
SPORTING EVENTS GROUP

DEMAREST
& **ALMEIDA**
a d v o g a d o s



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After confirmation of Brazil as the host nation for the 2014 World Cup and Rio de Janeiro as the host city for the 2016 Olympic Games, **Demarest e Almeida** prepared a multi-disciplinary team with knowledge and expertise in several Law segments, to meet all possible demands related to those events.

The Sporting Events Group is composed of renowned professionals working on several fields of Law, such as intellectual property, sports, administrative, regulatory, corporate, banking, insurance and reinsurance, tax, energy, competition, labor, capital markets, environmental law, among others. The importance of the multidisciplinary feature of the group is acknowledged to the extent that the investment projects for the events trend to involve several fields of the Law.

With a budget estimated at one hundred (R\$ 100) billion *Reais*, the 2014 World Cup ("Cup"), shall be the largest sports event ever held in the history of the country, comparable only to the 2016 Olympic Games, an event which will be hosted in the City of Rio de Janeiro and will have a budget of approximately thirty-four billion *Reais* (R\$ 34 billion).

These events not sufficing to catch the world's attention, a number of related events will be hosted in Brazil, such as the 2013 Confederations Cup, 2016 Paralympics Games and the Peace Games.

In view of the magnitude of such events, Brazil is already catching the world's attention for the business opportunities that will be opened within the next seven years. Investors from all over the world are seeking several possibilities involving the most diversified market segments.

In order to assure the investors' safety, the Brazilian government has shown concerns about several regulatory issues, whether by creating mechanisms to facilitate the required massive investments, or waiving investors from heavy tax burdens, and lastly, adapting current laws in order to protect such investments.

Likewise, the monitoring of funds invested on works needed for the events has been one of the major concerns of the event organizers as well as society as a whole, and recently several inspection commissions were organized within the Legislative and Executive branches.

Direct investment opportunities are being constantly opened to companies with activities in different markets, from civil construction to the hotel segment. Likewise, partnership opportunities in these diversified segments, whether local or international, are being unfolded. Undoubtedly, Brazil is arising as an attractive country for investments.

It is with a business and opportunities view that our *Sporting Events Group* monitors all issues related to the subject and provides legal advice to our clients in the implementation of their projects.

I. **Demarest e Almeida**

Demarest e Almeida is renowned as one of the leading and most traditional law firms in Brazil, with practice in the most diversified fields of law.

With a 61-year experience in Law, **Demarest e Almeida** provides a wide range of legal services to clients engaged in all types of industry and services, both in Brazil and abroad, seeking practical and creative solutions within their business environment.

With offices in São Paulo, Rio de Janeiro, Campinas, Brasília and New York and a network of correspondent firms in Belo Horizonte, Fortaleza, Porto Alegre and Recife, **Demarest e Almeida** has 300 highly qualified lawyers, 140 Law students and a professional administrative staff compatible with

its structure, all of them proud of their commitment to excellence and maximum efficiency in client services.

Concurrently with its direct activities, **Demarest e Almeida** has developed a network of correspondent Law firms which allows its presence in more than 1,400 judicial districts within the Brazilian territory.

Demarest e Almeida also has a partnership with Marval, O'Farrell & Mairal, the largest Law firm in Argentina, establishing a presence in Latin America and Mercosur.

Demarest e Almeida is also a member of Lex Mundi, the world's largest leading association of independent Law firms, with members in more than 160 jurisdictions.

Moreover, in view of the geographic extension, one of **Demarest e Almeida's** concern is to provide the best and most efficient services to clients taking into account their regional characteristics. To this end, further to São Paulo and Rio de Janeiro, **Demarest e Almeida** has a staff assigned to its branches and correspondent firms in other cities hosting the World Cup, such as Brasília, Porto Alegre, Recife, Fortaleza and Belo Horizonte.

II. **Expertise of the Sporting Events Group**

Demarest e Almeida is one of the pioneer *full service* law firms in Brazil, offering a complete legal assistance to its clients and having acquired a significant expertise throughout this period. The expertise of **Demarest e Almeida** in recent years is detailed at the end of this bulletin, as regard its practice in the Banking, Capital Market and M&A segments.

Demarest e Almeida also has a broad experience in the structuring of Project Finance and infrastructure projects financing in general, and in the past years took part in several projects involving mainly the Infrastructure and Energy areas.

As to its expertise in Administrative Law, **Demarest e Almeida** took part, among others, in the first PPP in Brazil, related to São Paulo Subway's Line 4 Concession.

Demarest e Almeida recently advised Brasil Terminal Portuário – BTP in the negotiation of the EPC contract executed with Andrade Gutierrez for the construction of Santos port terminal.

In the Energy segment, **Demarest e Almeida** has a group with strong practice in Oil, Gas and Electric Power cases, and recently represented clients such EDP Renováveis in the construction of its wind energy plant in Rio Grande do Sul and CPFL in several projects related to hydroelectric energy generation.

Demarest e Almeida also provides legal advice to major marketing and sporting goods companies, through practices in sponsorship contracts with clubs, confederations, athletes, as well as in the structuring of commercial product distribution networks throughout the country, and also has an extensive expertise in the establishment and regulatory registration of sports entities.

Similarly, **Demarest e Almeida** advises several clients in trademark and patent licensing and technology transfer, further to franchises. The firm also has an extensive expertise related to contract negotiations involving Exclusive Rights, such as athletes' image.

Lastly, **Demarest e Almeida** has also been extremely active in providing advice in large risk placements, such as engineering and performance bonds, among others, both in relation to the risk transfer conditions and structure as well as the obtaining of authorizations and registrations of

reinsurers with SUSEP – Private Insurance Superintendence (Brazilian market's insurance monitoring agency). The firm also obtained the first authorization granted by SUSEP for the risk placement abroad at a percentage higher than that generally set by law.

III. **Future Demand Segments in Brazil**

Undoubtedly, investments in infrastructure in view of the World Cup and Olympic Games in Brazil require significant amounts. It is worth recalling that these investments involve the most diversified business segments, such as:

Construction

Planning and execution of all stages of building works on infrastructure, transportation and leisure, further to refurbishment and construction of sports stadiums and arenas.

