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Property



Six bars for your island villa

The men behind Pecanwood and Dainfern have a Mauritius golf estate property for you.

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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 \$800 000 (R5,6m) and include free 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 Matkovitch 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 that you might expect to recoup 5% of your investment in the first year based on 40% occupancy. This means that 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 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. However, the country's reputation among South African investors was hurt recently after the 2005 collapse of Leaderguard, a foreign exchange scam that was registered there. The Leaderguard masterminds pleaded guilty to fraud in a Mauritian court, but for their sins were given a pitiful financial penalty and zero jail time.

Bates expects investors to be attracted to the advantageous financial climate that Mauritius offers. In stark contrast to South Africa, Mauritius has the following benefits: 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). South African exchange controls limit individuals to a total offshore investment of R2m. However, 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 ten weeks.

It seems unlikely that applicants will have trouble obtaining approval for their investment - Reserve Bank Governor Tito Mboweni has openly described exchange controls as "purposeless". However, their long-promised removal is a decision that must be taken, ultimately, by finance minister Trevor Manuel.