




The Decider

DAVID V. JOHNSON WANTS YOU TO VISIT OIL NUT BAY RESORT

An investor conversation



In 2006, long-time Michigan developer David V. Johnson and his wife Pam ended a six-year journey when they chose Oil Nut Bay, Virgin Gorda, BVI for what he calls his “grand finale:” a 400-acre resort of up to 100 villas, where they would live for the rest of their lives.

Since then, they have faced daunting obstacles: The Great Recession arrived around the time they purchased the property, and a Category 5 hurricane in 2017. Today, however, the resort is booming. With a spend to date of in excess of \$400 Million (more than 32 villas have been completed, with 10 more under contract, along with roads, infrastructure, and two restaurants), David is ready to show the world what Oil Nut Bay and the British Virgin Islands have to offer.

Late Fall last year, David sat with Business BVI to discuss the resort’s past and future.

What keeps you up at night 12 years into the development of Oil Nut Bay?

That's a complicated question, because it's really a "How did I get here and what was the goal?" I've done 43 developments over 40 years. And this was six years of going to 13 countries to decide where I want to personally spend the rest of my life for Pam and I. So this became, "We want the best place for us and a few special people." This is not a big real estate project, it was and is a very personal journey. It's going to have a minimum of 50 independent villas and not more than 100.

Fifteen years ago, 2004, is when I came in and met with the BVI and [then-Premier Dr. D. Orlando Smith]. I gave my word that I would build this in 2006, and then we ran into the worst economy in the history of the world since the Great Depression. There was a global economic crash in 2008. And November 26, 2008 is really when we bought up 400 acres — with Lehman bankrupt, Dow at 7,400 — and then started up full blast. Everybody thought I was completely crazy.

It was a very personal commitment, because no banks, no one believed that anything could be built. I wasn't under some giant corporation coming out of New York. All those had gone bankrupt throughout the Caribbean. So from the beginning, using the willpower and determination and personal capital to build what's here. What keeps me up at night is that this is the best place in the Caribbean, however it's the most difficult to get to. So creating better air access is absolutely critical for the future of tourism.

After Irma, we were determined to leap forward

and not only restore but go way beyond. Now with all of the infrastructure completed, we're building spec homes for a world that wants instant gratification. We really just got to the point where it's time to go tell the story to the outside world and bring them here. We've been very quiet about it, and kind of waiting for people to walk in. Well, we need to accelerate that and create momentum and show them what's been done here, and have them come and see it.

One of the major things that also keeps me awake at night is we need a thriving, healthy local community. We have to continue to focus on the schools, quality of education, and quality of life for all people in the BVI, because we need everybody to make it work. It needs to be attractive for people to come here to work and live. You talk about a labour shortage in the United States: There's a major labour shortage here. We need to have a warm, welcoming attitude from business and government to bring people in to do the jobs because there's not enough people here to do the jobs. We need to create an environment for people who are living here now and who have been here for their whole life — Belongers and everybody else — but also to attract an ongoing high quality workforce. You can't do that by just quadrupling work permit fees.

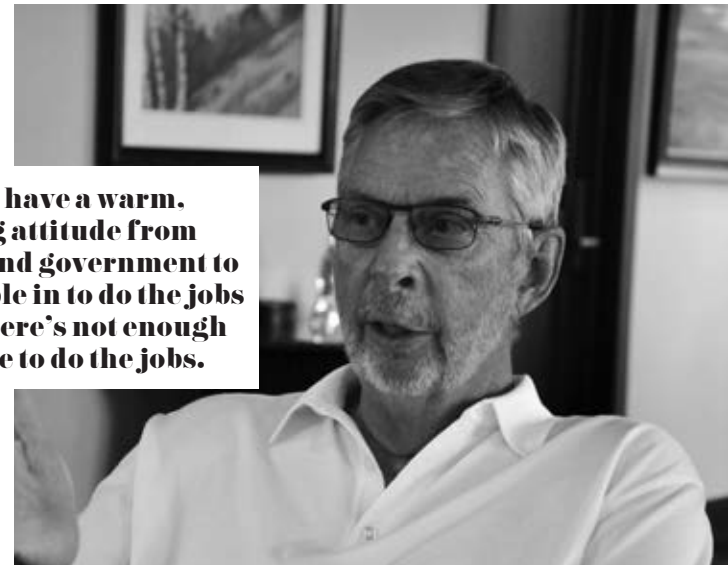
As a developer, you did extensive research around the Caribbean in trying to decide on the best location for your development. Why did the BVI end up on top of your list?

