
Client guide to understanding Life Tenancies



Life Tenancy Investments Limited (LTI) is the UK's leading broker and manager of Life Tenancies.

LTI specialises in creating great value, low maintenance property investments designed to complement an existing portfolio or kick-start a new one.



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About Life Tenancies

Life Tenancies are medium to long-term property investments which have multiple factors that drive capital growth. Created through Life Tenancy Investments' (LTI) established partner, a Life Tenancy is a UK residential property that is subject to a Lifetime Lease which has been acquired by one or more persons aged over 60.

A Lifetime Lease provides tenant(s), referred to as Life Tenants or Lifetime Lease Owners, with the right to live in their chosen property for their lifetime(s), or until such time as they move into permanent long-term care or vacate the property for other personal reasons.

Life Tenancies are priced at significantly less than their respective RICS vacant possession valuation (VPV), with discounts typically upwards of 40%. The younger the Life Tenants, the larger the discount that is available to investors against the vacant possession valuation.

On purchase, the investor becomes the registered owner of the property at Land Registry, with a Lifetime Lease recorded against the property in favour of the Life Tenants.

Life Tenancies have multiple factors that drive capital growth

House Price Inflation

Investors benefit from exposure to House Price Inflation (HPI) on the full value of the property purchased, despite having purchased the property at a discount from Vacant Possession Valuation (VPV).

Occupancy Change

If a Life Tenancy with two occupants reduces to one occupant, the potential investment value increases immediately.

Increasing Age

As the Life Tenants increase in age, the potential investment value increases, irrespective of HPI performance. Simply put, the older the Life Tenants become, the higher the likelihood that the property will revert to the investor.

Improvements

Life Tenants frequently make improvements to the property, such as home decoration or renovation, which will often contribute to a rise in the VPV and investment value.





Unlock long-term value with Life Tenancy investments

Discounted Acquisition Cost

Investors can acquire Life Tenancy properties at a substantial discount, usually around **50% below full market value**, allowing for higher yields and capital appreciation once the property becomes vacant.

Socially conscious investing opportunity

There is a social impact arising from the investment. Investors will be providing high-quality, comfortable housing for retirees, making a genuine difference to their quality of life.

Investing in Life Tenancies means being part of a solution to one of society's most pressing challenges: the need for suitable, age-appropriate housing.

Ageing population drives further demand for suitable housing

Unlike typical buy-to-let investments, Life Tenancies offer a significantly lower-risk profile, with the tenant responsible for upkeep of the property, minimising costs usually incurred by the landlord.

Lower Risk Profile

No 5% Stamp Duty Surcharge

Asset Highlights

- ✓ No 5% SDLT Surcharge
- ✓ Fully tradeable investment at any time
- ✓ Resale values supported by demographic trends

Property Management Made Simple

Life Tenancy agreements mean minimal involvement in day-to-day property management. During the tenancy, the life tenants are responsible for all maintenance and repair costs.

Three options available when tenancy ends:

- ✓ Sell the property at the full price
- ✓ Re-let on a Life Tenancy
- ✓ Rent out the property and generate additional income

Three pathways to maximise property's potential

A Unique Asset Class

Whether it is a novice investor looking to explore their options or a seasoned professional in the market for new opportunities, Life Tenancy Investments could help them realise substantial capital returns.

- ✓ Core UK residential exposure
- ✓ Assets are acquired significantly below VPV*
- ✓ SDLT exemption from second property premium
- ✓ Existing tenant-occupied assets
- ✓ No rental-income credit risk
- ✓ Full repairing and insuring residential leases
- ✓ Minimal acquisition & holding costs
- ✓ Profits can be taxed as capital gains

*VPV = Vacant Possession Valuation

Ways to acquire Life Tenancies

Individual Asset Sales

The purchase of individual Life Tenancies through the dedicated sales portal.

Leveraged Funds

Investment in portfolios of Life Tenancies established as Alternative Investment Funds (AIFs) for sophisticated & high net worth investors.

Portfolio Sales

The purchase of existing pre-assembled portfolios ranging from 10 to 100 Life Tenancies.

Portfolio Investments

Collective investment schemes established to enable investors to own part of a managed portfolio.





Return on Investment calculations

These examples are based on a £250,000 RICS Vacant Possession Valuation (VPV) for a property with an assumed 4% annual House Price Inflation over the term.

They illustrate how the initial investment and future returns vary according to the length of the Life Tenancy, percentage of the property owned and the age of the Life Tenants.

Proportional Vacant Possession Valuation (PVPV) represents the % share due to the investor if percentage owned is less than 100% (see example 3).