Cement & Steel Industry

As a result of diversified investments in civil construction, the cement industry foresees a significant increase in the next years, as well as the steel industry, concerning steel production and treatment.

Sanitation

Development of several measures at the host cities aiming at improving the sanitary conditions of a certain region through the appropriate sewage, water distribution and garbage administration treatment.

Power

Development of undertakings related to the production and distribution of different forms of power to meet the demand that the infrastructure works will generate, always seeking the implementation of alternative power in such undertakings, to cause less impact to the environment.

Real Estate Development

Construction and sale of infrastructure undertakings in the host cities, such as hotels, apartments, flats or any other means of accommodations for the tourists expected to visit all host cities.

Hotel and Tourism

Development of activities related to the construction and/or management of tourism and leisure undertakings in the host cities.

Airports and Ports

The great increase in demand caused by those sports events will require considerable refurbishment works of the airports in cities hosting the World Cup and Olympic Games.

Ground Transportation

Performance of the road infrastructure works required to improve the ground transportation structure at the cities involved in the events.

Publicity

Development of projects intended to advertise ideas associated with the competitions as well as negotiations of sponsorship quotas for the events, in different media.

Technology

The global aspect of both competitions will demand the development of products and services of information dissemination, communications, Internet and broadcasting of the competitions to the entire world. Likewise, the indirect demand for technology applicable to infrastructure works will be considerable.

Language Courses

Development of language courses, especially English and Spanish, in the host cities, to qualify the local population to receive the great number of tourists that the country will attract by hosting the two competitions.

Food

The great number of tourists expected to visit the host cities will require the implementation of new food businesses in the cities hosting the events.

In summary, there are different opportunities in various segments and regions. This variety of opportunities is what makes Brazil the country for investments, combined with several other positive features that the country has showed internationally in the past years. Some of these opportunities are detailed below.

IV. **Business Opportunities in the Host Cities**¹

Belo Horizonte - MG

Population: 2.434.642

Gross domestic product (GDP) per capita: R\$ 13.600,00

Airport and Port Works

- ✓ Improvements on Pampulha Airport facilities (budget of R\$ 7 million).

Ground Transportation Works

- ✓ Expansion of the subway system (budget of R\$ 3,4 billion and expected delivery in 2013);
- ✓ Renovation of the overall structure and refurbishment of the passenger terminal at Confins Airport (budget of R\$ 342,3 million);
- ✓ BRTs (*Bus Rapid Transits*) Implementation Projects; and
- ✓ Minas Gerais government is concluding multiple ground transportation works which will bring innumerable benefits to the city, as a World Cup host city.

Stadium Renovation / Construction

- ✓ Renovation of Governador Magalhães Pinto (Mineirão) Stadium (budget of R\$ 300 million and expected delivery in December, 2012). The invitation to bid for the Mineirão renovation works shall be published between the end of 2009 and the beginning of 2010.

Hotel Works

- ✓ Creation of approximately 6000 beds (through new hotels construction) in the city of Belo Horizonte until the end of 2010; and
- ✓ Minas Gerais Development Bank (BDMG) shall introduce in the market a credit facility to businesses related to the hotel segment carried out in a 100km sphere from Belo Horizonte

General Information

- ✓ Minas Gerais government estimates that all public works shall be financed through four systems: (i) funds from "PAC da Copa", (ii) Municipal and State Governments' own budget, (iii) BNDES financing; (iv) besides the PPPs; and
- ✓ Considering the most relevant construction and all others small constructions in the city of Belo Horizonte, the Municipal Government estimates outlays of approximately R\$ 6 billion

¹ The information above was collected from several public information sources.

Brasília - DF

Population: 2,455,903

Gross domestic product (GDP) per capita: R\$ 37,600.00

Airport and Port Works

- ✓ Renovation and refurbishment works at Presidente Juscelino Kubitschek Airport (budget of approximately R\$ 300 million).

Ground Transportation Works

- ✓ Construction of a VLT (Light Rail Transit Vehicle) (budget of approximately R\$ 1.3 billion, to be financed by BNDES, GDF and the Development French Agency, expected delivery in 2011). The French Development Agency's loan for the construction of the VLT is around € 144 million.
- ✓ Expansion of the subway system (budget of approximately R\$ 600 million, to be financed by BNDES and GDF, and expected delivery in the end of 2010). At the end of last July, the State Governor executed with BNDES a borrowing of R\$ 260.3 million, destined to the acquisition of 12 new trains for the Brasília subway system and the renovation of the traffic control system; and
- ✓ Improvements and expansion of the ground transportation system (budget of approximately R\$ 2 billion and expected delivery in 2010).

Stadium Renovation / Construction

- ✓ Renovation and refurbishment of Mané Garrincha Stadium - change of stadium name to National Brasília Stadium being speculated (budget of approximately R\$ 600 million);
- ✓ There is already a PPP (Public Private Partnership) project for more than a year involving the works on Mané Garrincha Stadium. The invitation to bid to pre-qualify the company that will present proposals for the works was published on July 06, 2009, setting a term until August of same year for presentation and opening of the proposals by Companhia Urbanizadora da Nova Capital do Brasil (Urban Planning Company of the New Capital of Brazil), which is in charge of the bid. According to the government's estimates, the invitation to bid should had been published by the end of last year. The invitation to bid must be published in the beginning of 2010;
- ✓ Spanish group Rayet already expressed its interest in the works on Mané Garrincha Stadium. Mendes Júnior also expressed the same interest.

Hotel Works

- ✓ Expansion of the hotel network by approximately 10 thousand beds.

Technology

- ✓ Installation of *wireless* digital tower, covering the entire Pilot Plan (budget of approximately R\$ 20 million).

Cuiabá - MT

Population: 544,737

Gross domestic product (GDP) per capita: R\$ 10,025.00

Airports and Ports Works

- ✓ Renovation of A and B wings of Marechal Rondon Airport (budget of approximately R\$ 60 million and expected delivery in June, 2013).

Ground Transportation Works

- ✓ General urban mobility works (budget of approximately R\$ 2.4 billion);
- ✓ Cuiabá intends to implement the VLT (Light Rail Transit Vehicle) project, among more than a score of urban mobility projects. There are speculations that the project will not be completed in view of the high costs and unavailable financing;
- ✓ General infrastructure works in the city (budget of approximately R\$ 1.4 billion).

