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What lenders look for when financing a care home acquisition

Buying an operational care home is not simply a property transaction. A lender is being asked to finance three connected elements: the buyer, a regulated operating business and the property from which care will be delivered.

Whether the buyer is acquiring their first home or expanding an established group, lenders will need confidence in the people, financial resilience and operational plan supporting the acquisition. They will want to understand how the buyer will protect residents, maintain compliance and service the borrowing after completion. In assessing a care home acquisition, lenders typically consider both the property value and the underlying trading performance, including cash flow, occupancy, fee levels and the balance between privately funded and local-authority-funded residents For an existing operator, the assessment is also likely to consider the performance of the wider group, existing debt commitments, management capacity and how the acquisition fits within its longer-term strategy.

Lender appetite, eligibility criteria and funding terms vary between lenders and transactions and may change over time. This article provides general information only and is based on Chandler & Co's experience of the care-sector lending market as at August 2026. It is not an offer of finance and does not constitute legal, tax, accounting, valuation or care-regulatory advice.

The operator, management team and track record

The buyer's experience and track record will be central to a lender's assessment. An established operator should be prepared to demonstrate the performance and regulatory history of its existing services, its experience of integrating previous acquisitions and the strength of its central management and governance arrangements.

A first-time buyer will not have the same ownership track record, but that does not necessarily prevent them from obtaining finance. It does, however, make the experience surrounding the proposal, and the strength of the proposed management and professional advisory team, particularly important.

Lenders will want to understand:

- The buyer's professional and commercial background.
- Any direct experience in health, social care or another regulated environment.
- Who will be responsible for the home's day-to-day operation.
- The experience and continuity of the registered manager.
- Confirmation of the staffing structure.
- Who will fulfil the nominated individual and governance responsibilities, where applicable.
- How frequently the owner will be present and how operational performance will be monitored.
- Whether the buyer has access to specialist legal, accounting, regulatory and operational advice.
- The intended business structure for acquisition finance and post-completion. [Insert link to Chandler & Co resource page.]

- For an existing operator, the quality and regulatory history of its current services.
- The buyer's experience of acquiring, integrating and improving other care businesses.
- Whether the existing management and central support functions have sufficient capacity for another home.
- How the acquisition complements the buyer's existing locations, care categories and longer-term strategy.

For a first-time buyer, transferable business experience can strengthen a proposal, but it will rarely replace the need for a credible care management structure. For an established operator, previous ownership experience will be helpful, but lenders will also consider the quality of that track record and whether the proposed expansion is manageable. The applicable regulator will expect an incoming provider to demonstrate appropriate governance, staffing and organisational arrangements, together with financial viability and sustainability. Regulatory and registration requirements differ across England, Wales, Scotland and Northern Ireland.

A specialist care-sector finance broker can help prepare and present the funding proposal and explore potential lender appetite. Any initial terms will be indicative only. The lender will undertake its own assessment, and any subsequent finance offer will ordinarily remain subject to matters including valuation, due diligence, satisfactory documentation and formal approval.

Sustainable earnings and debt affordability

A lender does not rely solely on the results shown in the latest profit & loss accounts. It will seek to understand the home's sustainable trading performance after allowing for the costs and changes which could arise under new ownership. A lender may assess how dependent the business is on the existing owner, manager and wider team, and whether the new owner intends to relocate, work actively within the business or operate it remotely.

The review will typically include recent accounts and management information, occupancy trends, resident fee levels, payer mix, staffing costs, agency usage, utilities, repairs and maintenance, management remuneration and other owner-specific adjustments. The lender may also consider whether planned improvements to occupancy or fees are realistic and supported by local market evidence.

Where the buyer already operates care services, lenders are also likely to review the financial performance of the wider group. This may include existing borrowing, debt service and covenant headroom, cross-guarantees, contingent liabilities, central costs and the extent to which weaker-performing homes are supported by stronger parts of the group. The lender may assess the acquisition both on a standalone basis and in the context of the enlarged group.

A lender may test the proposal against higher interest costs, slower occupancy growth, wage inflation, increased agency use or unexpected capital expenditure. They may also look beyond the deposit to ensure the buyer retains sufficient working capital for payroll, professional costs, repairs and the initial transition period.

A finance broker may support this stage by reviewing the target home's financial information from a lending perspective and coordinating finance-related information with the buyer and their specialist advisers. This does not replace independent legal, tax, accounting, valuation, building survey or care-regulatory advice.

