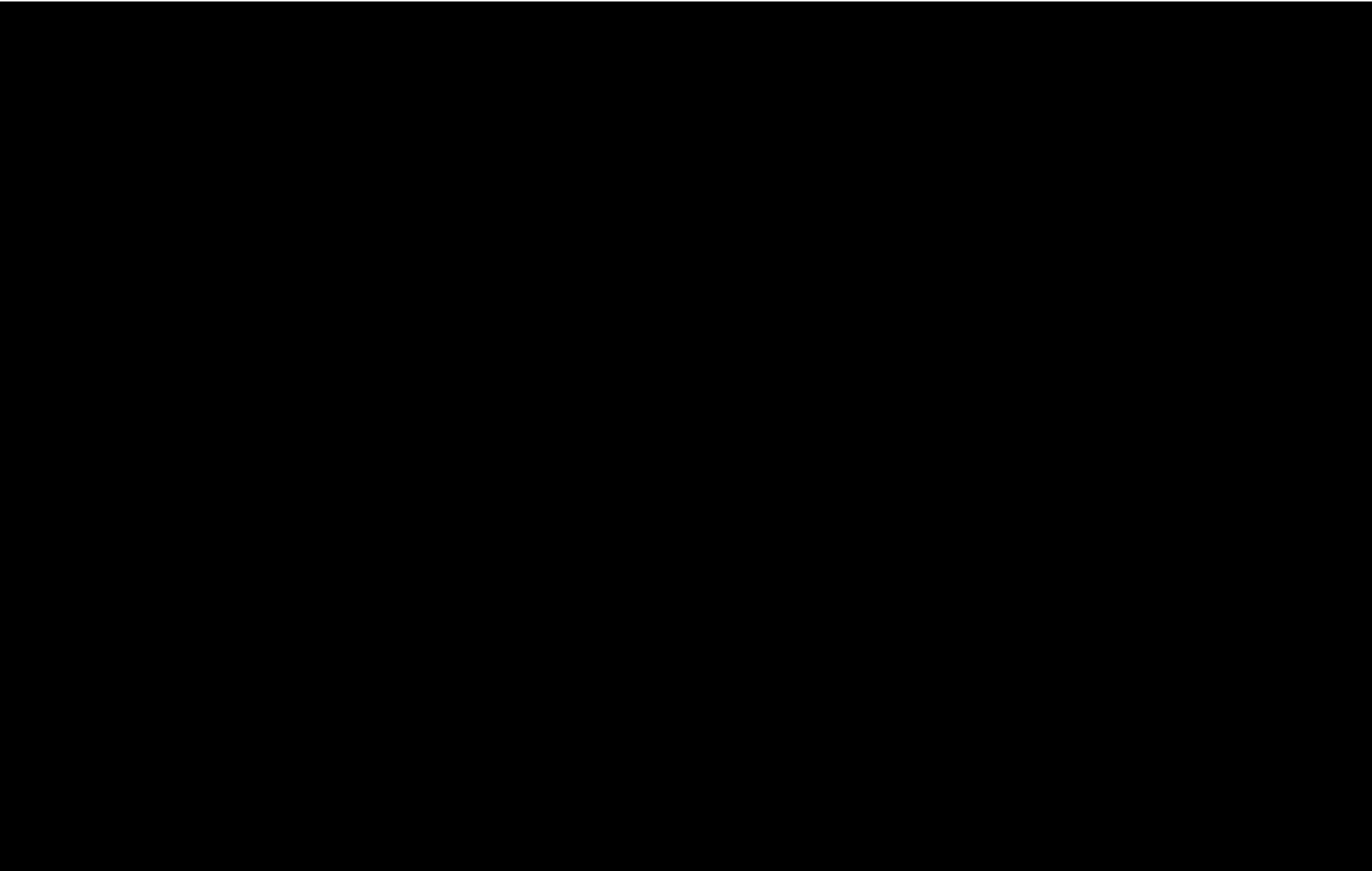


1. Instruction
2. Proposed Scheme
3. Dashboard

4. Location
5. Population and Demographics
6. Wealth Profile

7. Demand
8. Current Supply
9. Future Supply

10. Staffing
11. Trading Performance
12. Knight Frank View



11.6 Commentary on Selected County vs National Average

The sample dataset consists of a higher proportion of nursing homes to personal care homes.

