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Tax haven paradise

The men behind Pecanwood and Dainfern have a proposition.

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IF Pecanwood and Dainfern don't cut the grade, then why not buy a golf-estate villa in Mauritius?

Two-bedroom properties start at R5,6million, and include permanent residency of the island tax-haven nation.

Villas Valriche is a 288-unit luxury Mauritius golf estate that is being developed by Alec Bates, the former MD of Maccon, the developer of Pecanwood Golf Estate and Fourways Crossing shopping mall, and his partner, Ian Todd, who was involved in developing Dainfern, a residential complex north of Johannesburg.

Bates jokes that after selling developments close to a sewage pipe (Dainfern) and a nuclear reactor (Pecanwood), Mauritius will be a "doddle" with its tropical climate and beautiful beaches.

Villas Valriche will be built on the South West coast of Mauritius, about an hour's drive from the capital city of Port Louis.

The estate surrounds a Peter Matkovich-designed championship golf course, and nearly all the stands have sea views. Plot sizes vary from 700m² to over 2 000m² and there are four styles of villa to choose from.

The first 130 villas are expected to be completed by mid-to-end 2009.

You might be hard-pressed to justify the investment on pure income terms. A rental pool is planned for Villas Valriche, but Todd estimates you might expect to recoup 5% of your investment in the first year based on 40% occupancy.

This means you'll have to fork out a hefty deposit if you're expecting your rental income to cover bond repayments. You can expect to pay



ISLAND GETWAY.What you can expect your multimillion rand villa to look like.

about 12% interest on a bond in Mauritius, says Bates.

A Mauritian villa might appeal to a rich South African hedge fund manager – after all, financial services account for the second-largest single portion of that country's economy, following tourism.

But the country's reputation among SA investors was hurt by the 2005 collapse of Leaderguard, a foreign exchange scam registered there.

The masterminds pleaded guilty to fraud, and given a pitiful financial penalty with zero jail time.

Bates expects investors to be

Snip

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attracted to the advantageous financial climate that Mauritius offers. In stark contrast to SA, Mauritius has benefits such as a low-income tax and company tax at a flat 15%, zero exchange controls and no capital gains taxes or estate duties.

Also, our own exchange controls are not as Draconian when it comes to investment in Mauritian property, as the country is a member of the Southern African Development Community (SADC).

SA exchange controls limit individuals to a total offshore investment of R2m, but they are allowed to invest in property in other SADC countries over and above this limit.

Approval of this investment is at the discretion of the Reserve Bank, and an application is expected to take about 10 weeks.

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