

**Kyle Rawlins**

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**Atlântica Residencial, S.A.**

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# **Latin America: Opportunities in Real Estate Development, Investment, and Finance**

**ULI Conference**

**May 22, 2003**

**Miami, Florida**

# Agenda

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- ◆ **Atlântica Residencial**
- ◆ **Why Brazil?**
- ◆ **The Residential Opportunity**

# Track Record – Nilópolis Shopping

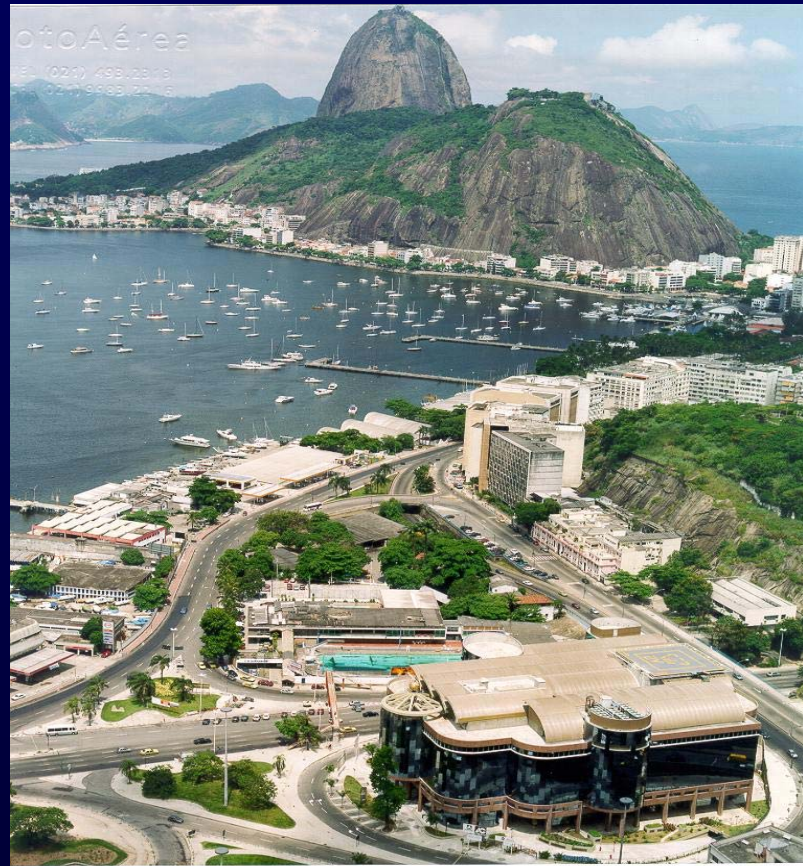
- ◆ Regional mall
- ◆ 12,559 m<sup>2</sup>
- ◆ Completed May-2002



