

# The Dominican Republic offers investors an attractive proposition with a stable and growing economy, world-class infrastructure and a strong inflow of foreign investment

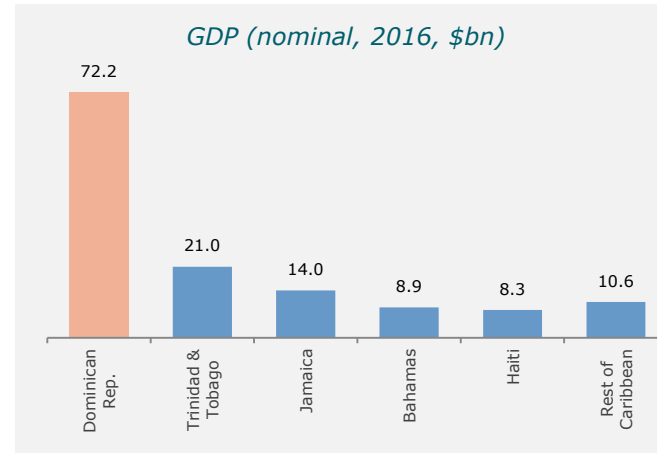
## Stable and growing economy offers a compelling investment environment

- Largest and fastest growing open economy in Caribbean
- Significantly larger economy and land mass than other Caribbean islands, supporting a more diversified economy
- Proximity to large markets (9 international airports with 70+ daily flights to North America and Europe)

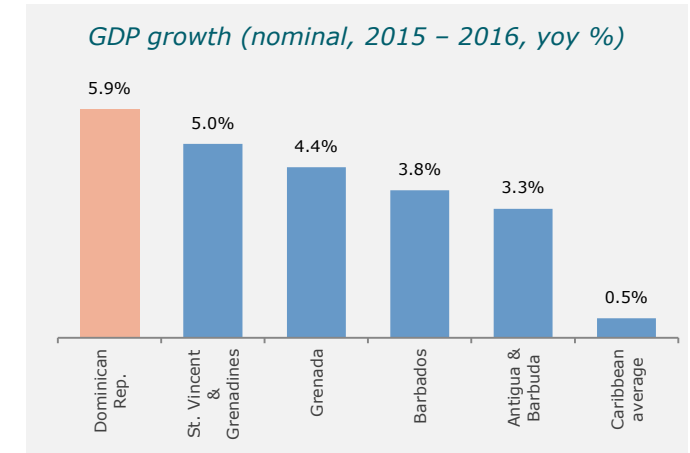
## Superior infrastructure with continued government and foreign investment

- High level of government investment in tourism-related infrastructure
  - National highway network has undergone a significant upgrade
  - Multi-million dollar restoration to Santo Domingo's colonial district
- Principal FDI recipient in the Caribbean, with a well-diversified source of funds
- A number of countries who have historically invested more heavily in other parts of the region are beginning to focus on the Dominican Republic
  - In 2017, the UK announced it had allocated £500m to invest in infrastructure projects in the Dominican Republic

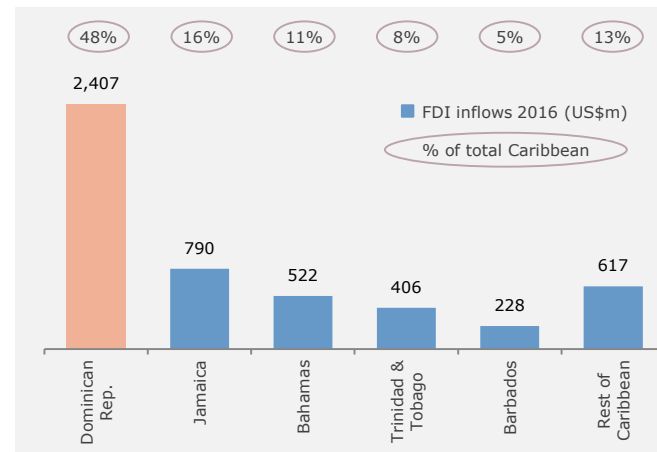
## Largest open economy in the Caribbean