EXAMPLE 1

Freehold Property | Male 62 & Female 65

VPV	£250,000	Investment Price	£106,607
Percentage Share	100%	Discount	£143,393
VPV Share	£250,000	Discount %	57%

Term	Future VPV	Gain On Investment	MoIC
5 Years	£304,163	£197,556	x2.85
10 Years	£370,061	£263,454	x3.47
15 Years	£450,236	£343,628	x4.22
20 Years	£547,781	£441,173	x5.14

VPV = Vacant Possession Valuation
 PVPV = Proportional Vacant Possession Valuation
 MoIC = Multiple on Investment Capital

EXAMPLE 2

Freehold Property | Male 75 & Female 75

VPV	£250,000	Investment Price	£148,326
Percentage Share	100%	Discount	£101,674
VPV Share	£250,000	Discount %	41%

Term	Future VPV	Gain On Investment	MoIC
5 Years	£304,163	£155,838	x2.05
10 Years	£370,061	£221,735	x2.49
15 Years	£450,236	£301,910	x3.04
20 Years	£547,781	£399,455	x3.69

EXAMPLE 3

Leasehold Property | Male 69

VPV	£250,000	Investment Price	£89,317
Percentage Share	75%	Discount	£98,183
VPV Share	£187,500	Discount %	52%

Term	Future PVPV	Gain On Investment	MoIC
5 Years	£228,122	£138,805	x2.55
10 Years	£277,546	£188,229	x3.11
15 Years	£337,677	£248,360	x3.78
20 Years	£410,836	£321,519	x4.60

VPV = Vacant Possession Valuation
 PVPV = Proportional Vacant Possession Valuation
 MoIC = Multiple on Investment Capital



Long-term Growth

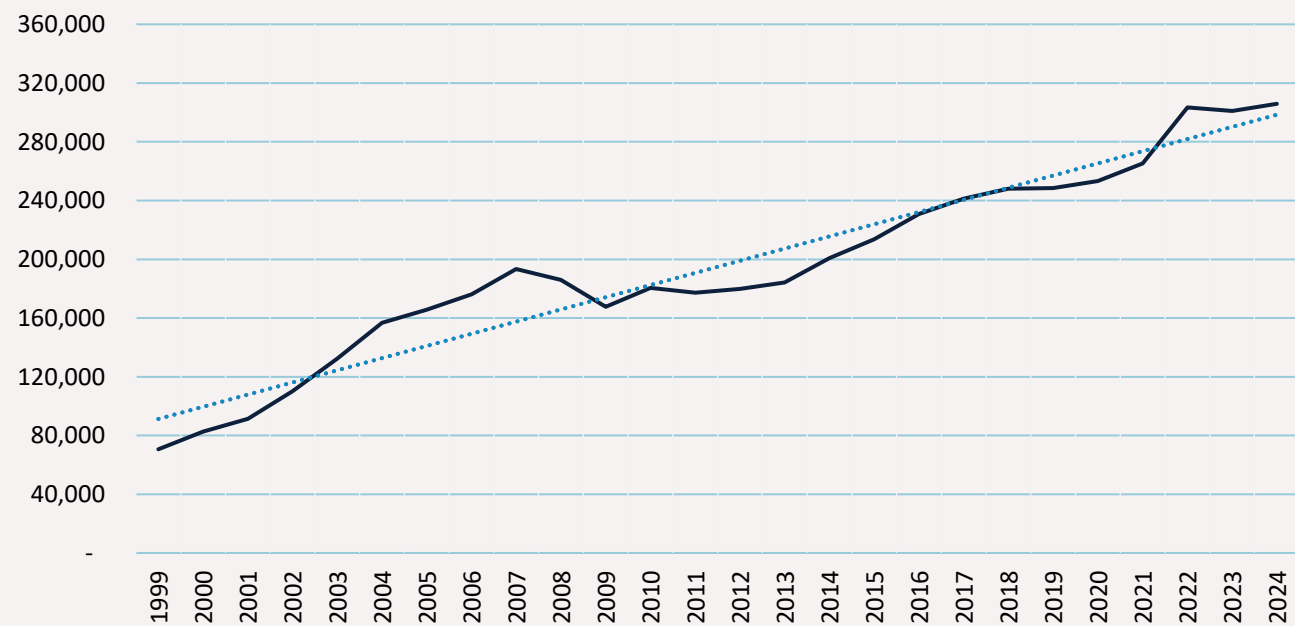
During the last 25 years to March 2024, the average property price in England* rose from circa £70,612 to £305,879 representing a property value increase of approximately 433%. Transaction data extracted from the Government's Office for National Statistics (ONS) for England confirms that the average annual compound growth in house prices was approximately 6.0% over the last 25 years

The graph below illustrates that whilst there are irregular cycles of house price growth, the increase is linear over the medium term. Life Tenancies are ideally suited to take advantage of the consistent property growth in England and are inherently structured to ride out any short-term house price fluctuations.