Nilópolis – Rio de Janeiro

# Track Record - Centro Empresarial Mourisco

- ◆ Class A Office
- ◆ 42,750 m<sup>2</sup>
- ◆ Completed August, 1998



Botafogo – Rio de Janeiro

# Track Record - Parc des Princes

- ◆ **Luxury residential**
- ◆ **400 Units**
- ◆ **Completed  
September, 2002**



Barra da Tijuca – Rio de Janeiro

# Track Record – Sol dos Ingleses

- ◆ Middle income residential
- ◆ Completed July, 1998



Maria da Graça – Rio de Janeiro

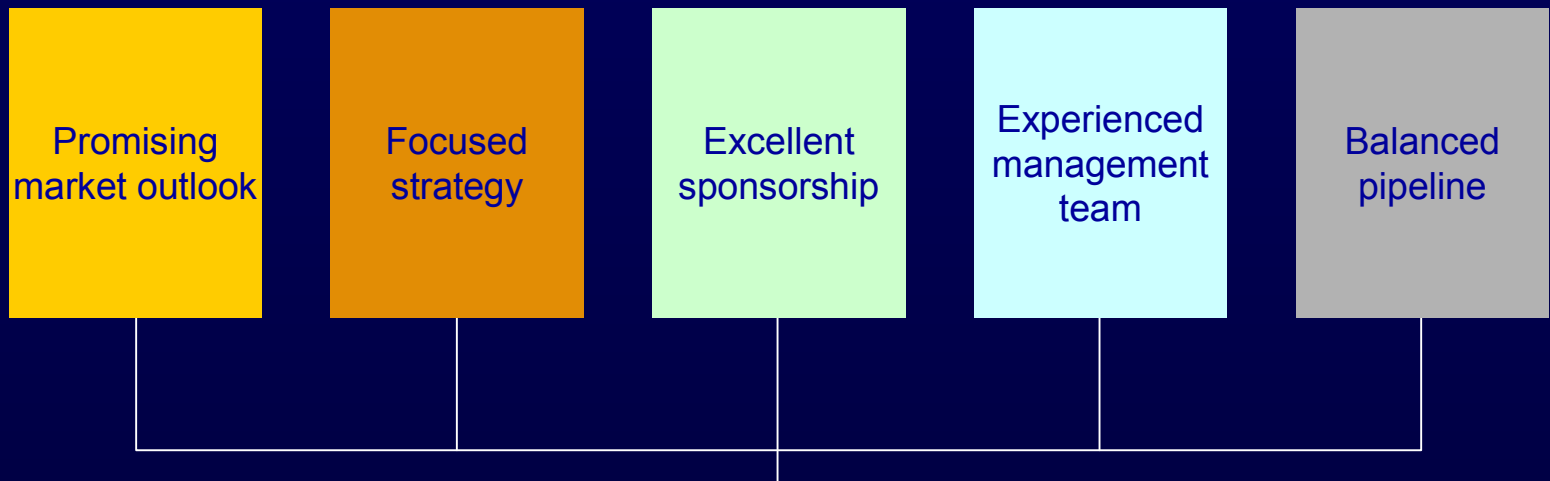
# Track Record – Ocean Front

- ◆ **Luxury residential**
- ◆ **412 Units**
- ◆ **Nearly completed**



Barra da Tijuca – Rio de Janeiro

# Reformulating the Strategy



An investment in a real estate concept which offers:

- ◆ **Strong expected returns**
- ◆ **High growth potential**
- ◆ **Fast capital rotation**
- ◆ **Managed risk**

# Defining the Product



# Standardized Product Design



Perspectiva ilustrada da planta. Planta com sugestão de decoração.  
Móveis em dimensões comerciais não fazendo parte integrante do contrato. As medidas são internas, de face a face da parede.

