



Breakas Beach Resort
VANUATU

A Poolside Chat With George Winslett Managing Director, Breakas Beach Resort

Q. Why Vanuatu?

*A. For over thirty years I have been associated with the tourism industry, from owning resorts in Fiji (Resort Man Friday) to building hotels and motels in New Zealand. I have found it has been a very lucrative industry in which to invest. To find an untouched tourism destination like Vanuatu is certainly unique in the world. Where else can you find a tropical island paradise within a stable, English speaking country so close to Australia and New Zealand? I could not believe my good fortune to find such a breathtakingly beautiful beachfront site (which now embraces Breakas Beach Resort) only five minutes from downtown Port Vila – the capital of Vanuatu. As the old real estate saying goes “**Position, Position, Position**”, this certainly applies to **Breakas Beach Resort**.*

Q. Has Vanuatu lived up to your expectations as far as investments and lifestyle?

*A. After living in many parts of the world, I view Vanuatu as certainly “**God’s own country**” With the **stable economy** and a **progressive government** you are able to build your future. Over the last six years I have called Vanuatu **home**. I have married, sired my forth son and have seen my two elder sons develop into fine independent men that I am very proud of. We have built our family home on the edge of a sub-division that overlooks the Port Vila Harbor. The lifestyle here is second to none for young families as they grow up with their feet in the sand amid oh so helpful nannies. I feel very confident about the **security of my assets** and tenure here as there is a **very strong legislative structure** based on common law which is heavily supported by both the Australian and New Zealand Governments. I watch the late night news and shudder with all that is going on in the world and thank my lucky stars that I found this magical place named Vanuatu.*

Q. I know Vanuatu has been voted the happiest place in the world. It must be a great place to live, do you agree?

*A. Absolutely, it is a **privilege** to live here. The World Health Organization took some key social indicators and worked out that compared with the entire world; the people of Vanuatu had the **key to the happiest existence**. Anyone who visits here will tell you how friendly and happy the Ni-Vanuatu are. We can certainly take a leaf out of their book, when we consider that this is a third world country, and most folk are living a subsistence lifestyle. I really enjoy watching guests quietly slip into “island time” and become*

*seduced by the friendly, happy attitude of the local people and staff. Most visitors comment that the happiness is infectious and a major feature of their time in Vanuatu. It just goes to show that what we really need to make us happy is a **slower paced lifestyle, getting back to basics, plenty of sunshine and time out to talk to family and friends..***

Q. How did Breakas Beach Resort come about?

*A. I bought the land on the second day after I arrived in Port Vila. I couldn't believe that such an **opportunity** could still exist in the **real estate market**. To find a site where **water, electricity and telephone** are on the doorstep, with **a sealed road** five minutes from the capital (Port Vila), a left and right **wave break** for the surfboard riders and a fantastic display of **coral and tropical fish** not 100 meters from our sandy beach is virtually impossible to find. My initial investment was for a holiday home but when my son, Sean, returned from Europe he convinced my fiancé and myself that it should be developed into a **small boutique resort without children**. I quite honestly had never heard of such a concept for a resort. Of course this is now history, the tourism market has completely embraced the idea and **Breakas Beach Resort** has been a great success with many thousands of happy holiday makers enjoying the uniqueness of Breakas.*

Q. Did you enjoy Building Breakas?

A. Yes and no. To actually build the resort has been a challenge. With having to understand the culture and the training of people to work in the hospitality industry at a world class standard has been difficult but very rewarding. Breakas has been designed to look after all the things people want on a south pacific holiday -

- 1. Individual bungalow style units.*
- 2. To walk from their door onto a sandy beach.*
- 3. To have a traditional experience while staying in the resort.*
- 4. Have a swim-up Bar.*
- 5. For the Resort to have a great restaurant and be able to easily visit other restaurants.*
- 6. To be able to be a part of the local peoples village.*
- 7. To be pampered by the staff while on my holiday.*
- 8. Go shopping in local markets.*
- 9. Able to experience activities not normally available to them (snorkeling on our beautiful coral reef or learning to scuba dive in our infinity pool or just drive on the wrong side of the road).*
- 10. Have a holiday without screaming children around you.*
- 11. To have easy access to their destination (less than 3 hours from Australia & New Zealand).*
- 12. Feel safe that their choice of destination is stable and doesn't have terrorists wanting to bomb them.*

Q. Your advertising mentions that the architectural style of Breakas is traditional native. Why did you choose this style?