Stadium Renovation / Construction

- ✓ Construction of the new Governador José Fragelli - Verdão Stadium, with expected capacity of 42 thousand spectators (budget of approximately R\$ 430 million and expected delivery in December 2012). After the World Cup, Verdão Stadium shall be managed through public concession;
- ✓ Construction of four (4) training centers in the following regions: Chapada dos Guimarães, Lago do Manso, Barão de Melgaço and Várzea Grande.

Hotel Works:

- ✓ Construction of eight (8) new hotels in the city (budget of approximately R\$ 53 million).

General Information

- ✓ Cuiabá plans to finance its World Cup project based on four sources of funds: State Government, Cities Ministry, Tourism Development Program - PRODETUR and private enterprise;
- ✓ Qualification and marketing projects in the touristic cities of the region (budget of approximately R\$ 300 million - funds coming from PRODETUR); and
- ✓ The government intends to implement a project to offer free English and Spanish courses to 80 thousand people.

Curitiba - PR

Population: 1,797,408

Gross domestic product (GDP) per capita: R\$ 17,977.00

Airport and Port Works

✓ Refurbishment of Afonso Pena International Airport (budget of approximately R\$ 90 million and delivery expected for the end of 2011). There is a study for the construction of a third runway in Afonso Pena Airport, at a cost of approximately R\$ 132 million.

Ground Transportation Works

✓ Subway construction (budget of approximately R\$ 2 billion). Subway construction studies and projects were tendered and are being made by Nova Modal consortium, which consists of the following companies: Trends, Engefoto, Esteio and Veja. The bid for the construction of subway lines will be opened this year.

✓ Overall, the expected investments for the World Cup total R\$ 4.5 billion, half of which might be destined to the construction of the subway lines;

✓ Urban mobility works (budget of approximately R\$ 205.6 million).

Stadium Renovation / Construction

✓ Completion of Joaquim Américo Guimarães - Arena da Baixada Stadium (budget of approximately R\$ 138.3 million, which value will be raised from private enterprise);

✓ The city intends to headquarter the Federation Internationale de Football Association ("FIFA") media center for the transmission of all games to the world;

✓ Infrastructure fitting works around Arena da Baixada Stadium (budget of approximately R\$ 204 million).

Hotel Works

✓ Expansion of the hotel network, to increase the city's hotel capacity by 2 thousand beds.

Fortaleza - CE

Population: 2,473,614

Gross domestic product (GDP) per capita: R\$ 9,325.00

Airport and Port Works

- ✓ Expansion of the international terminal of Pinto Martins International Airport (budget of approximately R\$ 517.5 million, funds guaranteed by the PAC);
- ✓ Two other airports will be built in the State of Ceará, to be used as a support to Pinto Martins Airport. Those two projects total R\$ 90 million in investments.

Ground Transportation Works

- ✓ Construction of the VLT (Light Rail Transit Vehicle) (budget of approximately R\$ 565.6 million);
- ✓ Construction of Fortaleza Subway South Line (budget of approximately R\$ 1.4 billion and expected delivery in 2010);
- ✓ Development of a Transit and Mass Transportation Program - TRANSFOR (budget of approximately R\$ 510 million and expected delivery in 2011).

Stadium Renovation / Construction

- ✓ Refurbishment of Governador Plácido Aderaldo Castelo - Castelão Stadium (budget of approximately R\$ 400 million). The refurbishment works on Castelão Stadium will be financed through PPPs and there is already a group of investors interested in the projects. The group includes the following companies: Fujita, Carioca Christiani Nelsen Engenharia and Somague.

Hotel Works

- ✓ Expansion of the hotel network, to increase the lodging capacity by 12 thousand beds.

Technology

- ✓ The municipal governments intend to develop the so-called "Digital Belt", offering broad band and digital TV to more than 80% of the population.

General Information

- ✓ The state government of Ceará and the municipal government already guaranteed 60% of the investments required for the performance of all projects. R\$ 5.8 billion out of the nearly R\$ 9.4 billion that will be expended, were already received from the federal government or financing institutions, as the BID.

Manaus - AM

Population: 1.700.000

Gross domestic product (GDP) per capita: R\$ 18.902,00

Airport and Port Works

- ✓ Refurbishment and expansion of Eduardo Gomes Airport (budget of approximately R\$ 792 million, under full responsibility of INFRAERO).

Ground Transportation Works

- ✓ Manaus - Iranduba Bridge (budget of approximately R\$ 585 million);
- ✓ Restoration of Ponta Negra Beach (budget of approximately R\$ 30 million);
- ✓ Urban mobility improvement projects (under study phase).

Stadium Renovation / Construction

- ✓ Refurbishment of Estádio Vivaldo Lima - Vivaldão Stadium (budget of approximately R\$ 580 million). Currently, the invitations to bid for works on Vivaldão Stadium are being prepared.

Energy

- ✓ Petrobrás is investing R\$ 8 billion in the construction of a pipeline in the region. This pipeline will benefit Manaus in the generation of thermoelectric power.

Sanitation

- ✓ "Igarapés" (narrow river branches or channels existing in large numbers in the Amazon basin, generally shallow and usually running deep into the forest) sanitation project (budget of approximately R\$ 800 million, financed by the BID).

General Information

- ✓ The municipal and state governments do not have a closed budget for the Games. Meetings are being held to prepare a directive plan and a bid planning for the main works;
- ✓ Manaus historical center restoration (budget of approximately R\$ 300 million); and
- ✓ Rebuilding of Manaus Municipal Theater (budget of approximately R\$ 17 million).

Natal - RN

Population: 798,065

Gross domestic product (GDP) per capita: R\$ 9,500.00

Airport and Port Works

- ✓ Construction of São Gonçalo do Amarante International Airport (budget of approximately R\$ 400 million and expected delivery in 2012); and
- ✓ Refurbishment of Augusto Severo International Airport (budget of approximately R\$ 14 million).