# Standardized Product Design



# Standardized Product Design

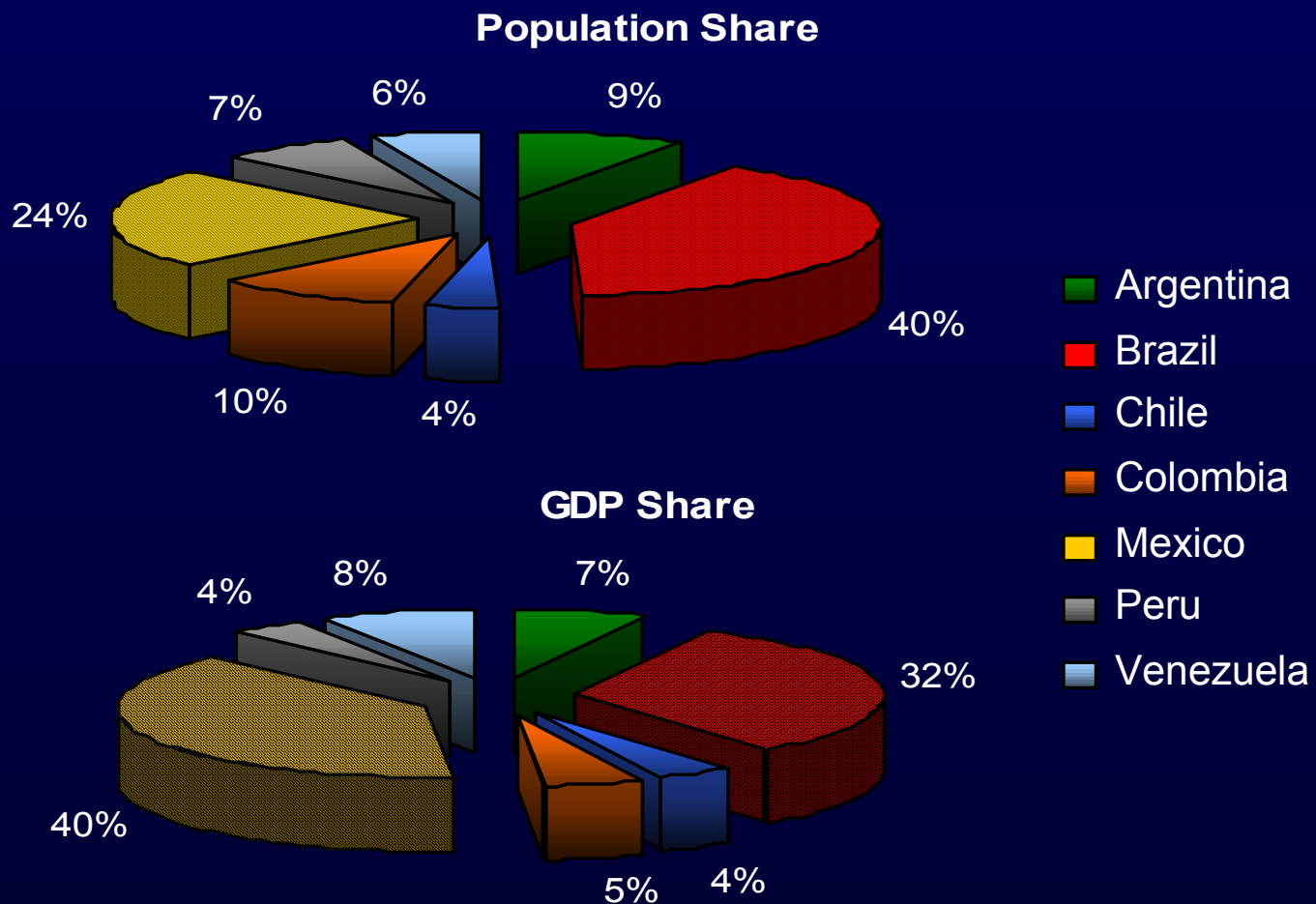


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