*A. Breakas is designed by **Geoff Feast, Vanuatu's leading architect**. Geoff spent a considerable amount of time in Indonesia and explored an array of designs to suit the demands and indulgences of tropical living. The initial pavilion direction, the angle of the roof, the concept of thatched Natangura on the ceiling, the timber shutters, the coral bathrooms.....all of these elements have been combined to create the **Ultimate***

*Accommodation Experience in a boutique environment. Additionally a culmination of input from each family member has created the design space as you see it today. We affectionately call it “**Up-market Tribal**” as the fares imbue a feeling that one is alone in the jungle. Why on earth would you build a high rise or motel style accommodation when you could build a fare that lives and breathes with the landscape?*

Q. With this style of architecture, is it insurable?

A. Yes.

Q. Is it possible to purchase a Bungalow (fare) within Breakas?

A. Certainly, Right now we are in the early phase of very exciting expansion program and to assist in the financing I have decided to sell a limited number of existing fares.

Q. Why should I buy one of your Bungalows (fares)?

*A. We have done a lot of research into mid-range investments and are very excited to launch this particular product into the marketplace. I am continually staggered at the exorbitant prices of real estate in both Australia and New Zealand and feel very strongly that property investment is not only a stake in **capital growth** but should also **yield a revenue stream**. We knew that we had the right product mix with a **Strata-titled Bungalow**, we knew that the price was right at **AUD\$250,000**, but we weren't sure of the formula to distribute revenue after costs. We turned our product upside down and inside out to find the optimum return for the investor, and after years of both hotel management and investment experience knew that it would be more advantageous and attractive to offer a **guaranteed fixed return**. **No other investment in Vanuatu offers a guaranteed long term return like ours**. This would give measured security to all involved and has been equally well received by the banks in Vanuatu. The 10 year plus a further option of 10 year **Management Agreement** yields a minimum of **7.5% per annum equal to AUD\$17,750 adjusted annually to the Australian C.P.I.** The bonus that I fought for in the package was the additional **Value Add of an Annual Holiday** which represents **30 days of Accommodation** in either your own fare or a beachfront one or if you have kids you can have the use of 3 bedroom self contained beach front villa to the equivalent value.*

Q. Will the banks finance my purchase?

A. As a client of Westpac Bank in Port Vila I am a champion of their proactive involvement in development in Vanuatu. Westpac have been extremely supportive of our growth and have assisted us in both capital and operational ventures. They have indicated to us they would be willing to lend up to 50% plus on this purchase. That means with a 50% deposit your investment pays its loan off within 8 years. Contact Relationship Manager Lian Vera on (+678) 22084.

Q. What is it going to cost me?

*A. The Purchase price is **AUD\$ 250,000** with the standard real estate charges (stamp duty and government charges) amounting to 7% plus your legal costs of around **AUD\$ 1,000**.*

Q. What return will I receive?

A. A **guaranteed return of 7.5% per annum** which equates to around **AUD\$18,750**. This increases every year by the **Australian CPI** (please refer to Rate Chart). As we make annual increases in the Resort rack rate your return increases also. Additionally the value of **Thirty Vacation Days** equates to around **AUD\$7500**. If you decide not to use the 30 days of accommodation at the start of the year we will pay you **One Percent** extra, this will be added to your annual return making a total **8.5% per annum** return on investment. Please note all revenue will be **deposited monthly** into your **nominated bank account**. All accounts will be **audited by Hawkes Law Accounting Firm**

Q. What title will I get?

A. All of the land in Vanuatu is **Leasehold Land**. This type of land tenure facilitates the Landowner Relationship and enables the Local People to sell their land to an external market. In 2001 we purchased the land in total on a 75 Year Lease. In 2006 we strata-titled Breakas Beach Resort with a newly negotiated 75 year lease; with a “68 lot” strata title plan. As an investor you would be buying an **Individual Strata-Title off the 75 Year Lease**.