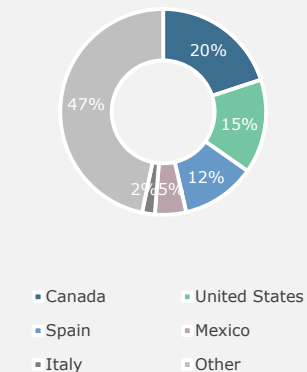
## Fastest growing economy in the Caribbean



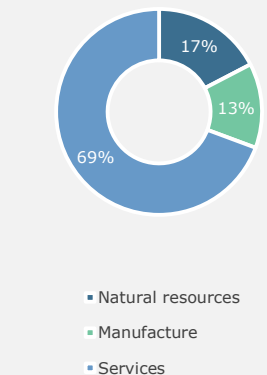
## Recipient of almost half of all foreign investment inflows into the Caribbean



## by country of origin



## by destination sector



# The Dominican Republic enjoys a highly favourable business environment based on its 'ease of doing business', competitive cost base and range of available investment incentives

## *Intrinsic characteristics inherent to the country create a favourable business environment*

- Proximity to major markets and excellent airports makes it easy to transport goods and people in and out
- Abundant work force, including both non-skilled and highly skilled staff and a large number of bilingual workers
- Strong financial sector and well-organized business community

## *Straightforward investment process*

- Buying process is uncomplicated and without restrictions on foreign nationals (see Appendix C for further detail)
- Titles are fully owned and there is a transparent legal framework in place
- Overseen by a notary, the property buying process generally takes 6 – 8 weeks but can be accelerated

## *Competitive costs and range of investment incentives*

- Lowest cost base in the Caribbean
- Investments in the tourism sector are supported by the Tourism Incentive Act 158-01 and the Foreign Investment Act 16-95 (see Appendix C for further detail)

## *Outperforms region on 'ease of doing business'*

	Dominican Republic	Latin America & Caribbean
<b>Setting up a company</b>		
Overall score	83.3 / 100.0	78.5 / 100.0
Procedures (#)	7.0	8.3
Time (days)	14.5	31.6
<b>Registering property</b>		
Procedures (#)	6.0	7.1
Time (days)	45.0	68.6
Cost (% value)	3.5	5.8
<b>Construction permits</b>		
Overall score	75.2 / 100.0	65.7 / 100.0
Building quality	13.0 / 15.0	8.4 / 15.0
<b>Corporate taxation</b>		
Payments (#)	7.0	28.9
Admin (hours)	317.0	342.6
Rate (% profit)	42.4	46.3

## *Highly competitive cost base*



# The Dominican Republic is the Caribbean's leading tourist destination with a well diversified tourism source base and continued strong arrivals growth

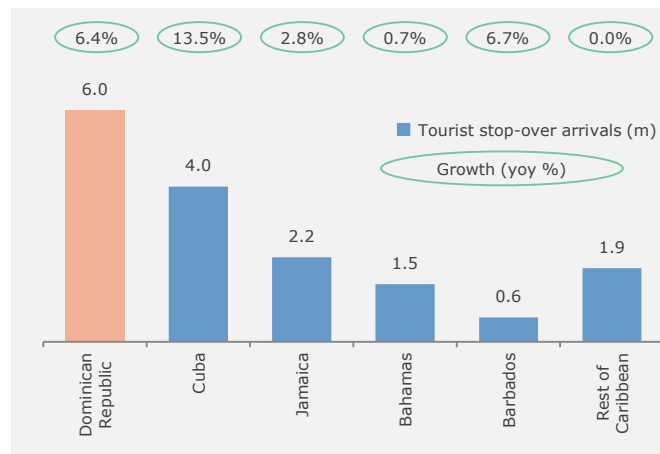
## Strongest tourism industry in the Caribbean