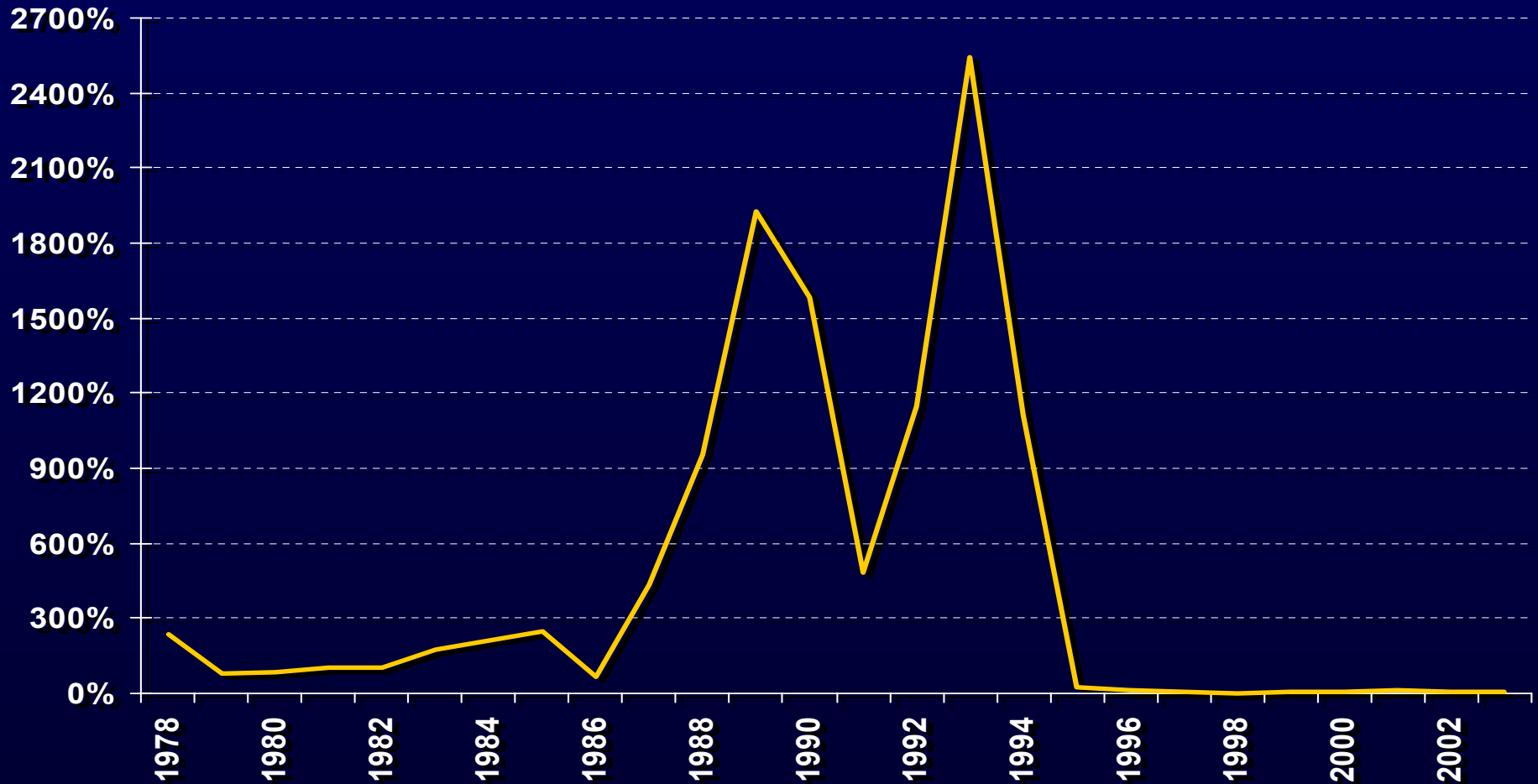
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# Dominance of Brazil

