

REAL ESTATE DEVELOPMENTS WITH SOCIAL IMPACT



PREPARED BY

GARCIA CARMONA MANAGEMENT GROUP
REAL ESTATE

THE IMPACT OF PUBLIC-PRIVATE COOPERATION TO URUGUAY DEVELOPMENT

Tourism outstands for being a sector that represents one of the business activities with the greatest potential for global expansion, and an engine for economic growth.

While the appeal of tourism is significant at the national level, it is an essential tool for regional development at the local level.

In such a competitive sector, companies must develop synergies and achieve competitive advantage.

In this context, public-private partnerships play an important role in the place where developed.

The aim of this document is to present our experience in this area in Uruguay and our contribution to the success of its social and economic development.



A NEW INICIATIVE TO PROMOTE SMALL AND MID-SIZED INVESTMENTS AT TOURIST SECTOR

In 2009, despite the lack of hotels of a certain category at Montevideo city, large companies of the region did not engage in this line of business.

For this reason, García Carmona, and a group of investors, proposed to National Government a initiative for the construction of new buildings under the "condo hotels" program, so small and mid-sized investors could take part in the financing and their subsequent exploitation of new hotels, receiving tax incentives in return.

Thus, those who invested in Apartments of new buildings, that they would be applied to hotel use for 10 years, would receive in return from the Government a tax reduction for both their construction and exploitation.

After teamwork with the local authorities, on December 29, 2010, an Executive Order was issued, whereby Uruguay approved that investments made under this modality enter a national investment promotion plan to encourage growth in this sector.

Thanks to this new regulatory framework, the country received real estate investments for the hotel sector in over 1.5 billion dollars over 10 years.

Today these hotels contribute to the economic and social development of the most important city of Uruguay, Montevideo.



"During my administration we worked with García Carmona to promote the construction of new buildings for hotels and housing in Uruguay, and the result was over 1,5 billion dollars, which represented work and development for our country."

JOSE MUJICA
President of Uruguay
(2010-2015)



"We received a proposal from Alberto García Carmona and his team, and we worked together to understand the details of an innovating system and translate it into a regulatory framework that would be attractive for the proposed investments. The results were very positive, as they made it possible to achieve their projects and those of other investors, aimed at strengthening the conditions that make Uruguay a great touristic destination."

ANTONIO CARAMBULA National Investment
Promotion Agency Director (Uruguay XXI) and
Secretary of Tourism of Uruguay (2010-2015)

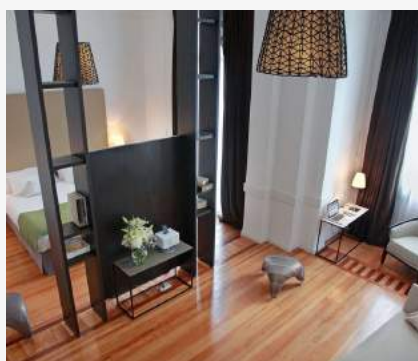
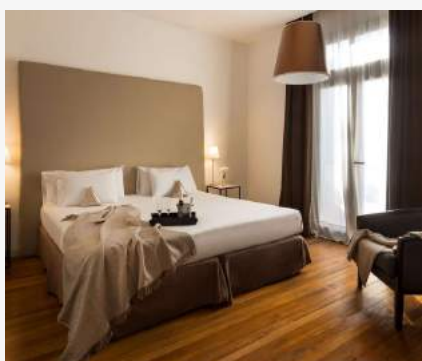
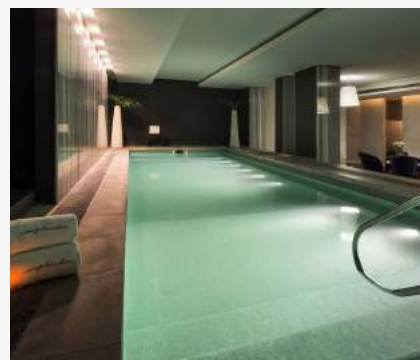
NEW DEVELOPMENTS



The first property where investments began in the country was the historical Cervantes Hotel, with the purpose of recycling it and returning the greatness of the past to a building declared Historical Heritage of the Montevideo City.