**Representative data as the majority of Life Tenancies have been located in southern England.*

Average House Price Changes in England



**Source: Sales data extracted December 2024 from the ONS for England.*





Value Protected

During their occupancy, the Life Tenants are legally responsible for all maintenance costs, property improvements and property outgoings including utility bills, council tax, and any service charges or ground rent (if applicable).

When the investment is created, the Life Tenants have the option to choose to safeguard up to 50% of the property's future value. The investor's purchase price is reduced to reflect the PVPV being purchased. Irrespective of any safeguarded amount, the investor is still registered as the property's owner at Land Registry.

When the last remaining Life Tenant passes away or moves into permanent long-term care, the Lifetime Lease will end, and the investor will be free to let or sell the property on the open market to realise a return on their investment.

Built-in Downside Protection

Whilst a Life Tenancy investment provides disproportionate exposure to the potential benefits of House Price Inflation (HPI), it also provides protection from the potential impact of sharp or long-term deflation.

In the example below, it would take circa 20 years of house price deflation at 4% per year for the investor to make a gross loss* on their investment.

EXAMPLE Freehold Property | Female 65

VPV	£250,000	Investment Price	£113,185
Percentage Share	100%	Discount	£136,815
VPV Share	£250,000	Discount %	55%
Term	Future PVP	Gain On Investment	ROI
5 Years	£203,843	£90,658	80%
10 Years	£166,208	£53,023	47%
15 Years	£135,522	£22,337	20%
20 Years	£110,501	(£2,684)	-2%

VPV = Vacant Possession Valuation, PVPV = Proportional Vacant Possession Valuation

*Gross loss does not take into consideration sales, legal or any other fees or costs. It also assumes the Life Tenancy has ended.





TWO BED END-OF-TERRACE HOUSE



BISHOPS AUCKLAND, DURHAM | FREEHOLD
LIFE OCCUPANT(S): MALE, 71

RICS value	£70,000	Investment price	£40,662
Percentage share	100%	Discount value	£29,338
Value of percentage offered	£70,000	Discount against value	41.9%

ONE BED RETIREMENT APARTMENT



ILFORD, ESSEX | RETIREMENT
LIFE OCCUPANT(S): FEMALE, 66

RICS value	£115,000	Investment price	£53,787
Percentage share	100%	Discount value	£61,213
Value of percentage offered	£115,000	Discount against value	53.2%

TWO BED LINK-DETACHED BUNGALOW



GREAT YARMOUTH, NORFOLK | FREEHOLD
LIFE OCCUPANT(S): MALE, 69 & FEMALE, 61

RICS value	£320,000	Investment price	£120,156
Percentage share	100%	Discount value	£199,844
Value of percentage offered	£320,000	Discount against value	62.5%

THREE BED DETACHED BUNGALOW



NEW ROMNEY, KENT | FREEHOLD
LIFE OCCUPANT(S): MALE, 62 & FEMALE, 61

RICS value	£350,000	Investment price	£131,420
Percentage share	100%	Discount value	£218,580
Value of percentage offered	£350,000	Discount against value	62.5%

TWO BED GROUND FLOOR APARTMENT



HAYLING ISLAND, HAMPSHIRE | LEASEHOLD
LIFE OCCUPANT(S): FEMALE, 65

RICS value	£185,000	Investment price	£75,756
Percentage share	100%	Discount value	£109,244
Value of percentage offered	£185,000	Discount against value	59.1%

TWO BED END-OF-TERRACE HOUSE



BARNSTAPLE, DEVON | FREEHOLD
LIFE OCCUPANT(S): MALE, 67 & FEMALE, 63

RICS value	£200,000	Investment price	£80,700
Percentage share	100%	Discount value	£119,300
Value of percentage offered	£200,000	Discount against value	59.7%