- The Dominican Republic attracted 37% of all non-resident tourism stop-over (air) arrivals in the Caribbean in 2016, bringing in \$7.0bn in tourism receipts
- Growth continued in 2017, with a 6.5% increase between January and June
- The Ministry of Tourism is targeting ten million stop-over arrivals by 2020, and invests ~\$50m annually on promotion in international markets
- Cruise arrivals have also shown strong growth, up 52% in 2016

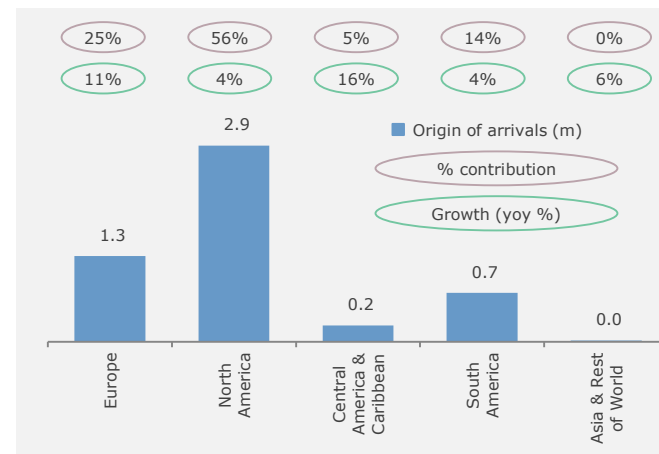
## Secret to success lies in inherent characteristics of the country which give it a sustainable competitive advantage

- Surrounded by the Atlantic Ocean to its north and the Caribbean Sea on its south, the lush tropical island paradise boasts 1,600+ km of coastline, and its sandy-white beaches, diverse landscape, and colonial history attracts visitors from around the world
- Largely bilingual population caters to all key source markets, and positions the Dominican Republic as the destination of choice for tourists from Central & South America and the Caribbean who are more comfortable with a Spanish speaking destination

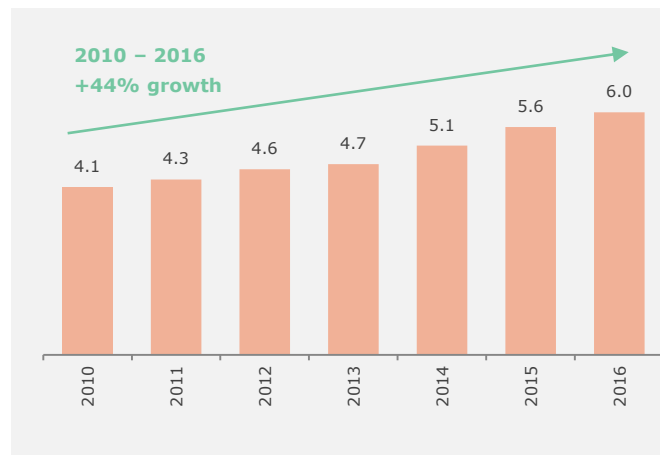
## #1 tourist destination in the Caribbean in 2016



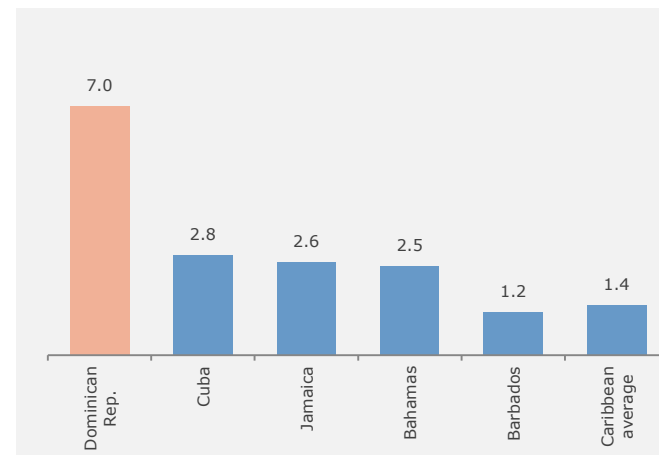
## Americas continue to be key source markets



