



Frequently Asked Questions

Caracola Beach and Spa Resort

Where is it?

Caracola Beach and Spa Resort is on the south eastern edge of Isla Margarita, an Island in the Caribbean that is part of Venezuela (approx 38 km north east of the mainland).

What about Hurricanes?

Isla Margarita is below the hurricane belt and as a result does **NOT** get hit by Hurricanes. In fact, very little rain falls at all on the Island. In 2007 there were 344 'sunny days' (defined as having 6 hours or more of sun).

What are the temperatures like?

Average temperatures range from lows of 25°C to highs of 31°C throughout the year.

Is Isla Margarita safe?

The advantage of the island with respect to crime is that it's an island: There are only a few ways on and off the island and they are well-controlled by the State. The likelihood of suffering violent crime on Margarita is low. As with all tourist destinations, petty crime is possible, but as tourism is fundamental to the economic well being of the island, it is not common against tourists/visitors.

How many properties will there be on Caracola?

There will be 1244 apartments over 15 floors

Does each block have lifts?

There will be lifts to every floor in each block.

Will parking be provided on site?

Yes, there is ample parking.

Is the property freehold or leasehold?

All properties are freehold.

What is the policy for the disabled at Caracola? e.g. are doors wide enough for wheelchairs etc.

All facilities, including the units themselves will comply with the latest in disabled access/facility standards.



What facilities will there be on Caracola?

There will be:-

- 4 Pools
 - Connecting Pools for Children & Adults
 - An Adult Only Pool
 - Thrilling slides and lazy river rides
 - Pool Side Bar & swim up bar
 - Pool Side Snack Bar
- Activities Area on Beach for Rentals of Jet Skis, Kayaks etc.
- Spa 5,000 Sq. Feet
- Nightclub
- Sports Center or Fitness center
 - Treadmills
 - Bikes
 - Other Equipment
 - Yoga Studio, Aerobics, Pilate's
- Duty-free shopping
- Kids club
- Sauna
- Conference Rooms
 - 5,000 – 10,000 Sq. Ft.
- Child Care
- Arcade/ Game Room
 - At least 1,200 Sq. Ft up to 1,500 Sq. Ft.
- Hair Salon
- Security Guard
- Business Center
- Lobby Area Bar/ Lounge
- Concierge Services
- Large Front Desk Area with 10-12 work stations
- Housekeeping Department Offices & laundry 5,000 Sq. Ft.
- Main Offices & Work Area 3,000 Sq. Ft.
- Coffee Shop with Pastries & Snacks
- Restaurants:
 - 1 Themed Restaurant
 - 1 Fine Dining to Sit 100 – 150 people
 - 1 Casual Dining to Sit 75 – 100 people
 - 1 Mid Scale

Has the developer got land title?

Yes, the developer has full clean land title.

Has the developer obtained all permissions required to commence construction?

Yes, Outline and full detailed planning permission has been granted.

Has a constructor been contracted to build Caracola Beach and Spa Resort?

Yes. Aliplus, a consortium made up of two major construction companies; Aliva-Stump C.A. and Lusmetal Construcciones y Proyectos C.A have been appointed as the constructor for Caracola Beach and Spa Resort. These two constructors combined forces over ten years ago and have since developed large scale infrastructure, commercial, residential and tourist construction projects throughout Venezuela.



When will construction begin?

Construction is planned to begin during the summer of 09.

When will the Property be completed?

Prior to the end of 2010.

Buying a property**What do I do if I want to buy a property?**

First you complete a reservation form and send it, along with a certified copy of your passport (or the original) and a utility bill (less than 3 months old) and the reservation fee of €3000 (either directly, or through your agent). At that point, we will take your chosen property off the market and issue your purchase contract.

What are the payment terms on the property?

Within 28 days of reserving your property, return the signed contracts, along with the 30% deposit, less €3000, with the balance being due at completion. If you pay the deposit within 28 days, you will qualify for a discount (see reservation form).

Can I purchase this via a SIPP?

Yes, this resort has been given outline approval by a small number of SIPP providers, including Pointon York, as it meets all the qualifying criteria.

What discounts are there available?

If you return the signed contracts and the balance of your deposit within 28 days, you will qualify for a discount. Similarly, if you chose to pay 50% deposit, instead of 30%, you will also receive a discount. And if you do both, then you will get both discounts, as per the reservation form.

What about if I want to buy more than one property?