A sensible funding structure

When assessing a loan application, a lender may want to see a clear source of equity and a funding structure that does not leave the business financially exposed from day one.

The buyer should account for the purchase price, applicable taxes and transaction costs, valuation and professional fees, potential immediate capital works, working capital and a sensible contingency. Using substantially all available cash as the deposit can weaken an otherwise viable application if there is no capacity to absorb delays or unexpected expenditure.

The funding structure may also reflect the buyer's longer-term plans. Interest-only periods, amortisation, financial covenants, personal or corporate guarantees, additional security and the flexibility to invest or acquire further homes may be just as important as the initial interest rate.

For an existing operator, the lender may consider whether to take security or guarantees across the wider group and how the proposed borrowing interacts with existing lender arrangements. Concentration with one lender, exposure to a particular location or care category and the effect of the acquisition on overall leverage may also influence the structure and terms offered.

Before a buyer incurs the cost of a specialist valuation, a finance broker may assess the overall proposal and explore indicative funding terms. Any indication is not an offer or commitment to lend and remains subject to a full application, credit approval, satisfactory valuation, due diligence and the lender's terms.

Regulatory quality and a deliverable completion plan

A care home's regulatory history is fundamental to its value and funding prospects. Lenders may examine the latest regulator reports, any historic concerns, action plans and evidence of appropriate follow-up action, safeguarding matters, management continuity and the systems in place to maintain or improve care quality. For an established operator, this review may extend across its existing portfolio, particularly where concerns at another service could indicate wider governance, staffing or financial pressures.

In a highly regulated sector, the buyer's understanding of the applicable registration process is also important. The requirements will depend on the acquisition structure and, in particular, whether the registered legal entity will change. In England, where a registered business is transferred to a new provider, the outgoing and incoming providers will normally need to coordinate their respective Care Quality Commission (CQC) applications. A buyer should take specialist regulatory advice at an early stage.

The care home, its market and its future potential

Even a well-run care home may not be an attractive lending proposition if the property requires substantial investment, lacks the correct planning status or operates in a market where demand and fee growth are weak.

Lenders may consider:

- Local demographics and demand for the relevant category of care.
- Competitor care homes, their quality, pricing and occupancy.
- The balance of private, local-authority and NHS-funded placements.
- The condition and suitability of the building.
- Bedroom sizes, en-suite provision and communal facilities.
- Fire, environmental and other compliance requirements.

- Planning permissions, title restrictions and lease terms.
- The scope and cost of refurbishment or extension.
- Whether the home is overly dependent on the outgoing owner.

Because the property is frequently an important part of the lender's security, planning, title, lease and building issues can directly affect valuation and lender appetite.

Support throughout the acquisition lifecycle

The value of specialist brokerage is not limited to submitting a loan application. Support can extend across the acquisition and ownership lifecycle:

Before an offer is made: assessing finance readiness, reviewing the buyer's experience, existing portfolio and resources, considering potential targets, identifying likely lender appetite and establishing an affordable offer position.

From offer to formal application: analysing the target's financial information, reviewing forecasts and stress tests, structuring the funding request and presenting the application to suitable lenders.

From credit approval to completion: coordinating the lender, valuation, legal, accounting and regulatory workstreams; monitoring finance conditions; and maintaining communication between the buyer and professional advisers.

Beyond completion: remaining available as the business stabilises and develops, including support with refinancing, capital raising, refurbishment, extensions, additional acquisitions, debt restructuring, future strategy, disposals and exit planning.

Building a sustainable care business through acquisition

The strongest finance applications recognise and address the risks created by an acquisition. Whether the buyer is entering the sector for the first time or adding to an established portfolio, material risks should be identified, understood, costed and allocated to people with the appropriate skills and experience.

A credible management team, realistic forecasts, sufficient working capital, early regulatory engagement and appropriate due diligence can strengthen how an acquisition proposal is presented to lenders. For an established operator, a demonstrable track record, sufficient management capacity, appropriate covenant headroom and a clear integration plan will provide further support. This does not guarantee that finance will be available.

Chandler & Co can support the preparation and presentation of a funding proposal, coordinate the finance process through to completion and remain available for future finance requirements. This may include reviewing sustainable operating profitability, cash flow and the effect of different trading assumptions. Any information or calculations provided by Chandler & Co will be for finance-assessment purposes and will not replace independent accounting advice or the lender's own assessment. The availability and terms of finance will remain subject to lender appetite, eligibility criteria and approval.

Chandler & Co is a specialist care-sector finance broker with access to a range of lenders.