Ground Transportation Works

- ✓ Construction of Metropolitan Village (budget of approximately R\$ 130 million and expected delivery in 2011);
- ✓ Restoration of Natal beachfront (budget of approximately R\$ 300 million);
- ✓ Construction of the Abolição Road Complex (budget of approximately R\$ 60 million);
- ✓ Improvements in the urban mass transportation (budget of R\$ 72.8 million and expected delivery in 2013); and
- ✓ VLT (Light Rail Transit Vehicle) construction project (budget of R\$ 878 million). Most of the VLT will be financed by the Federal Government, through the PAC.

Stadium Renovation / Construction

- ✓ Construction of Dunas Stadium (budget of approximately R\$ 300.8 million). The construction of Dunas Stadium will be financed by PPPs. Companies such as Acciona, Serveng - Civilsan, Bouygues, Salamanca Management Fund and Valora are already interested in bidding for these works.

Hotel Works

- ✓ Expansion of the hotel network in the city of Natal with the creation of 33 thousand beds.

Sanitation

- ✓ Drainage and sanitation improvement works (budget of approximately R\$ 346 million and expected delivery in 2012).

General Information

- ✓ The municipal government has a manpower qualification project estimated at R\$ 20 million.

Porto Alegre - RS

Population: 1,420,667

Gross domestic product (GDP) per capita: R\$ 19,582

Airport and Port Works

- ✓ Expansion of Salgado Filho International Airport (budget of approximately R\$ 250 million and expected delivery in 2012).

Ground Transportation Works

- ✓ Construction of Porto Alegre subway Line 2 (budget of approximately R\$ 2.5 billion and expected delivery in 2014). The State Government is evaluating the possibility of a PPP (Public Private Partnership) to finance the subway construction works.
- ✓ Development of Portais da Cidade - public transportation project (budget of approximately USD 210 million, of which USD 100 million will come from foreign financing and USD 110 million from the municipal government, private enterprise and PPPs (Public Private Partnerships) funds. Expected delivery in 2013;
- ✓ Investments of R\$ 400 million on Porto Alegre urban road system infrastructure;
- ✓ Cais Mauá Project development (budget of approximately R\$ 500 million and expected delivery in 2014);
- ✓ Parque Highway - BR 448 (budget of approximately R\$ 850 million and expected delivery in 2011);
- ✓ RS 010 highway (budget of approximately R\$ 350 million and expected delivery in 2014). Bid for the RS 010 will be opened soon.

Stadium Renovation / Construction

- ✓ Refurbishment of José Pinheiro Borda - Beira Rio Stadium (budget of approximately R\$ 130 million, to be financed by private enterprise only); and
- ✓ Grêmio Foot-Ball Porto Alegrense (soccer team) is also planning to renovate the Olímpico Monumental Stadium. The project has a budget of approximately R\$ 307 million, and partnership with construction company OAS.

Hotel Works

- ✓ Expansion of the hotel network in the city of Porto Alegre, with the creation of 3 thousand beds;
- ✓ Cities located at Serra Gaúcha mountain range are expected to invest around R\$ 150 million in order to attract tourists traveling to Brazil to watch the World Cup.

General Information

- ✓ Porto Alegre will make a major tourists attraction plan, mainly directed to MERCOSUL tourists

Recife - PE

Population: 1,530,000

Gross domestic product (GDP) per capita: R\$ 12,091.00

Airport and Port Works

- ✓ Renovation of Guararapes International Airport (budget of approximately R\$ 8.7 million);

Ground Transportation Works

- ✓ Expansion of Capitão Temudo elevated walkway (budget of approximately R\$ 38.1 million);
- ✓ Works on the West Side streets (budget of approximately R\$ 35.7 million);
- ✓ Works on Beira Rio Avenue (budget of approximately R\$ 52 million);
- ✓ Infrastructure works at Rua Gomes Taborda and construction of BR 101 elevated walkway (budget of approximately R\$ 85.3 million);
- ✓ A project for the construction of a VLT (Light Rail Transit Vehicle) or VLP (Bus Rapid Transit Vehicle);
- ✓ Construction of Perimetral III Bridge (budget of approximately R\$ 30 million);
- ✓ Construction of Semi-Perimetral Bridge (budget of approximately R\$ 23 million).

Stadium Renovation / Construction

- ✓ Construction of São Lourenço Arena (budget of approximately R\$ 500 million). The construction of São Lourenço Arena shall be financed through a PPP (Public Private Partnership). The bid winning company will have the right to exploit the Arena for a period of 30 years.

Hotel Works

- ✓ Expansion of the hotel network with the creation of 2,500 beds.

Sanitation

- ✓ Drainage and sanitation improvement works (budget of approximately R\$ 346 million and expected delivery in 2012); and
- ✓ Stages II and III of Vila Mangue at South Side (budget of approximately R\$ 331 million)

General Information

- ✓ The state government enacted a bill that assures tax benefits to companies investing in projects related to the World Cup;
- ✓ Construction of Cidade da Copa [*World Cup City*] (budget of approximately R\$ 1.5 billion); and
- ✓ ADIT-NORDESTE estimates that in the next years the region will receive R\$ 20 billion in tourism-related investments.

Rio de Janeiro - RJ

Population: 6,161,047

Gross domestic product (GDP) per capita: R\$ 20,851.00

Airport and Port Works

- ✓ Refurbishment and renovation of Tom Jobim - Galeão International Airport (budget of approximately R\$ 818.9 million);
- ✓ Refurbishment and renovation of Santos Dummont Airport (budget of approximately R\$ 152.2 million); and
- ✓ The works on the airports will be financed by the PAC program, developed by the Federal Government.

Ground Transportation Works

- ✓ Bus expressway (budget of approximately R\$ 750 million and expected delivery in 2012);
- ✓ The invitation to bid for the bullet train that will connect Campinas to Rio de Janeiro was published at the end of 2009. All the public requests were consummated too. Seven consortiums are already interested in performing the works;
- ✓ Construction of the subway Line 4 (budget of approximately R\$ 2.7 billion);
- ✓ Construction of "Arco Metropolitano" highway (budget of approximately R\$ 965 million and hand expected delivery in 2010);
- ✓ Construction of subway Line 3 (budget of approximately R\$ 1.3 billion).