The developer has chosen to use the highest quality materials and the best qualified and most professional construction partners to complete the Caracola Beach and Spa resort project, whilst still providing products that are competitively priced (so margins are low). The developer has therefore chosen to incentivise investors by offering:-

X% discount for clients who pay 50% deposit instead of 30%

Y% discount for clients who complete the promissory contract within 28 days

Clients will get both discounts if they pay 50% instead of 30% and complete the contract within 28 days.

This is instead of rewarding clients for purchasing a multiple units (there will be no discounts on offer for any purchases of less than 20 units).

Can I sell my contract before completion?

Yes, you can sell your contract before completion

Will someone be able to sell my property for me before completion?

Yes, we will create a re-sales market once the development has sold out.



Rental Information

When is the high season?

As Isla Margarita is NOT in the hurricane belt it is much more of an all round destination than the rest of the Caribbean, however, the busiest periods are between December to April and July to September.

Is there a guaranteed rental return?

Yes there is a 7% annual rental return that is guaranteed for 10 years. This is backed by an Insurance bond (through Chubb Insurance). This means that there is 100% certainty that you will receive your income, as opposed to developer guarantees, which are dependent on the developer fulfilling their obligations.

Will I get a higher return if the occupancy is high?

Yes the occupancy for the resort reaches 75%, your guaranteed rental income will be increased by 17.8% to 8.25% per annum for the remaining 5 years of the 10 year contract.

Can I have personal use of the property?

You can have personal use of the property if you do NOT buy through a SIPP. Your usage is limited to certain times of the year and the amount of weeks' usage will be deducted from the income on a pro-rata basis.

What costs must be deducted from the guaranteed rental return?

None.

When will the rental guarantee begin?

At completion.

Are the properties sold fully furnished?

Yes, all properties are sold fully furnished, as defined and required by Geneva Hospitality , the rental management company.

Are there any maintenance or service fees?

No, there are no such fees.

Do I need to pay property insurance?

Yes, this is THE ONLY cost you have to incur (it is not deducted from the rental income, but charged annually in advance). This is expected to be circa €60-100 per annum. A group agreement will be obtained by the rental management company.

Finance and legal

What currency is the property transaction carried out in?

All transactions are in Euros.

Why Euros?

Because the developer wants to insulate clients from exchange rate movement and as the developer is Spanish, it is more sensible to use the source currency, than to exchange it first into USD (for example) before exchanging it into Bolivars (the local currency).

Do I buy as an individual or through a company?

All units will be sold through their own individual Wyoming Limited Liability company, which will be set at the time of purchase.



Why am I required to buy the property via a Wyoming company?

This is by far the easiest and most tax efficient way of buying property in Venezuela. By buying through a company, you will not be liable for any local income, land registry or capital gains taxes. In addition, it makes the ultimate sale of your property easier (as you sell the shares in the company) and avoids exchange controls, which can hinder the remittance abroad of returns from investments in Venezuela. Your capital can be transferred to any destination you choose.

If you own a Wyoming limited liability company (LLC), you own a truly 'offshore' company and therefore can reap the benefits of a tax efficient corporation. Wyoming LLC's also do not have to publish details of ownership/membership or trading activity.

What are the tax incentives for purchasing property in Caracola?

As you are buying through an 'off shore' company, there are no closing taxes for Purchasing in Caracola – Other developments on Isla Margarita will incur land transfer charges and stamp duty.

This all sounds very complicated – is it?

No, not at all. You simply complete a reservation form and then when the contract is sent to you, it includes a company formation form, as part of the purchase contract, which you sign and return, along with your deposit – it couldn't be easier. We have specific notes and guidance on this subject if you require further information.

What about if there is more than one person involved in the purchase?

It's easy. Simply decide on how you want to split the shareholding and let us know at the time of reserving a property. The company formation will then reflect these splits.

Is all this completely legal?

YES, completely – in the past, only major investors have been able to benefit from this type of structure, but with Caracola, you can enjoy the same advantages usually limited to corporate funds and institutional investors.

Are there any annual property and land taxes have to be paid for buying on Caracola?

No, there are no such taxes applicable to owners of Caracola.

Socio-Economic and Political**What is the local population like?**

The World Values Survey has consistently shown Venezuelans to be among the happiest people in the world, with 55% of those questioned saying they were "very happy"

Isn't Venezuela a poor country?

Not any more, Due to the expanding Venezuelan economy, significant gains have been made in this respect. The poverty rate had almost halved from its 2003 level by 2007. Increased government spending has also improved the situation for the poor of the country, with increased access to healthcare and education. Significant economic growth has allowed Venezuela to sustain a large foreign aid program.

