



Centre for  
International  
Corporate Tax  
Accountability  
and Research

## Lifting the lid on offshore care home landlords

CICTAR briefing, July 2022



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## Introduction

Social care is an essential service and so the care homes, from which they provide services, are a critical part of the national 'infrastructure'.<sup>1</sup> The current pandemic has drawn attention to the financial unsustainability of many care home operators, but less attention is given to the increasingly widespread involvement of third-party landlords who own and control the actual care home properties.

The ownership of the care home property matters, in part due to the **increased costs** it burdens social care payers with. Third-party landlords (usually Real Estate Investment Trusts, Private Equity, or pension funds) typically require rents to rise yearly at above-inflation rates, in turn these then need to be funded using fee increases or cost cutting to other services in the home.

Previous research has found that splitting property ownership away from the care company providing services is very common, especially in the private sector, with 17 of the largest 18 for-profit adult social care providers doing so, compared to only one of the eight largest not-for-profit providers. This split is then reflected in the amounts spent on rent, with seven of the 18 largest for-profit providers spending between 15-32% of their income on rent (totalling £264m paid a year) versus the eight largest not-for-profit providers that spent just 2% of their income on rent (totalling £25m a year).<sup>2</sup> These rising rental demands can contribute towards business failure, for example unaffordable rental costs were a key contributor to the demise of the social care operator Southern Cross in 2011.

However, the issue with third-party ownership is not just to do with cost, but crucially **transparency and control**. Care home landlords increasingly have step-in rights allowing them to take control of the care home business if it gets into financial or regulatory trouble, and appoint a new care operator as their tenant.<sup>3</sup>

CICTAR's research into the care home industry has found that overseas property investment companies own numerous UK care homes, and that these could be used to shift profits offshore.<sup>4</sup> In addition investigatory work found that over 44 Scottish care homes are owned by companies based in tax havens, including some that have the Chinese Ministry of Finance as a stakeholder.<sup>5</sup>

**An inability to identify, negotiate with, or influence the owners of an essential part of our national infrastructure is a growing risk**, especially as more third-party landlords invest in the care home sector. A lack of transparency is particularly a risk with overseas buyers, who have invested approximately €3.2bn in the UK's care home and senior living markets from 2016-2020.<sup>6</sup>

The Economic Crime (Transparency and Enforcement) Act 2022 (which received royal assent in March 2022) is an opportunity to improve and enhance the quality of information held on UK and overseas companies, and will set up a register of overseas entities who own land (including their beneficial owners).

## Key findings

1. Offshore companies own **82 (12%)** of the 706 care homes in England which are run by one of the largest four care home providers (HC-One, Four Seasons, Barchester, Care UK).
2. **75** of the companies that own these homes, and associated land, are based in the secrecy jurisdictions of either Jersey or the Isle of Man.
3. In addition to this, **largely Chinese state-owned investment group, Cindat owns 64 properties/land parcels** in England and Wales. The majority of these land and property titles relate to nursing and care homes, through an investment with US-based Omega Healthcare Investors Inc.
4. **44 (69%)** of these are held through offshore companies based in Jersey. The Jersey companies in turn appear to be owned via a company in the Cayman Islands.

## Approach

A list of all locations registered with the Care Quality Commission in England (as at 6<sup>th</sup> October 2021) was queried, and the locations registered to companies owned by the largest 4 providers (HC-One, Four Seasons, Barchester, Care UK) were extracted.

These locations were then matched with Land Registry data on companies that own property in England and Wales.

For Cindat, Land Registry data on companies that own property in England and Wales was searched for companies that were part of the Cindat corporate group (as at 25<sup>th</sup> October 2021).

The Land Registry data was taken from the September 2021 release. Ownership information is taken as at that date.

## Results: a) Largest 4 providers

82 registered care homes, and associated land, in England were found to be owned by offshore companies. This makes up **12% of the 706 registered care homes** in England for the largest 4 providers (HC-One, Four Seasons, Barchester, and Care UK).

This trend of offshore ownership is likely to extend across the whole care sector. A recent CICTAR report found that the over 60 UK care homes operated by the care companies Sunrise, Gracewell and Signature were all owned via tax havens.<sup>7</sup>

The landlord companies tended to be based in known offshore secrecy jurisdictions:

**Table 1: Number of landlord companies located in each country** <sup>8</sup>

Country	Number of landlord companies
Jersey	38
Isle of Man	37
Guernsey	6
Denmark	3
Luxembourg	2

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There were six companies which owned more than two properties (see Table 2 below). The top two are linked to the HC-One group whilst the third (HCP UK Investments (Jersey) Ltd) is part of the Cindat group. It is not possible to identify the owners of many of these offshore companies due to a lack of transparency and publicly available information.