## Arrivals have exhibited steady historical growth



## Visitor spending is significantly above region



Sources: Asociación Nacional de Hoteles y Restaurantes (ASONAHORES); Economic Commission for Latin America and Caribbean (ECLAC); RBC Caribbean Economic Report June 2015; Caribbean Tourism Organization (CTO); Dominican Republic Tourist Board

Notes: 'Tourist stop-over arrivals' is calculated as number of non-resident arrivals by air, cruise ship arrivals and resident arrivals are not taken into account

# The Dominican hotel industry continues to show strong growth with above average occupancy rates and a number of prestigious resorts recently opened or under development

## Continued growth of the hotel industry

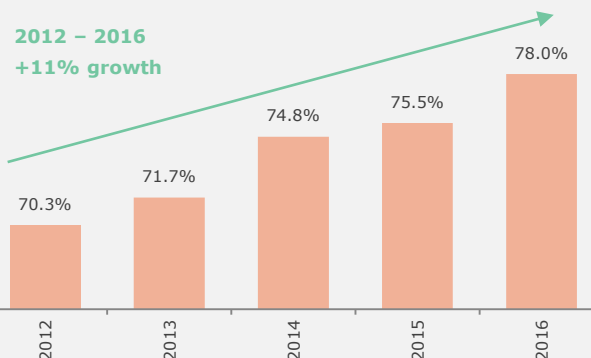
- Investment in tourism infrastructure continues to pour into the country, with a number of resorts and hotels planned or currently being developed
  - In 2016, 5,500 new rooms entered the market with another 6,500 under construction at year end
  - In the first half of 2017, 69 new hotel projects were approved, which could add an additional 8,000 rooms
- Despite the strong increase in hotel rooms, occupancy levels continue to rise and remain significantly above the Caribbean average
  - In 2017, occupancy increased to 87%, with the Puerto Plata region showing 90% occupancy levels

## North Coast in the spotlight

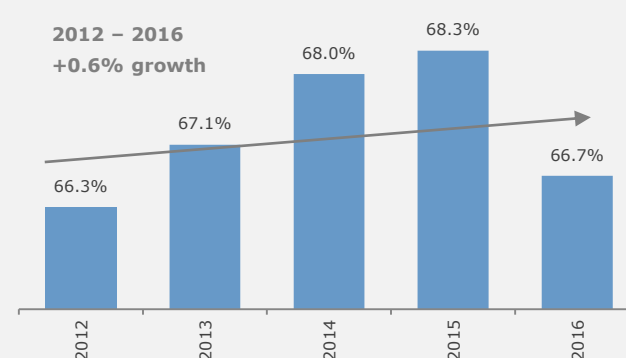
- A number of high-end resorts are being (re)developed on the North Coast, which will greatly boost the prestige and visibility of the area
  - The 2015 opening of Aman Resorts in Playa Grande put the North Coast 'back on the map' for luxury tourism
  - The ongoing \$1 billion development of a new Discovery resort at Playa Grande represents the largest tourism investment ever undertaken in the Dominican Republic

## Strong growth in occupancy rates with consistent outperformance versus the broader region

### Dominican Republic hotel occupancy rates



### Caribbean hotel occupancy rates



## Lowest hotel construction costs in the Caribbean

\$ per sqm	Mid market – high	Luxury
Antigua & Barbuda	2,900 – 4,600	3,300 – 5,900
Bahamas	2,200 – 6,200	2,800 – 7,400
Barbados	2,300 – 3,700	2,700 – 4,500
Cuba	2,700 – 4,000	3,000 – 4,700
Dominica	2,400 – 3,100	2,700 – 3,500
Dominican Rep.	1,600 – 3,200	1,900 – 3,900
Grenada	2,700 – 3,600	2,900 – 3,900
Haiti	1,500 – 2,300	2,000 – 2,900
Jamaica	2,100 – 3,100	2,600 – 3,900
St. Kitts & Nevis	3,000 – 4,200	3,400 – 5,200
St. Lucia	2,900 – 3,600	3,400 – 4,300
St. Vincent & Gren.	2,300 – 2,900	2,500 – 3,300
Trinidad & Tobago	2,500 – 3,500	3,100 – 4,300