We decided to make it an interesting, fun and educational journey. We built a yacht, planned out a course

of action, and went to 13 countries to say, "Let's get it right." We wanted a 10-month season of 80 to 82 degrees, as a result of my broken neck I cannot handle the cold in Michigan in the wintertime, nor can I handle 90 degrees, because it takes me 10 times the energy to walk is it does somebody else.

We said our goal was government stability and safety, no corruption, physical beauty, and usability of the water. We spent two years looking at the Bahamas because of its proximity to

she was young, wanted to go where there were kids. So we wanted to build what we could share with others, but create a completely different paradigm to any typical resort development, in that we would have no branded hotel. It'd be a collection of unique villas, kind of like Mustique, except that they're in harmony with the land, and not to exceed 15,000 square feet. It's not, "I'm going to show you how rich I am." Our theory was you create these different neighbourhoods inside of the 400 acres.



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the United States. Everything I do is science and art. The science side of the Bahamas is that the ocean is 11 feet deep and it's cold at Christmas because it's so far north. So when the water heats up to 90 degrees, which it does in April, the air temperature generally stays above 90. What people don't realize is that water depth and wind control the air temperature.

The vision was, I wanted the effects of a private island, because I own another private island, but I live there alone: My daughter, when

Back to how we got to the BVI, government stability was essential, financial services was a big part of it, and there was a long history of tourism. The tourism industry was tired, with Little Dix Bay 40+ years old. Sir Richard Branson on Necker had done and continues to do a masterful job marketing Necker, which is the number one global island destination. I wanted a collection of owners who had like values for the environment and land and sea, and were interested in being part of a generational family



We wanted enough land where we could have our own master plan, our own architectural guidelines, and make a difference.

community, with a sense of responsibility to land and sea to make it better and to be part of the community.

We ruled out the French islands over real estate title issues. We ruled out Dominica because it was underdeveloped: It was almost like Jurassic Park. We looked at the history of each country. My 30-year mentor was Rich DeVos, who had a long history in the BVI and formerly co-owned Peter Island. Their family exited Peter Island, but he continued to come to me and say, “I did what you’re doing. The BVI is the best place.”

In the BVI at that time, it took two years to buy a house, and we went to the government and said, “You need to create exit value for your whole country. We think it’s in your best interest — not for David Johnson or our development that we want to create, but for the country — to change the land holder licence process to 90 days automatic transfer of title, as long as nobody has a criminal history and they have clean money.” The wisdom of the leadership of

the country to do that and to open up telecommunications were very positive steps and that was another reason. But really, the determining factor besides physical beauty was the tremendous people of the BVI and the culture and the long history. So over six years, we narrowed it down, continued to come back here, and then made the commitment to be long-term BVI Residents.

Tell us about the first time you came to Oil Nut Bay. Was it love at first sight?

I came by boat. I’d done a tremendous amount of homework. We rented a house — Steele Point on Tortola — and then rented a helicopter and researched every single Island, every single piece of property over 100 acres. We wanted enough land where we could have our own master plan, our own architectural guidelines, and make a difference. I didn’t want just a house for myself. I wanted a community where we could create something that would be totally unique.

I landed in a helicopter

and then rode around in a dump truck. I flew round and round and round in my helicopter, I went around it by boat, and fell in love with both Oil Nut Bay and North Sound. The neighbourhood of North Sound is what’s completely unique, when you combine Necker, Eustatia and everything in North Sound. The goal was also — since I had a megayacht — to create and pioneer long-term destination for megayachts.

Where are you now with realising the vision that you had 15 years ago for Oil Nut Bay? Has that vision evolved and tweaked?

I’m extremely proud of everything we’ve accomplished. It’s perfected every day. Because I have no partners and no debt, we can have a meeting and say, “The Ridge villas are sold out; what are we going to do?” And we can take an area like the Boulders on the wild side and change the product type, - lot size and price. That gives us the ability to be nimble to react to changes in the market. I don’t have to go

get approval from financial partners or banks.