Q. How does leasehold work in Vanuatu?

A. Many people baulk at the idea of Leasehold Land as opposed to Freehold Acquisition. Much to the surprise of many, it is a very common form of Land tenure. For instance most of old Sydney and all of Canberra is leasehold, whereby the Government usually decides on the outcome. In contrast the leasehold legislation in Vanuatu endorses at the end of the lease it guarantees you that all improvements on the lease are compensated for at then market value or a new 75 lease is automatically give at the same rate as old. We have yearly ground rental adjusted every 5 years, all formulated and set by the government. This is a very good title system. I was nervous about Leasehold until I reminded myself about the Acquisitions Law in Australia whereby I lost my rights as a Freehold Landowner when the government decided they wanted to put a railway through my subdivision on the Gold Coast!!

Q. What is the Comparative Advantage of Investing with Breakas Beach Resort?

A. We were voted “**The Best Small Boutique Hotel/Resort**” for 2006 & 2007 in **Vanuatu** last year and also was a finalist in the best small hotels/resorts of the world. The winner came from The Maldives and charge over US\$ 2000 per night. Our Rack rate is AUD\$ 250. Our resort is unique in the fact that it is designed for adults only, and caters specifically for that market. Our facilities are listed on the web.

Q. What is the surfing, snorkeling and diving like?

A. As I said before one of the main reasons that I purchased this block of land is the fantastic location it possesses. We have a right and left wave break, which sees people from as far as The Netherlands and America journeying to the South Pacific for a non-chartered surfing experience. We have had guests rave about their snorkeling expeditions saying the reef is in exquisite condition and the tropical fish are abundant. There is an extraordinary blue hole out to the South of the cove which entralls our Seafaring friends. We have all the snorkeling gear you need but we recommend that you bring your own surf board as the locals have just inherited a donation of 16 boards which I believe will not be available to anyone but them!! We have a partnership with Big Blue to teach Diving Lessons in our 3m deep infinity pool. Just ask at Reception.

Q. What if I want to resell my Fare?

A. No problem, it is a normal real estate sale. The only restriction we have is that we would be reluctant for you to place a for sale sign in the window!!

Q. What expenses do I have to pay for each year?

A. Absolutely nothing!! We pay all costs, from body corporate fees to insurance to maintenance and repairs, and the VAT of 12.5% which is a sales tax. As we stipulated earlier we have done extensive research to find out what works and what doesn't in this particular industry and we recognize that it is a nightmare for all to try and charge back fees after the fact. This is why we offer the flat 7.5% per annum plus CPI. Any mortgage repayments on the investment are of course your responsibility. Vanuatu is a Tax Haven, best ask one of experienced Accountants what to do.

Q. Is there any chance of capital gain?

A. I believe so, every year your return is increased by the CPI of Australia. I have prepared a chart to help with this. As an investor here for six years now I have been very happy with the Capital Gain aspect for me as development has been exponential over the period. It is a very interesting and exciting time to be involved with Vanuatu. When you look at the international arena and consider the mayhem in most parts of the world I find great comfort in the fact that Vanuatu is a very stable country with regards to religion, politics and civil affairs. Our continuing success in the tourism industry is a testament to the fact that Vanuatu is a growing region and a hugely popular alternative within the Australian and New Zealand markets.

Q. You say that there is Thirty days of accommodation for a holiday. How does this work?

A. You own the Strata Title of the Fare and we have a 10 year management agreement with an option of 10 Years. We are allowed 335 days of occupancy each year, giving you your 30 days to do what you want to. All we need is three months notice and your fare will be available. If you request a beachfront fare or a Villa the same method applies.

Q. If my grandchildren want to come, is this possible?

A. As a Father and Grandfather myself, I am constantly met with this problem at Breakas Beach Resort. My beautiful three year old boy can't even come for a visit. The only time we break this rule is on Christmas Day when we celebrate the spirit of Children by inviting the Local Kids to have a swim in the pool on Christmas Day. We have solved this problem by the evolution of The Villas which are air conditioned, three bedroom Villas with their own pool and kitchen. We can arrange a Swap of your Fare for a Villa for the equivalent value. Nannies will be available to hire if you wish to dine in the Breakas Restaurant.