## Several high-end resorts have recently opened

2017: Punta Cana

2017: Punta Cana

2017: North Coast  
Billion dollar development underway

2015: North Coast  
First Aman Resorts with integrated golf course

# The North Coast of the Dominican Republic is well-established with tourists and expats and will continue to grow in desirability on the back of ongoing infrastructure investments

*North Coast is popular with both tourists and expats looking to live part- or full-time in the DR*

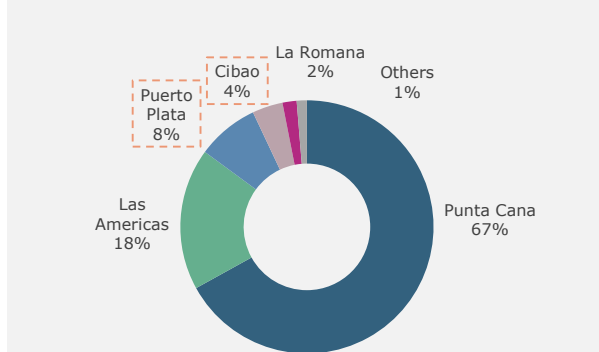
- Globally recognized tourist destination
- Accounts for c.12% of total annual tourist arrivals to the island, with a strong growth in market share in recent years
- Virtually hurricane-proof thanks to natural protection from the surrounding mountain range

*Government committed to supporting new developments on the North Coast, with key infrastructure projects expected to significantly boost activity in the area*

- Increased focus from the government and banks, driven by strategy to expand tourism away from Punta Cana, which now controls ~75% of market
  - Attempt to diversify and increase resilience of sector in case of a natural disaster
- Puerto Plata's historic centre has undergone a major renovation, including the Caribbean's only mountaintop cable car
- Ongoing private investments in numerous new bars, restaurants and accommodation facilities
- Upgrades to highways connecting Santo Domingo with the North Coast and an extension of the highway to Puerto Plata
- Carnival Corporation's \$85m cruise ship port, Amber Cove opened in October 2015
  - Expected to receive 1.2m passengers in 2017

## North Coast airports receive high inflow

*Non-resident stopover arrivals by airport (2016)*



## North Coast renowned as a top destination

**TRAVEL+ LEISURE** Best Places to Travel in 2015  
**Puerto Plata**

**TRIPADVISOR** 2015 TRAVELER'S CHOICE  
**Top 25 Beaches in the Caribbean 2015**  
**Playa Sosúa**

**TRAVEL** Top 10: Caribbean Holidays for Activity and Adventure  
**Watersports: Cabarete** 🏆

**TRIPADVISOR** 2015 TRAVELER'S CHOICE  
**Top 10 Destinations in the Caribbean 2014**  
**Sosúa**

**Condé Nast Traveler** World's Top 10 Beaches  
**Bahia Maimon**

## The North Coast boasts vibrant natural beauty and is well serviced by modern infrastructure

**Bahia de Luperon** **Amber Cove** **Ocean World** **Playa Sosua** **Playa Cabarete** **Playa Grande** **Playa Caletón**

- 10 minutes from Puerto Plata international airport
- 20 minutes from new cruise ship port opening in 2015
- The new highway being planned, Autopista del Atlantico, will cut travel time between Santo Domingo and the North coast to 2 hours from the current 3.5 – the same amount of time it currently takes to get to Punta Cana
- 30 minutes from Playa Dorada Golf Club and 1 hour from Playa Grande Golf Club



The North Coast has recently experienced a resurgence as a primary tourist destination on the back of government-led tourism initiatives and a number of high-profile resort developments