TODAY IS THE ESPLENDOR CERVANTES HOTEL



MONTEVIDEO ART DISTRICT



The investment for remodeling and putting into operation Hotel Cervantes was the starting point to create a new area of cultural and touristic interest in the city. A new Art District called "Barrio de las Artes". The idea was to foster literature and art in general from the hotel itself and other shops in the area, by creating spaces and activities.

Garcia Carmona Management Group signed an agreement with the City Council to promote this initiative. With this deal the establishment of new investment in new bookstores, literary bars, and other related shops is promoted, to give the area a new look and preserve the tradition of historical resources.

The integral project includes restoration and cleaning of buildings' facades that are close to the hotel, improvements in lighting and security, among others. It also plans of an annual awards ceremony to acknowledge the most outstanding figures of art and culture of that country.

Not only new shops have been settled in the area, but important investments have been established as the new headquarters of the Andean Development Corporation (CAF).





HECTOR LESCANO

MINISTER OF TOURISM
URUGUAY
(2010-2015)

"It is an honor for the country to recover an emblematic building, which reflects the talent of engineers, architects, and decorators to maintain the essence of a building that was declared historical heritage of the city." "



ANA OLIVERAMS

MONTEVIDEO CITY
MAYOR
(2010-2015)

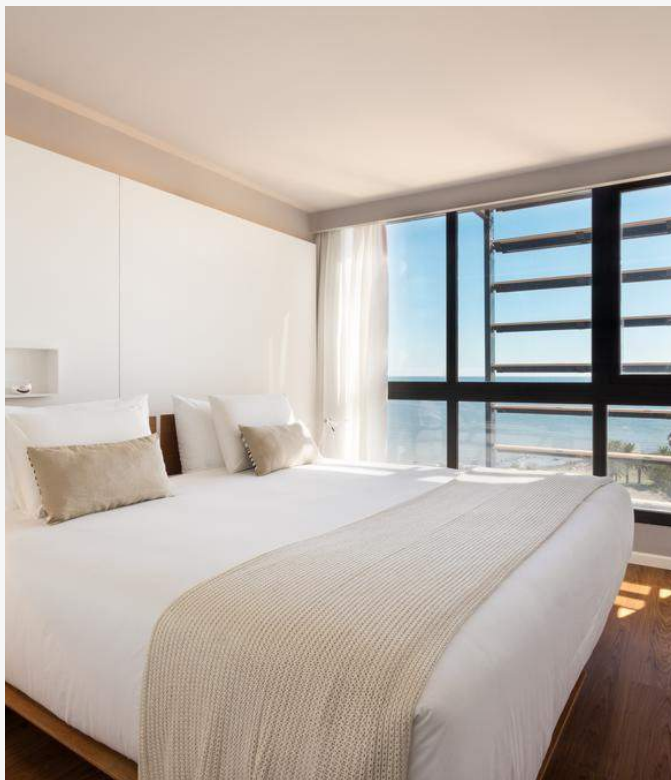
"I received the proposal of Alberto García Carmona and his group to create an Art District in our city, which later we called "Barrio de las Artes". The goal was to reactivate an area with art and culture related undertakings with two public focus points: Solís Theater (our Opera House) and Sala Verdi. The renewed and emblematic Hotel Cervantes, later "Esplendor Cervantes", evidences the relevance of public-private articulation, a strategic axis for our District's development. In addition to the institutional approach, Garcia Carmona adds a fundamental element to this equation: his personal commitment to this initiative and the searching for right alliances to make it possible."

NEW BUILDINGS

Thanks to the new Condo Hotel system, the construction of new buildings continued and in 2015 the second one was inaugurated. With a capacity of 249 apartments, and located in the Pocitos neighborhood, a neuralgic center for offices and businesses at Montevideo City.



To satisfy the demand for new 4-star hotels, the construction of the third building was completed in December 2017. With a unique location in front of the Golf Club, and 279 apartments, today is the largest Condo Hotel in Montevideo and Uruguay.