I’ve become more and more personally embedded into the community. I am a BVI Resident and I am proud every day. I’m extraordinarily proud of rebuilding the Robinson O’Neal Primary school: Not only rebuilding what was there, but making it a state-of-the-art Category Four hurricane structure with windows, air-conditioning, microwaves and televisions in the rooms, and desks and furniture — the project budget doubled from conception to completion. Putting medical equipment in a Virgin Gorda hospital, or leading the charge on a VISAR boat and continuing to play a role to provide leadership by example, I think, is among the best ways to demonstrate commitment. Through the North Sound Foundation, everything we do, we do it as quietly as possible to let the acts speak for themselves, versus talking about it and pounding our chest about it. We had tremendous financial support from our Owners through the North Sound Foundation, but we’re part of a coalition

of the neighbourhood and lots of big players throughout the BVI that play a critical role every day.

Look, I live here nine months a year. And when I'm not here — you know, I may be riding my horse in Michigan, which is my freedom of movement and legs from the broken neck — I'm thinking about it every day: how to make it better. This is not business anymore: This is a personal endeavour to do as much as we can to make the BVI stronger, Virgin Gorda stronger. It's now a mission to create the most unique neighbourhood in all the Caribbean, if not the world.

Fifty percent of my time goes into people. We've got almost 100 full-time staff that are a combination of Belongers and the greatest leadership team that can be assembled in a challenging place to live and work.

Is there one decision that you could put your finger on in terms of being the most challenging in making this a reality?

In 35 years, I've never been to court before this: when we bought out our 50 percent partner at their insistence in early 2007, and then they came and wanted an extra \$40 million four months later. We ended up asking for arbitration and then defending ourselves in court and prevailing. The decision to buy it and go forward on November 26, 2008, in the bottom of the world economic collapse, versus taking \$25 million of award of damages and walking away with the money was a life-changing, monumental decision and a total commitment to say, "I'm here for good."

The next major decision was not waiting for insurance in



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2017 — not waiting for anything — and personally coming back here five days after the hurricane and saying, "We're rebuilding everything." We took care of all of our owners. All of our owners are champions of what we did. We're very proud that our owners see the wisdom of rental management in bringing tourism, and we now have enough homes built where we can host groups. We have one coming in tomorrow of some of the most successful people. They'll be here for five days.

Virgin Gorda itself has a unique and well-established brand globally in the resort and the travel space. How has Oil Nut Bay, in your estimation, enhanced that?

The BVI, and especially Virgin Gorda, are long-established global tourism destinations. Virgin Gorda was really put on the tourism map in the sixties by Laurence Rockefeller creating Little Dix Bay. He did it in an environmentally sensitive way, where he created national parks as part of it. I look at it and say, "Okay, here's the history, but how can we do this to really create a community in harmony with the goals and objectives of the BVI, which is to maintain pristine physical beauty? So that it's not overdeveloped, and that it is really developed as primary single-family homes versus timeshare,

fractional ownership, and that kind of thing." We looked at it and said, "Is there an opportunity here to take this to another level?"

Our competition really was St. Barths and Hawaii. We said, "Look, is it possible to create a new generational community that's extremely low density?" We were permitted for 400 [villas] — encouraged by the government to build 400. Nobody could believe that on 300 acres, we were going to put 88, and now on 400 we're basically at 100 — so a fraction of what could possibly be, with 50 percent of the land in permanent green space. The amount of attention to infrastructure and detail doesn't exist in very many places on earth. Roads have seven conduits through solid granite under five miles of colour concrete, now with fibre running. When I came down here the first time, we couldn't get cell phone signals, let alone satellite signal on a phone. Now we can stream Netflix. It's pretty amazing, the transformation.

We looked at it and said, "Is it possible to take the historical values that exist, the physical beauty that exists on Virgin Gorda, and then create a price point that went from two to fifty million — that didn't exist at that time except on Necker or very few individual homes — and create a global destination with Oil Nut Bay?"





We are every day working to get to carbon neutral; have solar throughout Oil Nut Bay. Our owners are only allowed to have electric vehicles. We will get to all electric. We have the Community Stewardship Organisation. That is 0.4 percent of every one of our sales — developer sales and forever on resales — that goes into the Community Stewardship Organisation that puts on environmental seminars, funds the Nut House and Nature Centre programming. It's our goal to instill into children and grandchildren a sense of responsibility to land and sea by bringing in the world's experts or doing special projects and also everyday best practices. We just had 150 Hawsbill Turtles hatch on the beach. That's been very successful, and that manages the 50 percent of open space that we have.

In terms of the Oil Nut Bay customer, how do you thread the needle between the baby boomers and millennials?