Q. What if I don't want to use the 30 days of accommodation in any particular year?

A. We offer a payment of 1% per annum for your 30 days which will take your total annual return to 8.5% plus CPI. This will be deposited monthly into your nominated account. We do need to know at the start of the year that you will not be using your 30 days.

Q. Why is there no air-conditioning?

A. Breakas is on the ocean with all the sea breezes to keep you cool, we have cross ventilation and ceiling fans in the fares that works very well. It was a conscious decision not to have air-conditioning and yes, once again it was a green decision.

Q. I have noticed expansion at Breakas, what is happening?

A. After seven years of expanding Breakas from 5 Fares to 36 Fares and still not able to accommodate the demand, we are constructing an additional 30 Fares. In addition to this, on neighboring land an associated development company is constructing a further 16 three bedroom villas with their own pool and kitchen. These were designed by Geoff Feast utilizing the Breakas Style and Space Philosophy and will be managed by Breakas Beach Resort. A happy addition to Breakas Beach Resort as Children will be embraced and celebrated at the Villas.

Q. How stable is the Vanuatu Government and its people?

A. Initially known as the New Hebrides, Vanuatu became Independent in July 1980. We are ruled by the Westminster system, with a President and a Prime Minister and 52 duly elected members of Parliament. It is highly democratic and stable, which has encouraged the trend of economic growth that the country is currently experiencing. The VATU is linked to the US\$ and AUD\$ which explains the low fluctuation in our currency. The people are mainly Melanesians, who probably have the best temperament in the world. Voted the happiest place on earth, we are extremely fortunate to be involved in this economy!

Q. What happens if a cyclone hits?

A. Business as Usual. We are in the cyclone region, and have built our resort to comply with engineering standards. They do come, and create havoc however our in house guests at the time said it was the best holiday they had ever had!! Breakas Beach Resort is designed to let the wind flow through - we open the doors and ride them out and then start the clean up. We have been through one, and it took us 3 days in total to get back to normal.

Q. I have heard that there are considerable tax benefits when investing in Vanuatu. How does this work?

A. Vanuatu is a Tax Haven. We would recommend that you talk to a taxation specialist to assist you with your requirements. There is a great selection of recognized and international Accounting Firms in Port Vila.

Q. Does the investment qualify me for residence status in Vanuatu?

*A. Yes!! That is one more exciting component of this particular investment. Your local Accountant will be able to advise you on the **details and benefits of Vanuatu Residency.***

Q. What are the best times of the year to travel to Vanuatu given the tropical climate?

*A. Traditionally the **High Season** for Vanuatu is between **May and October**. The **Low Season** coincides with the Cyclone Season which starts in **December until April**. The school holiday calendar has predicted the marketing schedule for most of the tourism in Vanuatu however as we are **Adults Only** we have found that our own **High Season lasts for around 11 months of the year** which is fabulous for us and measurable by our monthly high occupancy.*

Q. Is Breakas like what I saw on Survivor?

A. Hope not! We live on the most beautiful beach in the Vanuatu Islands as it is white and long. The great thing about Survivor Vanuatu is that it put us on the International Stage!

Q. You have certainly answered all of my questions but in summary what are the important reasons for me to invest in Breakas?

- A.*
- 1. Stable Government and Economy.*
 - 2. Close to Australia and New Zealand.*
 - 3. Unique beachfront close to town.*
 - 4. Happiest place on Earth.*
 - 5. Environmentally friendly.*
 - 6. Guaranteed return.*
 - 7. Proven management.*
 - 8. 30 days holiday usage.(or 15 in villa)*
 - 9. Potential capital gain.*
 - 10. A true trouble free investment.*
 - 11. Only 15 minutes to airport*
 - 12. Potential Tax Benefits.*

I have been very happy to answer these questions, but should you need more detail contact me by phone or email (details below) or why not come along to the informal presentation conducted at Breakas Resort each Thursday at 5PM.

Email: investment@breakas.com

Phone: (+678) 7744100

Mailing Address: P. O. Box 1101 Port Vila, Vanuatu. South West Pacific