### **Puerto Plata Has Been the Fastest Growing Tourist Destination in the Country**

*Puerto Plata Digital – 7 October 2017*

"During the first eight months of this year 2017, Las Américas International Airport registered growth of 1.9%, Punta Cana 8%, while **Gregorio Luperón of Puerto Plata grew 15%.**"

"The destination is **leading the growth of the arrival of tourists to the country by air and sea.**"



### **Puerto Plata Airport Receives a 14.7% Increase in Passengers**

*Puerto Plata Digital – 7 October 2017*

"The **Canadian market grew 22%** from January to August... [and] there was also an **increase of 8.5 percent... from the United States.**"

"... **Puerto Plata will be the first airport in the country and the Caribbean to receive the Airbus A350-900**"

"Recognized this year as '**Best Airport for up to 2 million passengers, in the Region of Latin America and the Caribbean**'"

### **Puerto Plata Announces Increase in Tourism Numbers and Active Travel Initiatives**

*Go Dominican Republic – 2 May 2016*

"**Increase in visitors to Puerto Plata of 11.5 percent** over 2015 numbers [for 2016 YTD]."

"Currently, more than 12,500 **hotel rooms** are available in the area, **expected to grow to meet increasing tourism interest.** Puerto Plata has seen **significant tourism developments in the past few years.**"

"Puerto Plata is **famous for its world-class watersport offerings,** with its town of Cabarete known as the Kiteboarding Capital of the World."

"**Infrastructure officials are working on a number of improvements throughout the province,** such as constructing an amphitheater, restoring historic buildings, developing sailing ports, installing new safety surveillance systems and improving roads in Sosua and downtown Puerto Plata"



## Tourism Incentive Act 158-01

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- Since 2001, Tourism Incentive Act 158-01 has been in place in Dominican Republic, revolutionizing the investment climate and allowing large volumes of capital to be attracted to the tourism sector
- The purpose of this act is to promote new development in areas of the country which, despite their major basic attractions, have had limited growth
- It also serves to create new complementary offerings in tourist centers that have already been developed and to support the renovation of hotel properties that have been in operation for five or more years
- This law grants an exemption from all national and municipal taxes for ten years. It is managed by a public-private agency that meets periodically to review the applications for proposed new developments
- The Tourism Promotion Council, Confotur, grants two levels of approvals for new tourism projects: the first is provisional for starting the development; the other is final, once the project is advanced enough to be consolidated and launched
- Essentially, provisional approval exists so that companies can add to their capital, purchase land, build (if they seek out the corresponding construction permits, etc. at the same time), so that when they get the final approval, they are already in a position to start work

### *The incentives for provisional approval are:*

1. Exemption from the requirement to legally establish the company
2. Increase in the share capital
3. Property transfer tax (3 percent of the value of the property)

### *The incentives for final approval are exemptions from:*

1. Income tax for ten years
2. National and municipal taxes
3. Taxes on construction, plans, etc.
4. Taxes on the payment of loan interest
5. Reinvestment tax of 20 percent (tax savings on another existing company, for five years)
6. Equipment import (exempt from customs taxes, taxes on transfer of industrial goods and

## Foreign Investment Act 16-95

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- Foreign Investment Act 16-95 grants equal rights and duties to foreigners and Dominicans and opens up all possible types of businesses and trade
- It recognizes that foreign investment and technology transfer contribute to the country's economic growth and social development by favoring creation of employment and foreign currency, promoting the capitalization process, and contributing efficient methods of production, marketing, and administration
- This law also permits the free repatriation of invested capital and profits
- The country also has free circulation and exchange of foreign currency with no obstacles of any kind or control of foreign currency exchange, with the free market determining the daily exchange rates against other currencies



## Dominican Republic in the news (1/4)

### **DOMINICAN REPUBLIC IS A CARIBBEAN GEM IN ART, FASHION AND DESIGNER SHOPPING**

*All About World Heritage – 5 October 2017*

"Artisan crafts, high fashion and world-class performing and visual arts draw travelers from across the globe.