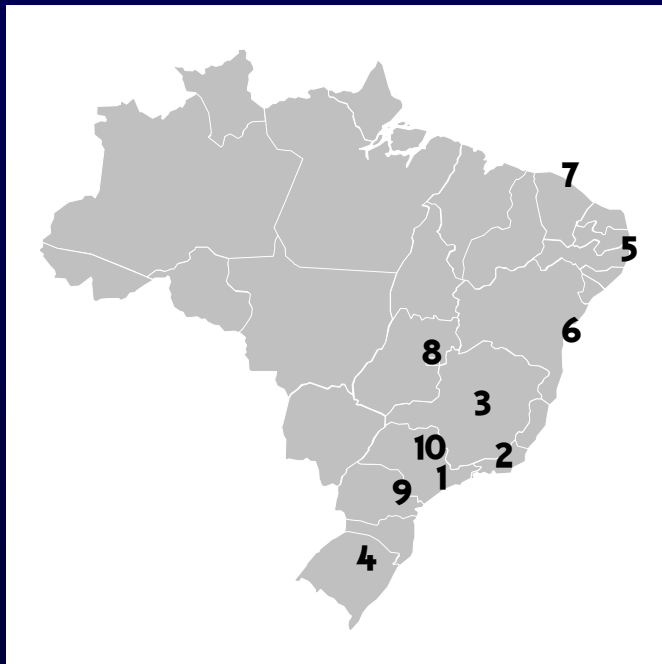


# A Change in Inflation Regime

Brazil Inflation



# Highly Urbanized Population

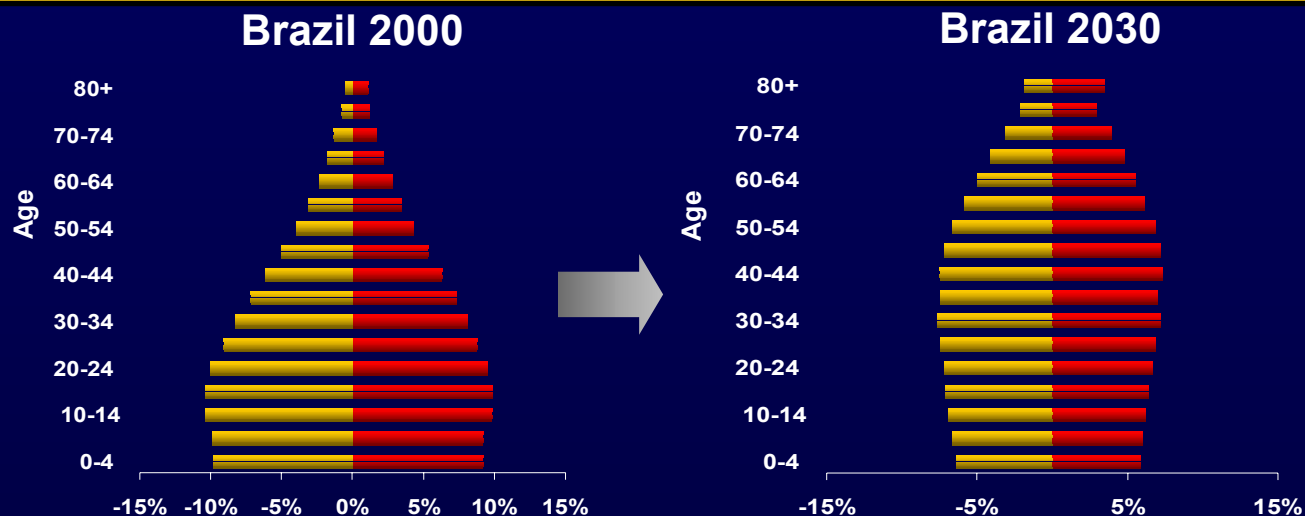


170 M Total Population  
1.6% Annual Growth

Largest Urban Areas		Metro	City
1	São Paulo	17.8 m	10.4 m
2	Rio de Janeiro	10.8 m	5.8 m
3	Belo Horizonte	4.8 m	2.2 m
4	Porto Alegre	3.6 m	1.3 m
5	Recife	3.3 m	1.4 m
6	Salvador	3.0 m	2.4 m
7	Fortaleza	2.9 m	2.1 m
8	Brasília	2.9 m	2.0 m
9	Curitiba	2.7 m	1.5 m
10	Campinas	2.3 m	.9 m