That's a great question. We want anybody of any age who shares our values for land and sea, and for the fact that we're a generational family community that's focused on land and water and activities and in leaving the BVI better than we found it. So how do we do that? The answer is that unlike other places, we have gone out and said, "We encourage you to be part of the neighbourhood." This isn't like the old theory of a private club, where somebody comes here and shuts everybody out.

No matter how successful people are, they want value. We deliver the best services at the best price with the lowest dues, and encourage them to then go out and experience all the other opportunities in the BVI: restaurants, CocoMaya, Cooper Island and Saba Rock. Fifty percent of our owners have never owned a boat. Unlike what people may think, only two have their own private jets: They're flying commercial to arrive here. That's why air transport is so critical, especially for renters.

Most importantly, we've differentiated the options of ownership on the site with 10 different neighborhoods so that you can have a two-bedroom and it's next to a six-bedroom. We don't have the lord and serfs. Everybody fits together, shares values. So how is that played out? Well, in 10 years that demographic is that we're about one third 45 years old and younger with children. We're one third European, one third under 45 years old with kids and the remaining is 40 to 80

You have to have the determination to bring the vision to reality, and you have to have the courage to police the vision.



with kids and with grandkids. We make it fun and educational. We are youth focused. If a kid can come here and be thrilled to have fun while (s)he's learning how to leave the world a better place, then we're a success. Our people share those values. That was evident by their contributions to the North Sound Foundation and to the greater community.

We want the world's best architects. Any architect and any builder can come here to build with our master plan and architectural guidelines, which we've perfected over 40 developments in 40 years. We have the first master deed ever recorded in the BVI, which restricts 10-acre parcels from being subdivided. That is an extensive document which permanently restricts the land to one-storey homes, with walk out lower levels in harmony with nature that are substantially stone and either copper, slate, synthetic

thatch, cedar shake or green roof. We don't have anything against a four-storey white house or pink house: It just can't go in Oil Nut Bay.

What I've learned through the years is you have to have a Vision. You have to have the determination to bring the vision to reality, and you have to have the courage to police the vision. We want individual architectural statements. Every house is different. And we have that. But when an individual architect wants to go off the rails to make his one house, you know, three stories, we go to him and say, "With all due respect, go someplace else." People are shocked when we do that. And we've done that and refunded land deposits and said, "This isn't for you." So now what we have is a very well established marketplace with sold values that are multiple times higher than anything else in the BVI except for Mosquito



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developed by Sir Richard with 10 total homes, with which he's done a great job. Now we have built over 40 homes here and have major investments from our owners with over a million dollars a week going back into the BVI economy.

We have 41 existing owners. Some own a few properties. Our goal is to now tell the world, "Bring them here," and together with the BVI government and tourism, accelerate the pace here. Because the infrastructure's here. The resort core is finished. It's quiet enjoyment. We're a fully operating resort with two restaurants and about to open a third.

Are there any lessons learned? If you had to do this all over again, are there two or three things you would say, "I would do differently"?

My life is based around this. The reality of success is continuous improvement. You don't believe your press releases at the top and you never give up at the bottom. Wherever we're at, we are continually evaluating how to make it better and adjusting.

There is a tremendous housing shortage and labour shortage in the BVI now with Little Dix Bay opening back up with more to come. I take tremendous pride, even though

it was extremely costly, that we never laid anybody off. We kept everybody working right from the hurricane on: took care of their families, took care of the people on Virgin Gorda. And we just had a company meeting and said, "This is a family. We need to be together. We're going to add some new people, but we want to keep everybody we've got."

It was heartbreaking to see the damage from the hurricane. Ten years of my life had been spent to make this place perfect, and it was perfect. And somebody calls me up and says, "Don't ever come back. It's not worth it." Everything we've done is science and art, and the science paid off: We had no structural damage except for some houses that were under construction. But lost landscaping, we had broken glass. There'd been nothing like this in 400 years. I was at a wedding three days after, and Rich DeVos pulled me down — he was 92 — and said, "God gave you the strength to

build it, and he'll give you the strength to rebuild it."

I went home and got on a phone call at 11:45 PM at night until 3:45AM the following morning, went building with my construction [team] and realized we didn't have infrastructure damage or structural damage. We said, "We can rebuild this; we're going to rebuild this." It is my mission to demonstrate leadership both for the people of the BVI, for the people who work here, for our owners. And not only rebuild it: make it better.