Dominican art has a long history.. Today some of the world's most revered artists and fashion designers hail from Dominican Republic, including late fashion designer Oscar de la Renta."



### **NO FILTER NEEDED: DOMINICAN REPUBLIC'S STUNNING NATURAL BEAUTY AND HISTORIC CHARM CREATE A PHOTOGRAPHER'S LPLAYGROUND**

*GlobeNewswire – 3 October 2017*

"With majestic mountain views, picture-perfect beaches, vibrant green jungles and a stunning array of flora and fauna, a visit to Dominican Republic begs to be photographed."



### **4 REASONS WHY AMERICANS RETIRE IN THE DOMINICAN REPUBLIC**

*Investopedia – 1 August 2017*

"This law [Law 171-07] allows people to retire to the Dominican Republic under very generous circumstances.

The Dominican Republic also offers white sand beaches, a warm climate, a stable infrastructure, good healthcare and a low cost of living."



### **DOMINICAN REPUBLIC IS NOW THE CARIBBEAN'S CROWN JEWEL**

*Travel Pulse – 9 May 2017*

"While growth is spreading across the entire region, the Caribbean's unquestioned powerhouse is the Dominican Republic, whose fast-growing visitor arrivals are poised to extend the country's tourism dominance into the next decade."



# Dominican Republic in the news (2/4)



## ACCESS DR – 29/07/15 Arrival of International Tourists to the D.R. Continues Upward Trend

### US Tourists Lead the Way

The number of U.S. tourists visiting the country registered 1.5 million, a 9.7% increase in comparison to last year's numbers. Canadian tourists registered a 3.5% increase.

Tourists coming in from U.S. airports accounted for 42.9% of all arrivals, while the number of Canadian tourists jumped by 19.2%.

### More South Americans Discovering the Beauty of the Dominican Republic

The European Market Also Experienced Steady Growth



## HUFFINGTON POST – 06/16/15 5 Great Reasons To Live, Retire, Or Invest in the Dominican Republic

Dominican Republic named for its low cost of living, housing and expat lifestyle.

"Puerto Plata, on the north coast, is the most developed area for retirees."



## HUFFINGTON POST – 06/16/15 5 Great Reasons To Live, Retire, Or Invest in the Dominican Republic

1. Prices Represent The Best Value In The Caribbean
2. The Established Expat Community Means Amenities And Services You Won't Find Elsewhere In The Caribbean
3. Developments In Infrastructure Make For Easy Living
4. Easy Retiree Residency
5. Not Ready To Retire? The Red Carpet Awaits Investors And Entrepreneurs, Too...



## ACCESS DR– 15/17/15 Canadian Tourists Will Have More Options for Winter Travel to the Dominican Republic

Air Canada and West Jet airlines announced an increase in their weekly flights to Puerto Plata and Samana, both on the country's north coast.

Air Canada announced that it will add an additional flight to its current two-flights per week on its Montreal-Puerto Plata route, beginning December 22, 2015, using an Airbus 319.





# Dominican Republic in the news (3/4)



## ACCESS DR – 03-15-15 Three DR Beaches Considered Best in the Caribbean

The three Dominican beaches were selected from a list of the Caribbean's top 25 beaches. "Playa Bavaro" in Punta Cana, in the country's easternmost region, "Playa Bonita" in Samana, on the northeast region, and "Playa Sosua," on the north coast **were selected by TripAdvisor**, the popular travel site, which included the beaches in its Travellers' Choice Awards 2015.



## ACCESS DR – 14/01/15 Puerto Plata Among Top Places To Visit in 2015

The world famous **Travel & Leisure magazine** has included the province of Puerto Plata, in the Dominican Republic's north coast, as the fourth place to visit (among 50 destinations) during 2015.