Stadium Renovation / Construction

- ✓ Refurbishment and renovation works on Jornalista Mário Filho - Maracanã Stadium (budget of approximately R\$ 430 million). Maracanã Stadium will be managed by the private enterprise through a PPP, for a period of 35 years.

Hotel Works

- ✓ Expansion of the hotel network with the creation of 8 thousand beds (budget of approximately R\$ 1 billion).

Media

- ✓ Six local sponsorship quotas for the Cup will be marketed at amounts ranging from 40 and 80 million dollars.

General Information

- ✓ Investments in Rio de Janeiro are estimated at 10 to 12 billion Reais, of which more than half will come from partnership with the government;
- ✓ R\$ 4.7 billion out of the amount to be expended in Rio de Janeiro shall be financed through PAC;

- ✓ Rio de Janeiro is the favorite city to host the final match of the World Cup;
- ✓ The municipal government is evaluating the possibility of granting tax benefits such as the waiver of Property Conveyance Tax - ITBI, on real estate transactions with plots or buildings destined to expand the number of beds in the city for the 2016 Olympics.

Salvador - BA

Population: 2,940,000

Gross domestic product (GDP) per capita: R\$ 8,283.00

Airport and Port Works

- ✓ Expansion of Luis Eduardo Magalhães International Airport.

Ground Transportation Works

- ✓ Construction of subway Line 2 (budget of approximately R\$ 200 million);
- ✓ Improvements on the access to subway stations (budget of R\$ 200 million);
- ✓ Bypass lanes (budget of approximately R\$ 100 million);
- ✓ Extension of the suburban rail (budget of approximately R\$ 300 million);
- ✓ Improvement and renovation of Salvador railway system (budget of approximately R\$ 150 million);
- ✓ Bahia de Todos os Santos Expressway (budget of approximately R\$ 381 million);
- ✓ Expansion of BR 324 highway lanes (budget of approximately R\$ 300 million); and
- ✓ Renovation of the bus system (budget of approximately R\$ 50 million).

Stadium Renovation / Construction

- ✓ Refurbishment/construction of Otávio Mangabeira - Fonte Nova Stadium (budget of approximately R\$ 550 million). Fonte Nova Stadium will be financed through a PPP.

Hotel Works

- ✓ Expansion of the hotel network with the creation of 5 thousand beds; and
- ✓ Iberostar hotel network is already investing USD 350 million in hotels and residential properties in the city of Salvador.

Construction

- ✓ The Port of Salvador will also be renovated in order to improve its infrastructure and receive a high number of cruise liners and ships during the World Cup.

São Paulo - SP

Population: 11,037,000

Gross domestic product (GDP) per capita: R\$ 25,675

Airport and Port Works

- ✓ Expansion and refurbishment of Governador André Franco Montoro International Airport (budget of approximately R\$ 1.65 billion);
- ✓ Expansion and refurbishment of Congonhas Airport; and
- ✓ Expansion and refurbishment of Viracopos Airport (budget of approximately R\$ 6 billion).

Ground Transportation Works

- ✓ Urban mobility improvement works (budget of approximately R\$ 33.4 billion, of which R\$ 25 billion will be funded by the state government, R\$ 4.1 billion by the municipal government and R\$ R\$ 1.5 billion by the federal government);
- ✓ Construction of the subway Line 4 (budget of approximately R\$ 4.7 billion and expected delivery in 2013);
- ✓ The subway line 4 works are the first PPP initiative in Brazil;
- ✓ Implementation of the High Speed Train - TAV (budget of approximately R\$ 34.6 billion, to be financed through PAC). The governments and companies of Japan, Korea, Germany, France, Italy and Spain already expressed their interest in the development of the TAV project; and
- ✓ Construction of a 61.4 km highway connecting the Rodoanel highway with Papa João XXIII Avenue (budget of approximately R\$ 4.4 billion and expected delivery in 2010).

Stadium Renovation / Construction

- ✓ Refurbishment and renovation of Cícero Pompeu de Toledo - Morumbi Stadium (budget of approximately R\$ 250 million). The works on Morumbi Stadium will be financed by the private enterprise.

Media

- ✓ SP Turis estimates expenditures of nearly USD 20 million in marketing plans.

V. Tax aspects related to the World Cup and Olympic Games

V.1. Federal Tax Incentives

The Special Tax Incentive System - **REIDI** for Infrastructure Development is also already in force within the federal sphere.

The legal entity that has an approved project for the implementation of infrastructure works in the transportation, port, power, basic sanitation and irrigation sectors is a beneficiary of the REIDI system

In case of sale or import of machines, appliances, instruments and new and construction equipment for use or incorporation into infrastructure works destined to fixed assets, the requirement to pay the Social Integration Contribution Program/Government Employees Savings Fund - PIS/PASEP and Social Security Financing Contribution - COFINS accruing on sales in the domestic market is suspended.

To this end, said assets or construction materials must be acquired from a legal entity beneficiary of REIDI incentives.

In the event of sale or import of services destined to infrastructure works for incorporation into fixed assets, the requirement to pay the Social Integration Contribution Program/Government Employees Savings Fund - PIS/PASEP and Social Security Financing Contribution - COFINS accruing on services provided by a legal entity established in the country is suspended, provided that said services are provided to a legal entity with REIDI benefits. Further, the PIS/PASEP on imports and COFINS - Import accruing on services are also suspended where the services are imported directly by a legal entity with REIDI benefits.

V.2. State Tax Incentives

ICMS CONFAZ² Agreement 108/08 - Authorization for the States and Federal District to grant ICMS tax exemption until 31/July/2014 on transactions with goods and assets intended to the construction, expansion, refurbishment or renovation of the stadiums that will be used in the 2014 World Soccer Cup.

Said tax benefit is applicable only to transactions which are cumulatively benefitted with: a) Import Tax or Tax on Manufactured Goods (IPI) exemption or zero-rate taxation; and b) release from PIS/PASEP and COFINS contributions.

ICMS CONFAZ Agreement 39/09 - Said agreement grants ICMS exemption to transactions related to the 2013 FIFA Confederations Cup and the 2014 FIFA World Cup.

Under said Agreement, transactions and services engaged by, or intended for, FIFA (*Fédération Internationale de Football Association*), imports included, are exempted from ICMS tax, provided that they are related to the tournaments.