Income per occupied bed stands at £51,174 when compared with national average of £39,178. The sample dataset also has a higher proportion of self-funders at 69% of total income when compared with 44% national average. Average weekly fees are also higher than national average to stand at £974 when compared £746.

Staff costs per occupied bed (£26,016) is higher than national average (£22,512) however staff cost as a percentage of income stands at 50.8% when compared with national average of 57.5% mainly due to stronger fee rates in the county to compensate for the increasing staff costs. Higher staff costs are mainly due to the shortfall of qualified nurses in the county where 13% of total staff costs in nursing homes contributed to agency costs.

Occupancy percentage at 87% was below national average of 89% which was skewed by a few homes that were either rated Inadequate or Requires Improvement by CQC.

When analysing profitability by care type in the selected county, personal care homes achieved profit margins of 37% when compared with 27% for nursing homes. Staff costs as a percentage of income was also lower for personal care homes at 50% compared with 51% for nursing homes.

EBITDARM per occupied bed was higher in the selected county to stand at £15,075 across all care types when compared with national average of £9,863. The research clearly identifies strong performance indicators and shows evidence of wealth within the selected county.

The sample dataset comprises a mixture of old and new stock and we believe that a new state-of-the-art facility will include staff efficient layouts which should assist in controlling staff costs and achieve higher average weekly fees.

11.7 Wage Rates

As with the majority of service sector industries, the largest contribution to overall costs for care home operators is labour costs.

As staff retention is essential to ensure continuity of care and control of agency costs, operators are paying competitive wage rates. Majority of staff are made up of carers and nurses, therefore we have established average wage rates for these positions within the selected county as follows:



**Nurse Wage Rate per
Hour: £14.65**



**Carer Wage Rate per
Hour: £7.90**

12. KNIGHT FRANK VIEW

SUPPLY AND DEMAND REVIEW JAN 2018

Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP

12.1 Summary

Having reviewed the supply and demand position of the proposed site, we are able to provide final comment on the general provision of care within the selected catchment area of the subject site at Pound Place, Roundstone Lane, Angmering, West Sussex BN16 4PP. Our view is provided using the following key areas:

Proposed Scheme & Location

Hallmark Care Homes Developments (No.2) Limited are proposing a two-storey care home scheme of up to 70 beds in Angmering which is an affluent village in West Sussex. We are advised by Hallmark that the proposed scheme will benefit from roadside frontage to Roundstone Lane which is one of the main roads leading into the village centre. The passing traffic will provide the subject scheme with a good marketing opportunity which will assist Hallmark, specifically during the home's commissioning phase. The surrounding residential developments have recently completed or are under construction which are being developed to a very high standard by reputable house builders such as David Wilson Homes and Cala Homes. This improves the setting around the subject scheme and may assist in charging premium fee rates. The surrounding developments may also enhance transport links and infrastructure in the area even further. In our opinion, this is a good location to target the private pay market and trade at the top end of the market within the selected area.

Demographics and Wealth Profile

With elderly population well above national average and due to increase by 11% in the next 10 years within the selected catchment area, demand for care provision will increase. The demographics point to a higher than

national average Affluence Achievers as per ACORN'S consumer classification tool. This is also a good indicator for an operator looking to capture the private pay market. This is also supported by the strong average sold house prices in Angmering to stand at £372,637 which is again well above national average.

Supply and Demand

By applying LaingBuisson's care bed requirement formula, the selected catchment area is showing demand for 814 care beds in 2017.