TWO BED DETACHED BUNGALOW



ISLE OF WIGHT | FREEHOLD
LIFE OCCUPANT(S): MALE, 92 & FEMALE, 80

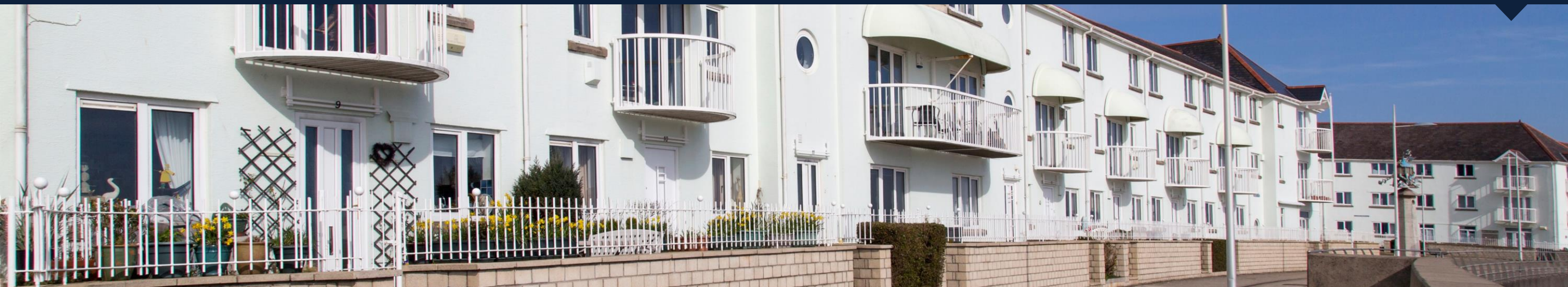
RICS value	£290,000	Investment price	£147,775
Percentage share	75%	Discount value	£142,225
Value of percentage offered	£217,500	Discount against value	49%

ONE BED GROUND FLOOR APARTMENT



MIDHURST, WEST SUSSEX | LEASEHOLD
LIFE OCCUPANT(S): MALE, 68

RICS value	£300,000	Investment price	£148,059
Percentage share	100%	Discount value	£151,941
Value of percentage offered	£300,000	Discount against value	50.6%



Investor Profiles

LTI work with a wide range of investment partners including:

- ✓ Family Offices - Life Tenancies can form part of a long-term strategy or next generation capital preservation
- ✓ High Net Worth Individuals - Life Tenancies provide a higher level of security than buy-to-let investments, due to lack of debt and tenant risk
- ✓ International Investors – Life Tenancies offer great exposure to the UK residential property market and are low maintenance investments
- ✓ Corporate Landlords – Life Tenancies reduce the administrative burden on management teams
- ✓ Individual Investors – Life Tenancies are a great way to tuck capital away for the future needs of their children

LTI also partners with major global lenders to provide finance for large scale Life Tenancy funds.

The established partner who creates Life Tenancies is regularly subject to full third-party audits on its sales processes and procedures to ensure they remain robust and fair, and that customer outcomes are protected.

LTI is committed to delivering positive outcomes for the investor and the Life Tenants in every property transaction.

Property Management

Life Tenancy Investments can arrange a comprehensive property management service through its sister company.

The property management team has over 40 years of experience managing Life Tenancies and the Life Tenants (Lifetime Lease Owners).

They help all parties meet their responsibilities and obligations throughout the term of the Life Tenancy and help investors maximise their return.

Services include:

- ✓ Acting as first point of contact
- ✓ Property inspections and reports
- ✓ Administering building insurance
- ✓ Managing associated processes including establishing vacant possession
- ✓ Arranging the sale of the property upon vacation



New Investor FAQs

Are the properties registered with the Land Registry and am I on the title deeds?

Yes, the properties are registered with the Land Registry and yes, you are listed as the owner of the property on the title deeds. The Life Tenancy arrangement includes a Lifetime Lease which is registered at Land Registry and falls away when the Life Tenancy ends.

How is the property value calculated?

The property will be independently valued by a RICS registered surveyor prior to being offered for sale.

Do I need to be regulated in order to buy a Life Tenancy Investment?

No, you don't need to be regulated in order to purchase a Life Tenancy investment property. A Life Tenancy investment is not a regulated activity because it is a property transaction, not a financial one. It is not a loan, mortgage or home reversion plan and there are no repayments, rent or interest charged.

Can the Life Tenants move home?

Yes, they can. Under the terms of the Lifetime Lease, the Life Tenants are able to move at any time. They will be responsible for all sale, purchase and legal costs associated with the move.

Can I sell my interest in the property at any time?

Yes, you are free to sell your investment at any time. You will need to ensure that you adhere to the terms set out in the contract, as will the purchaser of your investment.

Can I move into the property or rent it out?

Yes, but only once the Lifetime Lease has ended. It is your property to use as you see fit from this point on. In cases where the Life Tenants have safeguarded a percentage of the property's future value, you would need to purchase the remaining share from the Life Tenants or their estate first.

Can anyone other than the Life Tenants live in the property?

Peoples' needs change as they get older so the Life Tenancy does allow other people to live in the property alongside the Life Tenants provided that they sign a legal waiver confirming that they will vacate the property at the end of the Lifetime Lease. The Life Tenants are also required to indemnify you against any costs should they fail to do so. The Life Tenants cannot move out and/or rent/sublet the property.



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Investors should carefully consider whether they wish to purchase a Life Tenancy and they should consider seeking independent financial advice from their financial adviser prior to making any investment.

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