

real estate/hotel administration



Habitaria is a joint venture created in 1998 between Quiñenco and Ferrovial Inmobiliaria Chile Ltda, an indirect subsidiary of Ferrovial Inmobiliaria S.A., one of the largest and most respected construction companies in Spain. Habitaria's main business is the development of real estate projects aimed at first home buyers in the middle- and high-income brackets.

The company's focus is on urban development, based on comfort, security and healthy family living. Since 1998, it has developed nine projects in diverse sectors of Santiago and the adjoining 5th Region, the two most urbanized areas of Chile. In 2003, Habitaria invested UF302,992 (approximately US\$8.6 million) in the development of real estate projects.

2003 Results

Habitaria reported a net loss of Ch\$672 million in 2003, compared to a net profit of Ch\$907 million in 2002. During 2003, Habitaria's sales dropped by approximately 22% to Ch\$18,066 million. 2003 sales were further impacted by the poor market conditions which prevailed throughout most of the year, with a particularly weak demand for housing. During 2003, Habitaria recorded sales corresponding to 275 units, well below the 436 units sold in 2002, although the sales mix favored higher priced housing units.

As of December 31, 2003, Habitaria had pre-sold an additional 52 apartments to be delivered in future periods (not included in 2003 sales revenues). Its inventory of finished stock as of December 31, 2003 (excluding pre-sold units as of the same date) was 218 apartments and homes. During 2004, Habitaria is expected to finish constructing three additional phases of ongoing projects.



With the satisfaction of having positioned Hotel Carrera among the most prestigious and best known five-star establishments in Chile, but also having observed a sustained decrease in occupation rates over the years because of the gradual shift of the business and hotel district of the capital to the eastern suburbs, Quiñenco opted to accept a US\$23.7 million offer from the Chilean government in 2003. The seventeen story, 25,000 square meter Hotel Carrera building will be used as the new headquarters for the Foreign Affairs Ministry.

It is important to highlight the fact that the building, which for 63 years was considered the bulwark of the civic center of Santiago, will remain part of the national heritage of the country, together with the Palacio de la Moneda, the presidential palace, situated next to the Carrera building.

Outside the capital city, Hoteles Carrera owns – or operates – the four-star Hotel Araucano in Concepción and three other hotel establishments in the north of Chile. These include the La Serena Resort and conference center and the Carrera Club Resorts in Iquique and Antofagasta. The rental contracts on the northern hotels expire in 2004.

2003 Results

The Santiago Hotel Carrera was sold in November 2003 pursuant to an agreement with the Ministry of Foreign Affairs of Chile for UF832,000. Prior to its sale, the Santiago hotel was Hoteles Carrera's main asset, accounting for approximately 60% of consolidated revenues. Following the disposal, Carrera's activities are limited to operating a wholly-owned four star hotel in Concepción as well as three leased hotels in the north of Chile. The leases on the northern hotels expire during 2004. Hoteles Carrera reported a loss on the sale of the Santiago hotel of Ch\$4,713 million, which mostly explains the net loss of Ch\$5,315 million reported for the year 2003.