For existing and future supply there are 26 homes in total, including the proposed subject scheme, comprising 1,014 beds in total, which results in an oversupply of 200 beds. However, when analysing the supply and demand position from a market standard (en suite) beds perspective and excluding all homes with sub 30 registered beds, an undersupply of 93 market standard beds are established. If the existing provision remains the same and the planned schemes identified are developed by 2022, the undersupply of 93 market standard beds will become an undersupply of 216 market standard beds and by 2027 the undersupply will increase to 362 market standard beds. This demonstrates sufficient demand for the subject scheme within the selected catchment area.

We believe that the existing stock below 30 registered beds will become unviable for the future and therefore will not present direct competition for the subject scheme. In addition, as per Knight Frank's research last year, we witnessed a net loss of 2,612 beds in the UK. Older, unviable homes are closing at a rate faster than new openings. If this trend continues, the under provision of care beds in the UK will increase.

Although there is an oversupply on all care beds within the catchment area, on a qualitative basis, there is an opportunity for the subject scheme to thrive in this market. The following area explains this in more detail.

Competition

Out of the existing supply of 24 homes, only one home has been identified as a primary competitor; Guild Care's Haviland House. This is a modern purpose-built property that opened three years ago which specialises in providing dementia care. This home will present a medium level threat as in comparison to the competitor, the subject site is situated in a better location and the competitor is restricting admissions to residents diagnosed with dementia only. The competitor's strong fixed fee rate of £1,442 is again a strong indicator of potential private pay residents in the market. We expect Hallmark's subject scheme to be superior to Haviland House and trade at the top end of the market.

A substantial 67% of the existing provision within this catchment area is of tertiary quality and 29% is graded as secondary quality competition. 63% of the overall existing stock is converted and therefore it is our view that demand exists within this catchment area for a state-of-the-art facility, fit for the 21st century care.

In regards to the planned scheme, the competitive threat is at a medium level from the Store Property Investments Limited's site. The planned site is situated in an inferior position to the subject site between Littlehampton and Angmering. The subject site will draw from the affluent Angmering market whereas the planned scheme could most likely draw from the Littlehampton and the less affluent surrounding villages. The threat level may increase if the competing scheme obtains their planning consent, a reputable operator is selected and construction commences before the subject scheme.

Caring Homes Group have obtained planning permission on planning application AWD/1114/17 on 18/01/2018 for a part two-storey and part three-storey 75 bed care home in Tarring, Worthing. The site is a former Priors Rest Home in South Street, Tarring which fall outside of the selected catchment area for the subject site. This scheme will most likely draw from the Worthing settlement however, as it is a reputable operator opening a new home within a 15 minute drive-time of the subject site, we would advise that you monitor this scheme's progress.

Size and Type of the Scheme

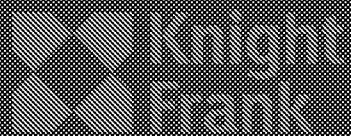
The selected catchment area shows sufficient demand for the proposed scheme of between 64 to 70 beds. The immediate area of Angmering comprises one personal care home under 30 beds and no nursing homes. Given that the primary competitor identified is providing care for residents with nursing dementia care requirements, a personal care home development could capitalise on the offering of its primary competitor and also benefit from no personal care homes over 60 beds within the entire catchment area. This is also supported by the better profitability margins identified for personal care homes compared with nursing homes within the West Sussex county. Also 81% of existing personal care home stock within the catchment area is converted.

Fill Rates

As Angmering village is not densely populated and in order to target the private pay market, we estimate a fill rate of circa three residents per month.

Final Comments

Overall, we conclude that the site is situated in a good location which suits a care home development. There are no major threats from competing homes and we envisage a Hallmark care home to trade at the top end of the market.



ACQUISITION DUE DILIGENCE

SUPPLY AND DEMAND REVIEW JAN 2018