Is the Venezuelan political system stable?

Venezuela is a democratic, federal, multi-party republic with a formal constitution. Current president, Hugo Chavez, is popular in the country and has steered the country through periods of prolonged economic growth coupled with social reform. Presidential terms are 6 years, and a candidate can be re-elected to 2 consecutive terms.



Is the Venezuelan economy growing?

The Venezuelan economy has seen fantastic growth. As the 8th biggest producer of oil in the world, petroleum revenues have driven growth at yearly levels of over 9% per annum. These revenues are used to control inflation and sustain continued economic growth with internal reinvestment. It has strong trading relationships with the Us and most major European countries.

Isn't tourism only a minor part of the Venezuelan economy?

As the oil industry only represents a small percentage of total employment in Venezuela, other sectors including tourism have helped drive economic growth. There has been increased public and private investment in the luxury hotel and tourist industry. Isla Margarita is leading the charge to further increase Venezuela's tourist market, with 2.3 million visitors arriving in 2007 (and growing at 15% p.a.) Further to this, the government has issued a mandate stating that a portion of bank loans be allocated to tourism related companies in order to encourage investment.

Can the Venezuelan government requisition my property?

The Venezuelan constitution states that the government can only requisition property and land, if it is not used, and if compensation is provided for the landowner. This is comparable to The Compulsory Purchase Act (2004) of the United Kingdom. Caracola is an apart-hotel and as it will be operating (and therefore 'in use'), this cannot apply.

Is Venezuela investor friendly?

Increases in the tourist sector are being driven by government investment incentives. The key oil sector has also been opened up to foreign investment, with companies of 14 different nationalities being involved. The government is committed to maintaining a high rate of growth, and foreign investment is an integral part of achieving this.

Travel & Transportation

How far is Caracola from the Airport?

Caracola is just over 24km from the International Airport. The drive, along modern roads takes approximately 30 minutes.

How easy is it to get flights into Isla Margarita?

Very easy – there are direct flights from London Gatwick and Manchester (weekly), with First Choice, at circa £400 - £500 rtn, as well as direct flights from many other European and US airports. In addition Caracas, is a 35 minute flight from away and most major airports have frequent flights landing there. There are 3 airlines who operate shuttle flights to Isla Margarita several times a day.

Can I visit Caracola now?

Yes, if you reserve a property, you can come on the first available client tour (which are at least monthly), for a nominal sum of €600 per person. This includes all flights, accommodation and excursions. The tour lasts 4 nights and you will stay at the Hilton Hotel, approx 800 metres from the Caracola Beach and Spa Resort site.

What about the roads?

A sign of progress in a country is a good infrastructure network, and Isla Margarita is on the forefront for the next millennium. Its construction The roads are well developed and in nearly every case are just like roads in Europe and the US, with US style dual carriageways in the major towns and well kept tarmac roads elsewhere.



General

What are the entry requirements?

You will need a valid passport. Whilst EU and US nationals do not need to obtain an entry Visa (other nationalities will – these are issued by immigration officers when entering the country).

How do I get a residency?

You can stay for 90 days without a special visa from most countries. At the airport, they give you a yellow piece of paper which is your tourist visa. The next step toward Permanent Residency is the "Pase de Transeunte" which is sort of a temporary residency. You have to have two Venezuelan witnesses sign for you and a letter from your employer. Once you get your Pase you will be able to reside there for one year at which time you can apply for residency which lasts four additional years before citizenship.

What does the Island do for water?

Isla Margarita and Coche receive water from two underwater pipes coming from the mainland. In addition, Governor Alexis Navarro is evaluating the possibility of establishing desalination plants in some areas of the island. He has also mentioned that he is evaluating the conditions of the already existing dams and studying the viability of extracting water out of wells. As for wastewater treatment, six plants have been constructed to treat water and use the output for irrigation purposes.

Can I drink it?

No, you should use bottled water for drinking.

What about electricity?

The voltage on Isla Margarita (where supply is reliable) is 115V.

Can I use credit cards?

Yes, all major credit cards are accepted in most stores, restaurants, bars and clubs. Travellers cheques are also widely accepted.

Important Notice – Although every care has been taken to ensure the accuracy of all the information given, the contents do not form part of any contract, and as such should be treated as a guide only. Information is considered accurate at the time of going to print.