We have people who come down, they're blown away by the difference and what Oil Nut Bay is. Nothing does it justice but coming here and seeing it, and we need people to come and see it. All of the things that are the reasons that I came here are that much truer today. It is a 10-month season. It is the best country. When I landed five days after the hurricane, I looked out the window of our plane, which we had special permission to land at Beef Island, and I thought I was in Iraq. There were 500 British Marines and gunship helicopters and C130s. The beauty of the BVI is its partnership with the British: It has the unwavering stability, financially and safety-wise. There was no chaos, which other places experience. You need rule of law. You need ongoing commitments. The world is always changing.

Everything that I currently do, and with the development sizes that we've done — they're not five-year endeavours. This is a lifetime endeavour, where I live.

As we continue the development of tourism in the BVI, what should be our take away from the Oil Nut Bay development?

First, I think that the character of the BVI must be preserved. On the same token, anybody who's sitting around saying, "We want to be exactly the way it was in the old days" is stuck in the past. Tourism must be globally competitive today, with the average vacation being four days. You cannot travel 12 hours to do a four-day vacation. So improving the runway and air access is essential to the survival of tourism and financial services and the people of the BVI. That's absolutely the number one thing that's needed for the future of the country. Every other country in the region has it.

At the same time, I want the government to take bold steps and partner with private funds and take some of Crown land and then make national parks — like is being done expanding The Baths a little bit now, but in a few other locations. Create more national parks and less development. I think it's critical. We have proven at Oil Nut Bay that the world's most successful people will come here and are coming here every day. They will pay a premium if the character of the country is preserved and consistent with what Oil Nut Bay is versus another condo development in Florida.



If you had to pinpoint a couple of those tracts of land for national parks, where would they be?

North Sound. North Sound is the defining place of the neighbourhood. I think what Petr Kellner's doing with the redevelopment of Saba Rock is sensational. And now Mosquito is coming to life with people moving into homes. The creation of that as being globally recognised is a part of the statement of the BVI. Every megayacht in the Caribbean is coming in to North Sound. There's other places throughout the BVI, but that's a prime spot.

I would suggest that private money is sought to improve the land for the general public and Belongers: to put restrooms to make them real usable parks. This is the tourism identity for the BVI to pound on its chest and say, "This is the new neighbourhood that can compete and surpass St. Barths and Mustique and other places." Prickly Pear is already a national park; if you mirror that on the other side and preserve this and have this character of the green space.

It is a bold way to look at it.

My gift from God is to see not what exists but what can be there 40, 50, 100 years from now. Everything that I currently do, and with the development sizes that we've done — they're not five-year endeavours. This is a lifetime endeavour, where I live. We just sold a lot to the most knowledgeable buyer. He came here and he said, "Okay, I get it: I'll pay a premium. It's the first place I've been where the owner-developer lives here and lives with the residents. And the attention to detail is something I've not experienced anywhere else."

This development has witnessed several changes in administration at the governmental level. What has been your guiding philosophy in managing that process?

I think that we worry about those changes, especially in the early days. When Honourable Ralph O'Neal became premier, which was a big shift, he asked me to come with him to Miami to a Caribbean conference. And he says, "The role of the government is to demonstrate consistency, and the proof is in the pudding. And I brought the pudding." And he started talking about David Johnson, and he said that his government would continue to support what had been done there. I think that the difference today is through the actions of 13 years we've demonstrated that we're here to make the BVI better, the neighbourhood better.

You referenced the “North Sound neighbourhood.” How do you see Oil Nut Bay continuing to influence that neighbourhood?

10 years from now Oil Nut Bay will be substantially built out. In 30 Years, its character will be what it is today. It was built in harmony with nature, and the land speaks for itself. We also have a group of owners. I am not a guy who made a fortune doing something else and came into this development: This is what I've done my whole life. And this is a finale. I get to meet the world's most successful people. I went to lunch one day: I go to each table and talk; one guy said, “I make all the carpet dye in the world.” I find that fascinating, and they're coming to the BVI.

The goal is to make the necessary improvements and commitments today for the country to ensure that those restrictions that are on Oil Nut Bay be placed into the country. We have 50 percent dedicated open space: The national parks help ensure that for the country versus overdevelopment. One of the concerns of increased air access is that it will stimulate overdevelopment. There's no reason that it needs to do that. It makes it convenient for the right kind of people who are committed to the values that exist. So, national parks, transportation, and continuing to evolve and pioneer new industries that may be as bold as financial services was when it came in to be a part of the BVI. Finding the next financial services to complement tourism is what needs to continue to be a goal of the government.