**Table 2: Top landlord companies and the number of properties owned by each**

Company name	Number of properties
FC SKYFALL IOM PROPERTIES LIMITED	18
HC-ONE BEAMISH PROPERTIES LIMITED	13
HCP UK INVESTMENTS (JERSEY), LTD	11
FINO (JERSEY) NEWCO 1 LIMITED	6
PHF SECURITIES NO. 1 LIMITED	6
PHF (CHP) LIMITED	3

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## Results: b) Cindat

Cindat is a private equity firm that predominantly invests in real estate. One of its significant shareholders is a company wholly owned by China Cinda Asset Management Co., Ltd. ("China Cinda").<sup>9</sup> China Cinda is a global investment company that is majority owned by China's Ministry of Finance, and considered to be under the "ownership and control by the [Chinese state] authorities".<sup>10</sup>

Cindat states that it has invested in over 100 global healthcare and senior living properties, worth around \$1.5bn. This includes 67 care home properties in the UK which are part of a joint investment with Omega Healthcare Investors Inc, a US-based Real Estate Investment Trust. These properties are let to HC-One and Maria Mallaband Care Group.<sup>11</sup>

Using Land Registry records we identified 64 care homes, and associated land, owned by Cindat's companies in England and Wales. 44 (69%) of these are held through offshore companies based in Jersey.

**Table 3: Locations of Cindat property holding companies and number of properties held**

Country	Number of properties
Jersey	44
UK	20

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The majority of these properties were purchased in 2014/15, and a total of **£92.8m was paid for 24** of these properties (where data is available), an average of **£3.9m per care home**. However, as Cindat's ownership of most of these properties commenced in 2019, these prices reflect purchases by these companies under previous ownership, and not the price paid by Cindat and Omega to acquire ownership of these property owning companies.

**Table 4: Properties by year of purchase**

Year	Number of properties purchased
2018	1
2015	29
2014	19
2011	2
2009	1
2008	2
2007	10

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## Conclusion

Currently the UK's ownership rules mean that it is hard, or often impossible, to know who actually owns the essential care home infrastructure that our aging society increasingly relies upon. This matters because these landlords directly influence the costs of providing care, can often choose to replace the care companies using their properties, and can even shut down entire care homes.

Our concerns are not of any of the landlord companies identified in this briefing, but of a system which permits a serious lack of transparency around the ownership of properties, which in turn can influence the wellbeing of elderly and vulnerable people. Complete and transparent information on beneficial ownership would help the public, local authorities, and government know who they need to negotiate with and provide public accountability for defects in the care home estate.

The Centre for International Corporate Accountability and Research, [CICTAR](#), was formed by a group of unions and civil society organisations that believe workers and the communities need more and better information about the tax arrangements of multinational corporations. CICTAR provides a centralised resource providing information about the practical effects of corporate tax policy and behaviour.

This briefing was written by Vivek Kotecha who carries out research for CICTAR.

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<sup>1</sup> This concept is further explored and explained in The Foundational Economy Collective, 2018, "Foundational Economy - The infrastructure of everyday life". <https://manchesteruniversitypress.co.uk/9781526134004/>

<sup>2</sup> Vivek Kotecha, 7 November 2019, Centre for Health and the Public Interest, "Plugging the leaks in the UK care home industry – Strategies for resolving the financial crisis in the residential and nursing home sector". <https://chpi.org.uk/papers/reports/plugging-the-leaks-in-the-uk-care-home-industry/>

<sup>3</sup> See for example: Oliver Haunch, 23 June 2020, Grant Thornton, "Care home real estate: a surprising investment option". <https://www.grantthornton.co.uk/insights/care-home-real-estate-a-surprising-investment-option/> (accessed: 8<sup>th</sup> November 2021)

<sup>4</sup> CICTAR, 22 February 2021, "Darkness at Sunrise: UK Care Homes Shifting Profits Offshore?". <https://cictar.org/darkness-at-sunrise-uk-care-homes-shifting-profits-offshore/>

<sup>5</sup> Joe Lo, 7 July 2020, The Ferret, "Scottish care homes owned by the Chinese state in tax havens". <https://theferret.scot/scottish-care-homes-chinese-state-tax-havens/>

<sup>6</sup> See Figure 9: Knight Frank, 2021, "European Healthcare – Elderly Care Market Research 2021". <https://content.knightfrank.com/research/656/documents/en/european-healthcare-elderly-care-market-research-2021-8158.pdf>

<sup>7</sup> CICTAR, 22 February 2021, "Darkness at Sunrise: UK Care Homes Shifting Profits Offshore?". <https://cictar.org/darkness-at-sunrise-uk-care-homes-shifting-profits-offshore/>

<sup>8</sup> Some properties were owned by more than one offshore company.

<sup>9</sup> Cindat, "About Us", <https://www.cindat.com/about/> (accessed: 8<sup>th</sup> November 2021). Or for example see Note 23 of the Annual report and financial statements (year ended 31 December 2020) for Ice UK Investment Holdings, Ltd which states "The Company's ultimate parent undertaking and controlling party is China Cinda Asset Management Co., Limited".

<sup>10</sup> See for example: Fitch Ratings, 20 April 2021, "Rating Report – China Cinda Asset Management Co., Ltd." <https://www.fitchratings.com/research/international-public-finance/china-cinda-asset-management-co-ltd-20-04-2021> (accessed: 8<sup>th</sup> November 2021)

<sup>11</sup> Cindat, 20 December 2019, "Cindat Capital Management Completes Acquisition of Healthpeak's UK Care Home Portfolio". [https://www.cindat.com/cn/content/details8\\_37.html](https://www.cindat.com/cn/content/details8_37.html) (accessed: 8<sup>th</sup> November 2021)