² Agreement on the Value-Added Tax on Sales and Services, issued by the National Public Finance Council.

Said tax benefit is applicable only to transactions which are cumulatively benefitted with: a) Import or IPI tax exemption or zero-rate taxation; and b) release from PIS/PASEP and COFINS contributions.

ICMS CONFAZ Agreement 133/08 - The agreement authorizes the States and the Federal District to grant ICMS exemption in transactions with domestic and foreign products intended to the 2016 Olympic and Paralympics Games.

Under said Agreement, the States and the Federal District are authorized to grant ICMS exemption in transactions with domestic or foreign apparatuses, machines, equipment and further instruments and products, animals included, intended for the 2016 Olympic and Paralympics Games.

Said tax benefit is applicable only to transactions which are cumulatively benefitted with: a) Import or IPI tax exemption or zero-rate taxation; and b) release from PIS/PASEP and COFINS contributions.

V.3. Municipal Tax Incentives

São Paulo/SP

Law no. 14.863/2008 granted Tax on Services - ISS exemption where said tax is payable to the Municipality of São Paulo, on the rendering of any and all services directly related to the organization and performance of the 2013 FIFA Confederations Cup, the 2014 FIFA World Cup and the 2016 Olympic and Paralympics Games, where they are rendered by FIFA, football associations and confederations, among others.

Law no. 14.863/2008 further established: a) the requisites for entitlement to the benefit; b) the duty to comply with ancillary obligations; and c) the obligation of taxpayers benefitted with the exemption to use the Electronic Invoicing System (*Nota Fiscal Eletrônica*).

Belo Horizonte/MG

Law no. 9.721/2009 provides for the ISS exemption for FIFA.

Said Law established: a) the definitions; b) general provisions; c) FIFA's exemption; d) exemptions related to the events; e) exemptions for FIFA's business partners; and f) final provisions.

Manaus/AM

Law no. 1.353/2009 granted exemption from municipal taxes to FIFA and the entities related to the organization and performance of the 2013 FIFA Confederations Cup and the 2014 FIFA World Cup, including the rendering of services related to those events, where directly engaged by FIFA and/or its subsidiaries.

Said Law established: a) the requisites to qualify as exempt; b) the procedures and requisites for the ISS exemption; c) the right to recover in full the undue payments of the ISS tax through a simplified procedure in exceptional situations in which, for operational reasons, the ISS has been collected; d) exemptions to FIFA's Business Partners; e) FIFA's duty to provide information to the Municipal Treasury and Internal Control Department; and f) the matters subject to further regulation.

The instrument of guarantee executed between FIFA and the Municipality will be used to solve the omitted cases.

Porto Alegre/RS

Supplementary Law LC no. 605/2008 granted Services Tax - ISS, Municipal Real Estate Tax - IPTU, ITBI and Public Lighting Funding - CIP exemption to national or foreign individuals, legal entities or entities equivalent to legal entities directly related to the performance of the 2014 World Cup.

Decree no. 16260/2009 regulated LC no. 605/2008 which exempts national or foreign individuals, legal entities or entities equivalent to legal entities directly related to the performance of the 2014 World Cup from the ISS, IPTU, ITBI and CIP taxes

Said Decree established: a) the services considered directly related and necessary to the performance of the 2014 World Cup; b) the requirement for accreditation with the FIFA and nonexistence of debts or any violations vis-à-vis the Municipality to be entitled to the benefit; and c) the validity term of the benefit.

Recife/PE

Law no. 17553/2009 granted ISS exemption to FIFA and its business partners for the time that entity continues directing football worldwide.

Said Law established: a) the requisites to qualify as exempt; b) the services that are exempt from the ISS tax; c) the cases in which the exemption is limited to the services related to 2013 Confederations Cup and the 2014 World Cup; and d) the ISS exemption where the service is provided by FIFA and its partners

Salvador/BA

Laws nos. 7721/2009 and 7722/2009 provide for exemption from municipal taxes to entities and companies that will work on the organization and performance of the 2014 World Cup and the 2016 Olympic and Paralympics Games. Concerning the Olympic Games, the exemption is limited to ISS.

Concerning the World Cup, the Law grants exemption from municipal taxes to entities related to the organization and performance of the event already confirmed for 2014; this exemption is granted to services, properties and transactions directly related to the competition. Further to FIFA, national and foreign individuals and legal entities will be exempt from ISS, IPTU, ITIV and fees established by the Municipality. One of the articles of Law 7721 further establishes that the companies providing services of construction, expansion, refurbishment and renovation of stadiums or arenas where the events will take place will be exempted from the ISS tax

Cuiabá/MT

Law no.191, issued 2009 - grants exemption from municipal taxes to FIFA and the entities related to the organization and performance of the 2013 FIFA Confederations Cup and the 2014 FIFA World Cup, including the services related to those events, where they are directly engaged by FIFA and/or its subsidiaries

Fortaleza/CE

Law no. 9.439/2008 exempted national or foreign individuals, legal entities or entities equivalent to legal entities directly related to the performance of the Games in the Municipality of Fortaleza from ISS, IPTU, ITBI and Municipal taxes.

Said exemption is restricted to services, revenues, income or assets directly related to and required for, the performance of the 2014 FIFA World Cup.

Said law also addressed: a) registration; b) retroactive entry in case of cancelled exemption; and c) term for regulation.

V.4. Exemptions from Other Taxes

According to public information, some bills issued by the Executive providing for exemptions from taxes and customs duties to companies involved in the 2014 World Cup are in phase of final discussions and are expected to be submitted to the Brazilian Congress soon.

FIFA's demands are meeting a fierce resistance from the Congress, which is reluctant to accept a total tax waiver.

V.5. Agreements to Avoid Double Taxation on Income and Capital Gains

It is important to take into account the possible opportunity resulting from the application of Agreements to Avoid Double Taxation on Income in cases of athletes' activities and sponsors of sports events and promotional activities in Brazil. Incentive compensation, expenses and any form of revenue earned in Brazil during the Games may entail tax effects on the country.

