

Most retirees today look at selling their family home and downsizing to more manageable and secure accommodation for their retirement. The first decision is whether to simply buy a smaller home with better security or whether to look at living in a retirement community. The next choice is the kind of ownership that different retirement developments offer, typically between sectional title or Life Right tenure.

We believe that there is no absolute answer as to which is the better option because it involves so many different family and financial circumstances. However, we also believe that for the majority of South African middle-and-higher income retirees, the Life Right model



model has significant benefits to offer, most notably because acquiring a Life Right guarantees you security of tenure for the rest of your life.

It is primarily for this reason that the Life Right model is regarded to be the most progressive and leading form of retirement ownership worldwide and it is now the most popular retirement model in the USA, Australia and New Zealand, where it is referred to as a 'right of occupation'.



Buying a Life Right is different from buying a property. In effect, what you are 'buying' when you enter a Life Right agreement with a developer is the life-long legal right to occupy your home, villa or apartment.

If you ever want to relocate, you may terminate this right, but it is not transferable to another person. On termination of your Life Right, it will be sold by the Villa Blanca Management Company to another buyer and 100% of the original purchase price plus growth (where applicable) will be paid to you or your estate.

The Villa Blanca Property Company retains ownership of the individual villas and the common property and is responsible for maintaining them for the benefit of all the residents. As Villa Blanca's developer, our interests and those of our residents are aligned in the Life Right model. All resort facilities, including villas, remain an asset of Villa Blanca, so we manage the resort carefully to protect the value of that asset, maintaining all communal facilities and keeping the resort in pristine condition. At the same time, we keep the resort finances, levies and levy inflation in check.



Financial & General Benefits

There are many financial & general benefits of the Life Right model, most notably:

- It is the most affordable way to buy into a privileged retirement lifestyle.
- Buyers are protected under the terms of the Housing Development Schemes for Retired Persons Act. Therefore, buyers have the security of knowing that their right of occupation is always protected by law.
- You save on up-front costs: no VAT, transfer duty or registration costs are payable.
- The full capital investment plus growth is returned on cancellation of the Life Right.
- Endorsement on the developer's title deed, giving you the exact same security as title ownership, if not better.
- Maintenance & repairs, management and resales are the developer's responsibility.
- Villa levies are subject only to inflation-linked increases.
- You will never be called upon to pay special levies for major refurbishment projects.
- **You can earn cash on your Life Right investment by placing the villa in the resort's daily and / or monthly rental pool. This income generating option is valid for a 24-month period, it is flexible and can be exercised over the term of the Life Right residency meaning that you can rent the villa out before or during occupation. Should you for example decide to visit your children for a month over a December holiday then, by placing the villa (3 bed penthouse) in the resort's rental pool, the villa will produce a gross income of R 180,000 for the 30-day period. The rental Income Statement at the bottom of this document highlights this unique income generating opportunity, which can only be achieved at a top class resort such as Villa Blanca.**

Villa Blanca is designed to accommodate the optimal number of residents required to make our exceptional facilities affordable and to provide professional management services of the highest order so you can relax, knowing that the future is budgeted for and all the hassles are taken care of!

Professional Management

The Villa Blanca Management Company takes care of all day-to-day aspects of the resort, such as security, hospitality & guest services, maintenance, and gardening. We work together to deliver retirement living at its easiest and its best.

And we're always there to help. Whatever your particular needs are at any point in time, as a Villa Blanca resident you get to relax, put your feet up, and enjoy the fabulous seaside resort facilities and amazing amenities on offer.



Meticulous Maintenance

Routine repairs along with painting, plumbing and cleaning are carried out by our friendly, well-trained teams. Communal gardens and other outdoor areas are beautifully maintained, and the environment is kept scrupulously clean, neat and tidy at all times.

What's the difference between a Life Right and Sectional Title

The term Life Right may seem unfamiliar to those outside of the retirement community. Far from climbing the property ladder, it could be considered the equivalent of finding a steady balance on the top rung.

Purchasing a Life Right rivals a traditional “bricks and mortar” sectional title investment in that its primary objective is to offer a stress-free retirement lifestyle, without burdensome admin. Sectional title offers financial growth, but brings with it concerns such as special levies, body corporates and managing agents.

This model is globally recognised for its distinct advantages, enabling residents to live active, independent, autonomous lives without the traditional burdens that come with owning a property outright.

With greater life expectancy than ever before, one of the biggest concerns worrying older people is whether they will outlive their assets. Sadly, even substantial retirement savings might not be enough to support a person who lives well into their 80s or 90s.

This, of course, also adds increased pressure to access for housing for the elderly in South Africa – resulting in new retirement developments being constructed in many parts of the country to address the demand. Many of these developments now operate on the Life Rights basis.

While any individual could purchase a full or sectional title, and own the entire property outright, they will then also be held accountable for all the responsibilities for maintenance of that property.

The Life Right model, however, is ideal for older people who do not wish to take on that responsibility, and would prefer not to deal with various other issues linked to home ownership, such as insurance, security, etc.

Purchasing a Life Right in a retirement village or resort also boasts the additional benefits of medical and frail care services on the premises as well as world-class hospitality and security – benefits which are reassuring later in life.

Projected 24-month Income Statement

| Item / allocation | 1 bed Villa | 2 bed Villa | 3 bed Villa |
|---|----------------|----------------|----------------|
| Months | 24 | 24 | 24 |
| 75% rental occupancy (months) | 18 | 18 | 18 |
| Monthly rental | 14,500 | 18,500 | 25,000 |
| Monthly levy | 2,060 | 3,026 | 4,025 |
| Monthly rental operational administration @ 5% | 725 | 925 | 1,250 |
| Monthly banking fees and legal administration @ 1% | 145 | 185 | 250 |
| Term rental administration (incl down time - ex holiday time) | 19,140 | 24,420 | 33,000 |
| Villa rental income | 261,000 | 333,000 | 450,000 |
| Levy due to Manco | 49,440 | 72,624 | 96,600 |
| Villa daily hotel rate (2020) | 1,800 | 3,000 | 6,000 |
| Hotel income days over 24 months | 60 | 60 | 60 |
| Villa hotel income | 108,000 | 180,000 | 360,000 |
| Hotel and operational management fee @ 20% | 21,600 | 36,000 | 72,000 |
| Total Villa gross income | 369,000 | 513,000 | 810,000 |
| Total Villa operational expenses | 90,180 | 133,044 | 201,600 |
| Total Villa net income over 24 months | 278,820 | 379,956 | 608,400 |