NEW INCENTIVES FOR AFFORDABLE HOUSING



REPLICATING A SUCCESS CASE

Uruguayan Government, taking into consideration the Condo Hotel program, and having new buildings converted into hotels, proposed to work in a solution for affordable housing with a similar tax incentives package for small and mid-sized investors to build new apartments for the middle class people.

It was so, and after some months of working, Law 18795 was enacted establishing the Affordable Housing Regime to encourage the construction of new buildings, but this time, for residential apartments to buy or rent.

AFFORDABLE HOUSING LAW



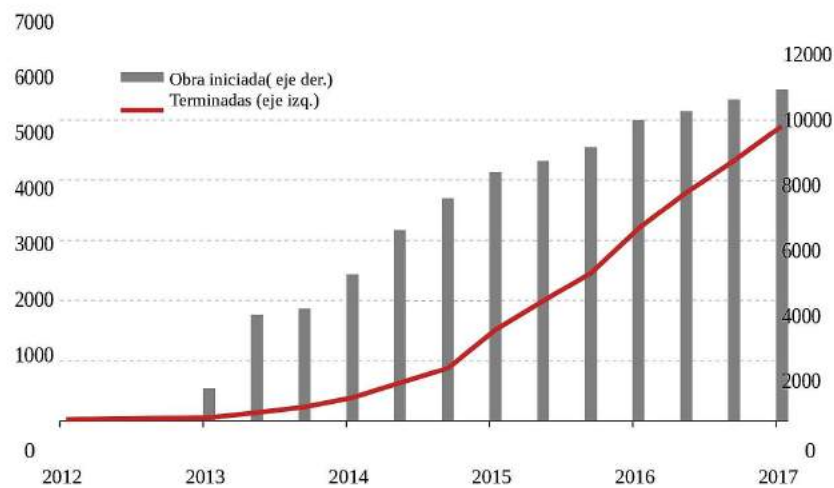
Law 18,795 promotes private investment in affordable housing by granting tax exemptions. This law is aimed to make access to housing for middle income sectors, and fostering private investment in construction, for remodeling or expansion which can be sold or rented.

Benefits granted under this scheme include:

- Income Tax Exemptions deriving from the first sale or, in the case of housing intended for rental, the exemption applies to income for the year when works are completed and the following nine years, ranging from 40% to 100%, according to the undertaking area.
- Value Added Tax and Equity Transfer Tax exemptions.
- Creation of a Trust Fund to facilitate access to bank loans to small and medium-sized investors.
- Granted bank loans
- Mortgage Loan Trust Fund

RESULTS

Houses built under “Affordable Housing Regime” in Uruguay



Source: Uruguay National Housing Administration

More than six years after the approval of the Affordable Housing Law Uruguay was effective in redirecting private investment towards the construction of new apartments for middle-income class people.

Through this mechanism, 538 new developments have been submitted, which represent the construction of almost 10,000 new homes in a country with 3.5 million inhabitants.

WHO WE ARE

THE PEOPLE BEHIND THESE PROJECTS



**ALBERTO
GARCIA CARMONA**
CEO

Economic and Social Entrepreneur, lawyer, grantee of the United States Department of State and the Foundation for Economic Education (NY)

Former Director of General Motors Corporation for Argentina, Uruguay, and Paraguay.

Today, through different investment projects, he seeks to provide experience and service vocation in order to achieve goals and results that are part of a personal and professional life.

www.garciacarmona.com



HERNAN CLOTTA
PROJECT DIRECTOR

Director of Estudio Clotta & Associates with wide experience in the development of important projects in Argentina, Uruguay, Paraguay, and Peru. Specialized in work management, construction and advice to companies.

www.estudioclotta.com.ar



**MAURO BERNARDINI
CECILIA TIMOSSİ**
INTERIOR DESIGN
DIRECTORS

Architects specialized in interior design, lighting, equipment, and landscaping. They participated in many projects, like the restoration of Hotel Cervantes in Montevideo, together with the technicians who worked in a similar process for Solis Theater in the same city, the most relevant icon of Uruguayan culture.

They also participated in the restoration of the Museum of Fine Arts in Argentina, and the first hotel in Buenos Aires (Hotel Phoenix), among others.

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