VI. Financing by the National Bank for Economic and Social Development (BNDES)

BNDES launched a financing facility for the construction and refurbishment of hotels. A R\$ 1 billion facility is being made available at an interest rate ranging from 6.9% to 7.8%, plus spread. Further, the minimum transaction amount dropped from R\$ 10 million to R\$ 3 million, and the financing stake in the enterprise jumped from 60% to 80%. Such measure serves as an incentive for the country to meet FIFA's requirement of 55 thousand available beds in the host cities. The term for submission of the projects is December 31, 2012.

BNDES also launched a financing facility for the construction and refurbishment of the Stadiums that are going to be used in the 2014 World Cup. The limit amount of the loan is R\$ 400 million for each construction/renovation, and BNDES will just finance 75% of the total value of the each construction/renovation. Who makes use of this financing facility will have 3 years of lack and 12 years for the integral payment.

VII. Our experience in M&A, Banking and Capital Markets

<p>SEVES</p> <p>Reorganization of Seves S.p.A. funds structure, with the involvement of BNP Paribas Milan branch, as representative. Demarest advised Seves in this complex negotiation, with the involvement of several parties.</p> <p>November, 2009</p>	<p> Fibria</p> <p>Fibria, a publicly-held company and the world's largest producer of decolorized eucalyptus pulp, negotiated the sale, of its production unit located in Guaíba (State of Rio Grande do Sul), which has a production capacity of 450,000 tons of pulp per year, to Chilean public capital company Empresas CMPC S.A.</p> <p>October, 2009</p>	<p> Ultragas</p> <p>Demarest advised Magallanes Navegação Brasileira S.A. (a Brazilian company of the Chilean group Ultragas) in a joint venture with the companies of Wilson Sons Group, to perform support activities for ship explorations to obtain hydrocarbon in Brazilian waters.</p> <p>October, 2009</p>	<p> Louis Dreyfus Commodities</p> <p>Demarest advised Louis Dreyfus Commodities in its joint venture with Santelisa Vale to create the second largest sugar and ethanol producer in the country, in a transaction involving companies with a net debt exceeding R\$ 3 billion.</p> <p>October, 2009</p>
<p></p> <p>On July 16, 2009, Parmalat Brasil S/A Indústria de Alimentos leased to Nestlé Brasil Ltda. Its milk production in Carazinhos, State of Rio Grande do Sul, for a period of 35 years. Demarest e Almeida advised Nestlé Brasil in this negotiation since the beginning, and also performed a due diligence on the production and contracts negotiation.</p> <p>July, 2009</p>	<p></p> <p>Demarest advised Japan Tobacco International, the world's third largest tobacco group, in the acquisition of two Brazilian tobacco leaf producers; the negotiation involving Japan Tobacco, in the amount of US\$ 230 million served as a drive for the company's activities and its market share.</p> <p>July, 2009</p>	<p></p> <p>Demarest advised Chiltern International Limited, a worldwide research organization involved in the development of clinic services, in the acquisition of 100% of the quotas of Vigiun Pesquisa Clínica e Epidemiológica Ltda., a Brazilian company headquartered in São Paulo.</p> <p>April, 2009</p>	<p></p> <p>Demarest advised GELCO S.A., a Colombian organization, in the acquisition of 100% of the quotas owned by Kraft Foods Brasil S.A. in the capital of Gelco Gelatinas do Brasil Ltda., a Brazilian company headquartered in São Paulo.</p> <p>March, 2009</p>



Demarest advised Companhia Mineira de Açúcar e Álcool Participações (CMAA) and private investment fund PDG in investments in ZAMV Ventures (Ziff brothers vehicle), to issue new shares representing 33.3% of its corporate capital.

March, 2009



Demarest advised Companhia Brasileira de Bebidas in the acquisition of Maguary Business by Kraft Foods S.A.

February, 2009



Demarest advised Fortis Bank (Nederland) N.V. in the structuring of a plan to insure the cotton production in Brazil, as a collateral to an advance payment in the amount of US\$ 340 million granted to Swiss cotton trading company Paul Reinhart AG.

February, 2009



Demarest advised Magallanes Navegação Brasileira S.A. (a subsidiary of Chilean group Ultragas) in a R\$183 million loan from Banco do Brasil S.A.

December, 2008



Demarest advised Monsanto do Brasil Ltda. in the acquisition of Aly Participações Ltda., which carries out activities in the production of sugar cane, technology companies CanaVialis S.A. and Alellyx S.A., owned by Votorantim Novos Negócios Ltda. and Votorantim Industrial S.A., in a US\$290 million deal.

December, 2008



Demarest advised CEDIC Group in the sale of its quotas held in Companhia to Diagnósticos da América S.A., in a R\$ 40 million deal.

December, 2008



Demarest advised Banco Panamericano in the wording of legal documentation used in several financial transactions, including credit transactions, discounts and credit assignments, documents related to collaterals and credit notes.

August, 2008



Demarest advised MRV Engenharia e Participações S.A. in a public issue of debentures in the amount of R\$1.3 billion.

August, 2008



Demarest advised Votorantim Celulose e Papel S.A. in the sale of 40% of its interest in VCP Indústria de Papéis Especiais S.A. to Ahlstrom Corporation, in a R\$67 million deal.

August, 2008



Demarest advised General Electric do Brasil Ltda. in the sale of its Illumination Marketing area in the city of Rio de Janeiro to Efficient Lighting Products (ELP), a subsidiary of Saratoga Lighting Holdings.

August, 2008



Demarest advised Banco Votorantim S.A. which, together with Banco Santander S.A., exercised its subscription rights on WTorre Empreendimentos Imobiliários Ltda., in a R\$305 million deal

August, 2008



Demarest advised ISS Servisystem do Brasil Ltda., a company of ISS Group, to acquire all quotas of Loghis Logística Integrada Ltda., one of the leading companies in this market and market reference in the development of new solutions to its clients.

August, 2008



Demarest advised *Liquidez Distribuidora de Títulos e Valores Mobiliários* in the sale of its quotas in *BGC Partners*, one of the world's largest brokers

August, 2008



Demarest advised *Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO")*, in its capacity as creditor, and *Standard Bank plc*, in its capacity as Participant and Arranger, in a US\$ 150 million deal with *O Telhar Agropecuária Ltda.*

July, 2008



Demarest advised *Banco BVA S.A.* in the implementation of a short term notes program in the amount of US\$100 million.