We're very much in a partnership with the BVI government and very strongly see the value of the role of the British here, because it provides global stability in the potential buyer-owner that's coming to invest in the BVI. This is extraordinarily safe in an unstable world and physically magnificent, which has to be the mission of any leadership of the government going forward — and encouraging the right people to continue to do the right thing: redevelopment of Gun Creek or accelerating redevelopment of some of the other areas. I'd love to see a golf course in the BVI.



Oil Nut Bay helped us to move from the days of Rockefeller, who came in the late fifties, early sixties where tourism investment had more of a philanthropic side to it. What you did at Oil Nut Bay was to build on those qualities in a way that's financially viable. As a destination we needed to make that transition. Today it's the model: Everyone accepts it. What are your thoughts on that perspective?

Your thinking is completely accurate. My goal was to create a viable economic engine that continued in perpetuity to benefit the BVI. With the proper air access, there's no reason that \$5 million a year — every year, forever — shouldn't come out of here in stamp duty, because you'll have both new sales and re-sales: Peoples lives change; they sell it and turn it over.

You have jobs and you have a labour market. I think that we need government's cooperation for ferry transports, affordable housing and concentration on green energy — and creative solutions to work together to support that side of it. But I'm the healthiest I've been in 15 years, and I love being here and I love the owners who we have and the guests who come in. I'm dedicated to doing it. Every day I'm trying to make it better. Most guys dream it up, follow through about 60 percent, and go on to the next one. I live here, and it's getting better every day.

Every day we're trying to perfect new global purchasing; how to perfect shipping to lower costs; how to get fresher food here faster; how to grow food; how to maximise the benefit of fresh fish from the sea. It's one thing to build the most unique buildings, but to operate the resort at a level that hasn't been done is our goal.

What would you estimate so far has been Oil Nut Bay's economic contribution to the BVI over the duration you've been here?

Well, we know that more than \$400 hundred million has been spent at Oil Nut Bay: from '08, '09 at a million dollars a week — both through '08 and '09 when nothing else was going on and then, after the hurricane, opening to the general public to say, “The country's here.” I think that the proof is we built it right. There are tropical storms and hurricanes in the Caribbean. Look, there are raging fires in California today. There are tornadoes every day throughout the United States. There is no place in the world that doesn't have weather chaos. The fact that some of the press continue to dwell on Irma is unfair because we're here: We're stronger, we're better. BVI now needs to take bold leadership — with the new premier, with the governor together — to advance so that the next 50 to 100 years are the best the country's ever seen.

I have learned through the years that people are afraid of change. All people are afraid of any kind of major change. The runway shouldn't be looked at as major change. It is necessary infrastructure. It's as necessary as modern Wi-Fi; it's as necessary as fibre optic; it's as necessary as the hospital was; it's as necessary as sewer and water systems are. It's the fundamental link to being able to get people in and out of the country. And what we experienced in Irma was we were shut down because St. Thomas, St. Martin, Puerto Rico — everything else was closed. Had we had our own transportation, we wouldn't be dependent on other people. As successful as the BVI is, it's the one missing link. It is in everybody's best interest.







You were instrumental in pioneering the superyacht facilities at Yacht Club Costa Smeralda. Is there a light at the end of that tunnel where that facility will be back online in the near term?

We pioneered the superyacht industry coming here, pioneered the regattas coming here, and are determined to bring them back. We have Oil Nut Bay marina that we have expanded, but it won't take the 300-foot yachts. As such, we're going to the Antigua boat show every year, inviting the yachts to come to the BVI, and working for creative ways to build it back.

There seems to be some dark clouds economically at a global level. What is your view about that? Do you see it getting to a point where there is an economic downturn within the next 12 to 18 months that obviously would have implications for BVI, particularly from a tourism standpoint?

I spend as much time as I can on those issues. We do not see in 12 or 18 months any kind of global downturn. The world is becoming a smaller place every day. The amount of innovation that's taking place and the speed of change is staggering. I think that technological changes and artificial intelligence and increased speed of communications are all big things and the successful people in the world are looking for the best safe place to come to. And the BVI is very competitive with a few more infrastructure changes could further enhance its position.

How is the winter ahead looking in terms of business for Oil Nut Bay?

Fantastic, all of the years of investment and quality infrastructure are now complete and it is easy to see that every person who comes to Oil Nut Bay is blown away. We have just a few lots left in each neighborhood so people realize if they don't at least secure their lot they will miss out! | **BB**