

Your guide to fractional ownership & why it makes investment sense

Wikipedia says:

“Fractional ownership is a method in which several unrelated parties can share in, and mitigate the risk of, ownership of a high-value tangible asset.”

The benefits of fractional ownership

Citizenship investment through fractional property ownership is a smart way to invest in the highest end of the luxury property market, where value is most resilient. The Citibank Private Wealth Report from 2008 to 2013 showed that throughout the recent worldwide economic crisis, the type of property that maintained and grew investment value was in the high-end of the real estate market.

Five years after investing, citizenship recipients can divest of their Antigua property. The biggest markets for Antiguan property are in Europe and North America, which account for the great majority of visitors to the island. Over 80% of the GDP in Antigua comes from international tourism. Regardless of the citizenship program, the Antigua Alliance members believe the market to sell fractions of high-end property will always be better than the market for lower-end whole ownership apartments.

Most visitors spend less than 4 weeks in Antigua per year, and spending that time in a beautiful and well-located seaside accommodation is most attractive. This can be achieved in a fractional purchase without buying the entire property, and there will always be a better market for the better experience offered at the same price.

How does fractional ownership work?

Fractional ownership is freehold ownership of a property shared equally between two or more people, and is held through company shares. The company owns the property and is named on the title deed. Each investor owns an equal number of shares, which gives them a fraction of the freehold ownership and the rights to use the property or benefit from its rental.

How does fractional ownership differ from ‘timeshare’?

Timeshare is simply a contract between the owner of a property and a person who agrees to pay to have the right to use the property for a certain number of weeks per year. That person is the timeshare holder and he/she holds no claim to the title of the property and no ownership in the property at all.

Who manages the company?

The company has a director(s) whom are responsible for filing annual returns to the government on behalf of the shareholders. In the case of the Papaya Hotel & Spa, the director(s) is provided by the developer and is also responsible for:

- Ensuring the property manager fulfills their contract
- Ensuring the rental manager fulfills their contract
- Sending annual financial reports to the shareholders
- Returning any income to shareholders earned
- Divesting the entire property asset should a bona fide offer be received that will return a minimum of 5% annually to the fractional shareholders once the five-year citizenship hold period has ended

What is the management fee?

The developers of Papaya Hotel & Spa have guaranteed that each fractional property purchased will **have no expenses to the investor for the five-year hold period** until they can be divested.

Who manages the property?

The management of the property on behalf of the ownership company and its fractional shareholders will be taken care of by the hotel's management company Papaya Hotel & Spa Limited. The managing partner is Angelo Zaragovia.

Who rents the property?

The rental of the property on behalf of the ownership company and its fractional shareholders will be taken care of by the hotel's management company Papaya Hotel & Spa Limited. The managing partner is Angelo Zaragovia.

How do I sell my fraction?

After 5 years, the fractional ownership of a Papaya Hotel & Spa property can be sold in the following ways:

- Re-sell the fraction to another citizenship investor whom can then use the investment to apply to the Antigua & Barbuda citizenship program
- Sell the fractional investment to a lifestyle/vacation purchaser through a number of international property sales companies
- Your fraction could be sold as part of the entire property if the company director receives a high enough offer. This is more likely in the international market with a unique high-end property as part of a larger hotel sale.



How much does my fractional property ownership cost after purchase?

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