July, 2008



Demarest advised *MRV Engenharia e Participações S.A.* and its shareholders in an IPO worth US\$675 million to place common shares in São Paulo Stock Exchange Market.

July, 2008



Demarest advised *Banco de Comércio Imperial do Canadá* in a \$ 55 million negotiation for the acquisition of *Gemcom do Brasil Ltda.* and other companies of *Gemcom* group.

July, 2008



Demarest advised *Banco Yamaha* in the draft, review and implementation of services and products of a recently merged financial institution, structuring all documents related to said institution.

June, 2008



Demarest advised *Golden Tree Insite Partners*, a subsidiary of *Golden Tree Insite Partner LP* group, in a joint venture with *Atua Construtora e Incorporadora S.A.* for the development of low and middle cost real estate projects in Brazil, in a R\$ 300 million deal.

May, 2008



Demarest advised *GE Capital Corporation* to take out a collateral agreement valued at US\$1 billion.

May, 2008



Demarest advised *Agra Empreendimentos Imobiliários S.A.* to acquire 70% of *Asacorp Empreendimentos e Participações S.A.*'s corporate capital, in a R\$70 million deal.

April, 2008



Demarest advised *GL Eletro Eletrônicos Ltda.*, a subsidiary of *Legrand* group, in the acquisition of *HDL Indústria Eletrônica S.A.* and consequently, its subsidiary *HDL da Amazônia Indústria Eletrônica Ltda.*

April, 2008



Demarest advised *Banco UBS Pactual S.A.* in the negotiation a R\$ 1 billion financing for the controlling shareholders of *Banco BMG S.A.*

April, 2008



Demarest advised *Banco Azteca S.A.* to start operations in Brazil, including without limitation, legal advice in the performance of all regulatory, corporate and contractual measures.

April, 2008



Demarest advised Tufi Duek in the sale of 100% of the corporate capital of TF Indústria e Comércio de Modas Ltda., TF Licenciamento de Marcas Ltda., Triton e Forum Publicidade Ltda., Forum USA Inc., to AMC Textil Ltda., in \$251 million deal.

March, 2008



Demarest advised SIG Beverages Brasil Ltda. in the sale of its shares and in the corporate consolidation of PET Blow Molding Technology to Salzgitter AG, a member of SIG Group.

March, 2008



Demarest advised Bematech Indústria e Comércio de Equipamentos Eletrônicos S.A. in the purchase of Rentech Group activities.

January, 2008



Demarest advised Marsh Corretora de Seguros Ltda. in the sale of Mediservice Administradora de Planos de Saúde to Bradesco Seguros, in a R\$85 million deal.

January, 2008



Demarest advised UBS Pactual S.A. and União de Bancos Brasileiros S.A. in an IPO to issue common shares of Tempo Participações S.A. in São Paulo Stock Exchange Market, in a US\$236 million deal.

December, 2007



Demarest advised the partners of Dubar Indústria e Comércio de Bebidas Ltda. in the sale of their quotas to Sobieski do Brasil Ltda., in a R\$17 million deal.

November, 2007



Demarest advised Los Grobo Agro do Brasil S.A., owned by Argentinean Los Grobo group and Brazilian Private Equity PCP in the acquisition of 40% of the shares of Ceagro Agronegócios S.A., a Brazilian agricultural company, in a R\$25 million deal.

November, 2007



Demarest advised Dana Corporation in the sale of AMP Indústria e Comércio de Peças Automotivas Ltda. to INPACOM Indústria de Componentes Ltda.

October, 2007



Demarest advised Bulltick Capital Markets on the creation of the US\$60 million Exodus II receivables investment fund (FIDC).

September, 2007



Demarest advised GoldenTree Insite Partners, a subsidiary of Golden Tree Insite Partner LP, in a joint venture with Yuny Incorporadora S/A for the development of high and middle rate cost real estate projects in Brazil, in a deal that may reach R\$ 300 million.

September, 2007



Demarest advised Monsanto do Brasil Ltda. in the acquisition of Agroeste Sementes, in a R\$210 million deal.

September, 2007



Demarest advised the former partner of Companhia Brasileira de Sandálias in its sale to São Paulo Alpargatas, in a R\$50 million deal.

September, 2007



Demarest advised the lead arranger and lenders on a US\$500 million McDonald's acquisition finance syndicated loan arranged by Santander's New York branch with security over Brazilian assets.

August, 2007



Demarest advised Companhia Paulista de Força e Luz, a subsidiary of CPFL Energia S.A., in the acquisition of certain power distribution assets owned by Cooperativa de Eletrificação e Desenvolvimento da Região de Franca, in a R\$4,2 million deal.

August, 2007



Demarest advised Goodyear in the sale of its engineering products business to the private equity fund Carlyle, for a worldwide sale price of US\$1,4 billion.

July, 2007



Demarest advised Tower Componentes Automotivos Ltda., Tower do Brasil Ltda. and Tower Automotive in the sale of bankrupt US auto parts maker, Tower Automotive Group, to the private equity fund, Cerberus Capital Management, in a US\$1 billion deal.

July, 2007



Demarest advised CMS Energy Group in the sale of its whole business in Brazil to CPFL Energia S.A., in a US\$211 million deal.

April, 2007



Demarest advised the lead arranger, lenders and Goodyear Tire Rubber Company on a US\$1.2 billion amendment and restatement of lien credit agreements with JP Morgan Chase Bank N.A. and Deutsche Bank Trust Company Americas.

April, 2007



Demarest advised Ceva Sante Animale S.A. in the acquisition of the shares of Norquinco S.A., an Uruguayan company, which is the owner of companies in Brazil (Sespo Indústria e Comércio Ltda. and Vetbrands Brasil Ltda.), USA, Colombia and Mexico, in a R\$45 million deal.

February, 2007

Remark

This material is intended to describe general opportunities for investments on the 2014 World Cup and 2016 Olympic Games events. The information contained herein shall not be used to the exclusion of all other information in any decision making, but rather jointly with advices from the team created by **Demarest e Almeida Advogados** for the matters.

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