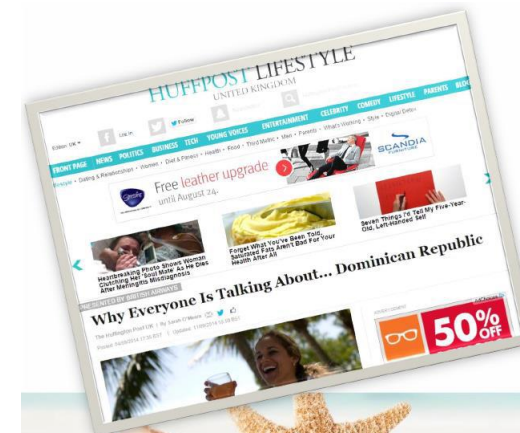
The publication says: "Far from Punta Cana's beach resorts, the less frequented north coast of the Dominican Republic has remained largely under the radar. But 2015 development projects in Puerto Plata are intended to attract wealthy sun lovers."



## YAHOO FINANCE – 10-12-14 The world's 5 best beach cities for retirement

2. Sosua/Cabarete, Dominican Republic. Where the verdant green jungle hills slope into the crystal-blue waters off the north coast of the Dominican Republic rest the sand-fringed towns of Sosua and neighboring Cabarete. These are beachfront utopias. There are no high-rise towers, no big crowds and no worries. Life here is all about enjoying what mother nature has created in this world-class coastal spot.

The life on offer here is also increasingly appealing to retirees. Expat communities are established and expanding, and planned developments are under way to cater to them. Retirees settling here can choose luxury living in planned communities where houses sell for \$400,000 to \$800,000, but also have much more affordable options in coastal developments where homes are priced from \$130,000 to \$150,000.



## HUFFINGTON POST – 09/04/14 Why Everyone Is Talking About... Dominican Republic

With an average annual temperature of 25 degrees, stunning beaches and great nightlife, it's tricky to work out why you wouldn't want to go on holiday to the Dominican Republic.

Boasting access to tranquil spots, as well as great nights out, this Caribbean nation on the island of Hispaniola, is hugely popular with groups and couples alike...

# Dominican Republic in the news (4/4)



## US NEWS – 09/13/13 The World's 5 Best Beach Cities for Retirement

2. Sosua/Cabarete, Dominican Republic. Where the verdant green jungle hills slope into the crystal-blue waters off the north coast of the Dominican Republic rest the sand-fringed towns of Sosua and neighboring Cabarete. These are beachfront utopias. There are no high-rise towers, no big crowds and no worries. Life here is all about enjoying what mother nature has created in this world-class coastal spot.



## DOMINICAN TODAY 10th ANNIVERSARY

- ECLAC: Dominican economy to grow 4.8%, 2nd in region: EFE, 29/07/15
- American Airlines announces 3 new routes to Dominican Republic, 14/07/15
- Road to Puerto Plata's Carnival cruise terminal ready by October, 23/07/15
- U.S. tourists boost Dominican Republic to record growth, 12/15/14
- Dominican Republic among top medical tourism destinations, 07/26/14
- US, Canada pace 12% jump in Dominican Republic tourism, 09/09/14
- French airlines to add new flights to DR next winter, 27/09/14
- Another tourism record: 13.2% jump in Sept., 10/10/14
- Tourism Ministry offers 35,000 hotel rooms under construction, 17/10/14
- Dominican Republic 14% tourism jump in October 'impressive', 24/11/14



## INTERNATIONAL LIVING Real estate in the Dominican Republic is more affordable than you may think

Real estate in the Dominican Republic is affordable and the country is becoming increasingly popular with North Americans.

One favorite for expat looking to buy real estate in the Dominican Republic is Punta Cana, which enjoys excellent infrastructure. It feels a bit "Miami"...fun, sand and sun. The hotels pushed the price of beachfront land sky-high, but off-beach property remains affordable...



## FREE TRADE AGREEMENTS With both Canada and the United States

Free Trade negotiations between Canada and the Dominican Republic were launched on June 7, 2007. A first round of negotiations was held in Ottawa December 10-14, 2007. Officials last met in December 2009, but continue to exchange information with the goal of identifying a mutually acceptable basis upon which to re-launch negotiations...