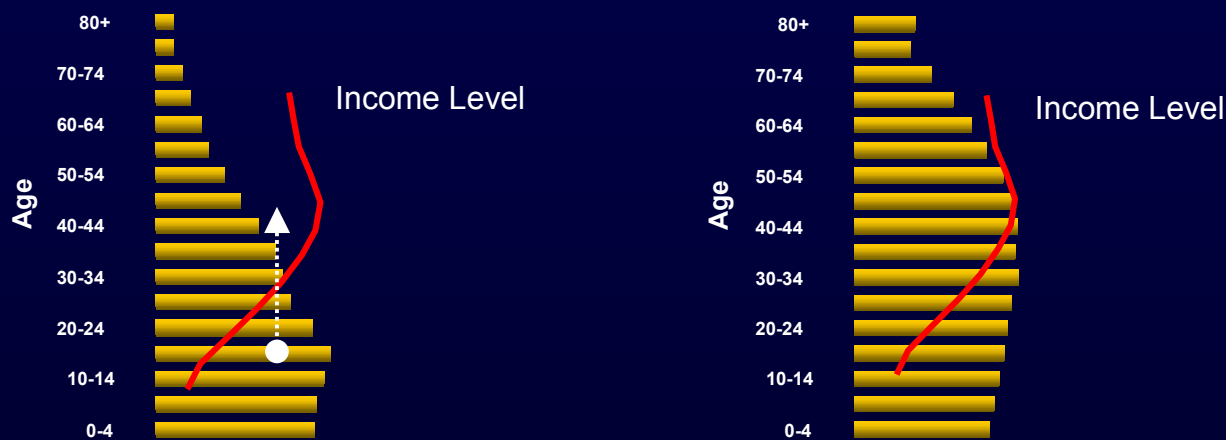
# Demographics Powering Economy

## POPULATION



Source: US Bureau of Census

## PRIME AGE, PRIME INCOME



Source: US Bureau of Census, MTE

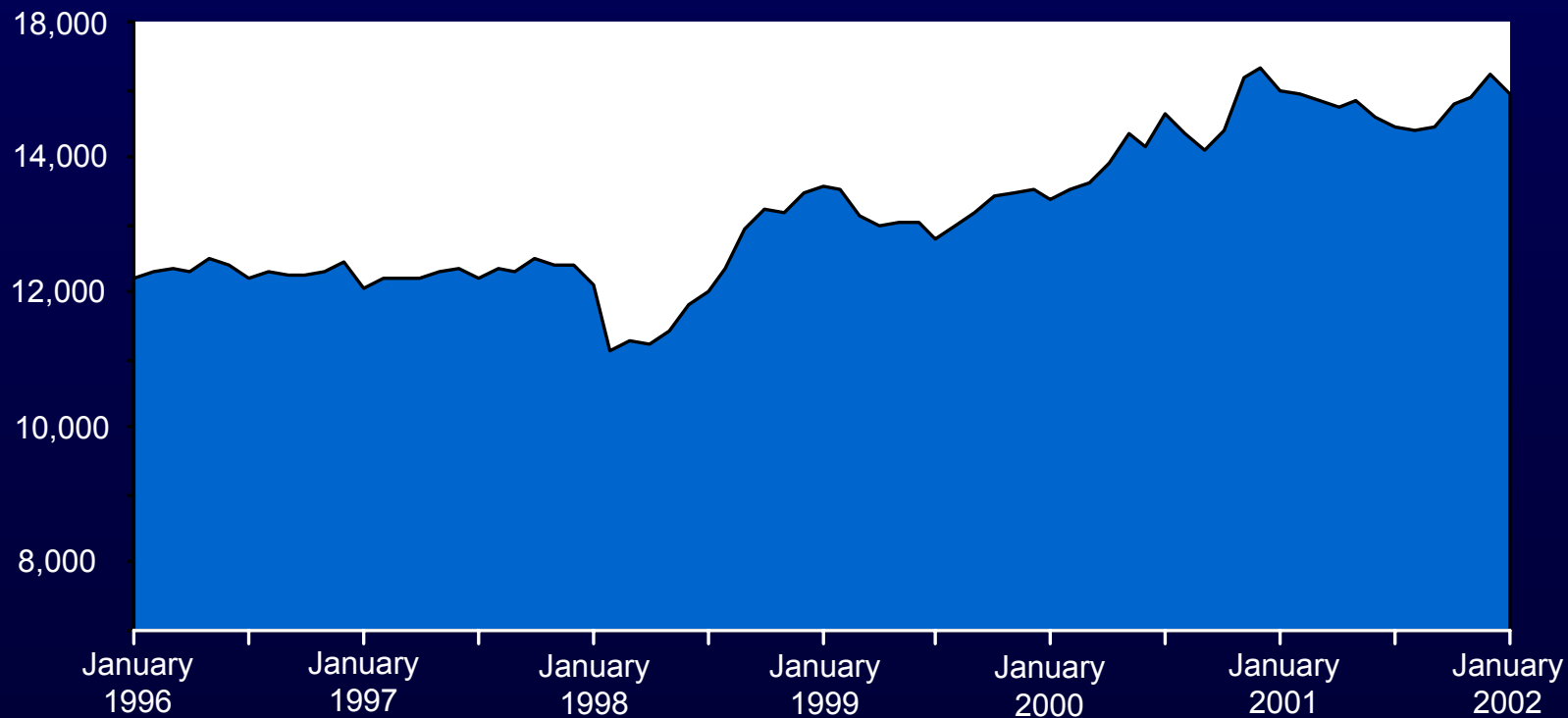
Note: Income = Average Wage per Age cohort

# Agenda

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# Stock of Residential Units for Sale in the City of São Paulo



# Opportunity in Residential

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- ◆ **Fast growing, young population**
- ◆ **Rapid urbanization**
- ◆ **Large and expanding middle class**
- ◆ **Severe housing deficit**
- ◆ **Developing mortgage and consumer credit markets**

# Government Commitment to Sector

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- ◆ **R\$5.3 billion aggregate commitment**
  - Mortgage financing
  - Developer working capital financing
- ◆ **Political imperative**
  - Addresses large housing unit deficit at lower end of the social spectrum
  - Fuels employment in the construction sector

# Financing is the Key

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- ◆ **100% financing through Caixa Econômica Federal**
- ◆ **20 year mortgage term**
- ◆ **Subsidized interests rates (8.16% to 10.16%) for borrowers with monthly family incomes between US\$900 to 1,500**
- ◆ **Utilization of obligatory workers savings accounts**

# Creation of Value: Scale Economies

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- ◆ **Standard projects**
  - Uniform designs
  - Simple construction materials
- ◆ **Low-income housing can be profitable but requires significant volume**
  - Purchasing leverage with suppliers
  - Inexpensive labor
  - Shorter construction time

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# **Opportunity to Investment: Creating a Residential Platform in Brazil**

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