

BAGONG NAYONG PILIPINO MANILA BAY TOURISM CITY

TERMS OF REFERENCE

(As Amended)

We are pleased to announce herewith the Terms of Reference regarding the Bagong Nayong Pilipino Manila Bay Tourism City project.

I. Objectives of Bagong Nayong Pilipino Manila Bay Tourism City

As one of the priority projects of government, the Bagong Nayong Pilipino Manila Bay Tourism City project will have the following contributions toward national economic development:

- a. Boost tourism and increase influx of tourists. It is estimated that more than a million additional tourists per year can be attracted as a result of this project.
- b. Employment generation will be substantial. Direct employees of the hotel entertainment complex upon full operation will exceed 40,000 Filipinos, all of whom will be at income levels at par with other hotel casino complexes in the region, and salaries of whom shall be in United States Dollars (USD). In addition to the direct employment, indirect employment of support operations could amount to 150,000 additional jobs.
- c. Increased earnings for the national government. It is expected that the project could generate gross revenues of several billion US\$ per year upon full implementation and could triple the present annual income generation of PAGCOR from US\$500 million to US\$1.5 billion, thus dramatically increasing the income of the National Government to whom all PAGCOR revenues accrue.

- II. The following are the Terms of Reference which all project applicants must conform to in order to qualify for a PAGCOR license to operate each integrated casino–entertainment complex project:

1. Site Location

The initial phase of the project site will be an area of approximately 40 hectares of reclaimed land along Manila Bay in Parañaque City. Other locations in this vicinity as may be approved by PAGCOR will also qualify.

2. License Application Fee

Each application must be accompanied by a Manager's Check in the amount of US\$50,000 payable to PAGCOR, which is non–refundable.

3. Project Proponents

Applicants must have the financial capability and a well–established experience in the hotel and gaming business. Applicants who are principally financial investors are also welcome but will be required to engage qualified hotel and gaming operations entities (whether organizations or individuals), who have the track record in organizing and operating world–class hotel and gaming projects.

4. Minimum Investment Requirement

All applicants must submit proposals for a total entertainment complex with a minimum project cost of US\$1 billion, consisting of both equity and debt.

Of this total project cost, a minimum of 40% of the total project cost must be invested within a period of two (2)

years from site delivery (for PAGCOR owned land) or from the date of signing of the Provisional License. A hotel must be fully operational on site prior to casino operation.

The balance of the total project cost should be utilized to complete the whole project development in accordance with the Project Implementation Plan to be submitted by the proponent within 120 days from signing of the Provisional License and approved by PAGCOR.

5. Debt/Equity Ratio Requirement

All project proponents must have a minimum debt equity ratio of 70% debt and 30% equity, in order to assure the project's financial viability. Projects with less than a 30% equity component will not be accepted.

6. Citizenship Requirements

Equity ownership on companies engaged in gaming operations will be governed by applicable laws.

7. Lease Period & Lease Rate

For selected applicants who will lease the land owned by PAGCOR, lease period is for 25 years or until the expiration of the twenty-five (25) year term of PAGCOR as provided in RA 9487. The lease shall be renewable by mutual agreement for another 25 years.

The annual lease rate shall be announced at a later date.

8. Performance Assurance

Within 30 days from the date of the Provisional License, each selected proponent must submit a Bank Guarantee or Letter of Credit or Surety Bond to be secured from a reputable firm acceptable to PAGCOR, in the amount of ONE HUNDRED MILLION PHILIPPINE PESOS (PHP100,000,000.00).

The Performance Assurance shall guarantee the Proponent's completion of the project.

9. Escrow Account

Within fifteen (15) banking days from the signing of the Provisional License, the Proponent shall open an Escrow Account with a universal bank acceptable to PAGCOR and the Proponent and shall make a deposit to the said Escrow Account amounting to at least ONE HUNDRED MILLION UNITED STATES DOLLARS (US\$100,000,000.00). All funds for the development of the project shall pass through the Escrow Account.

The Escrow Account shall have a maintaining balance of FIFTY MILLION UNITED STATES DOLLARS (US\$50,000,000.00).

10. PAGCOR Fees

Upon commencement of the gaming operations, the following fees are to be imposed in lieu of all taxes with reference to gaming revenues:

a. From Non-junket table and Slot Machine operations:

1. 15% of gross gaming revenues generated from High Roller tables;

2. 25% of gross gaming revenues generated from non-High Roller Tables;
3. 25% of gross gaming revenues generated from slot machines;
4. 2% of total gross gaming revenues generated from both High Roller and non-High Roller tables, for the restoration of cultural heritage.

b. From Junket Operations:

- 15% of gross gaming revenues generated from both High Roller and non-High Roller tables

Definition of High Roller Tables: To be determined at a later date.

PAGCOR fees on gross gaming revenues from tables utilizing foreign currency denominations, shall be remitted in United States Dollars (USD).

PAGCOR may collect a fee equivalent to five percent (5%) of non gaming revenue from all food and beverage, retail and entertainment outlets within the Bagong Nayong Pilipino Manila Bay Tourism City ("5% Fee"). All revenues in connection with hotel operations should not be subject to the 5% Fee except rental income received from retail concessionaires within the hotels. Revenues received from any theme park and/or museum or similar operations within the hotel shall be subject to the 5% Fee.

11. Taxes for non-gaming revenues

Non-gaming revenues will be subject to the normal taxes or tax exemptions as may be specified by other

government agencies under which the applicant is registered, including but not limited to PEZA, Board of Investments and the like.

12. Number of Licenses to be Issued

The number of licenses to be issued by PAGCOR will be flexible and will depend on the applicant's conformity to this Terms of Reference and on the approved Integrated Proposal Concept.

13. Issuance of License

A Provisional License will be issued to the winning proponent effective for the duration of the project development period and shall not exceed the approved completion date of the whole project.

The Regular Casino Gaming License will be issued upon completion of the Project and upon approval by PAGCOR of the report detailing the actual total cost of the Project to ensure the proponent's compliance with the approved project cost based on the Project Implementation Plan. The term of the License shall not exceed the term of PAGCOR as specified in RA 9487.

No sub-licenses will be issued nor allowed.

14. Submission of Proposal Concept

a. Documentary Requirements – If the applicant is a Consortium or group of companies, each company must submit the following documents:

(1) Company Profile (must highlight experience in casino development and operation).

- (2) Consularized Company Registration, Articles of Incorporation and By-Laws.
- (3) Accomplished Directors' and Officers' Personal History Statement Forms.
- (4) Organizational set-up.
- (5) Financial profile including audited financial statements for the last three (3) years of operation.
- (6) Bank certification of availability of adequate credit facilities for financing of the project.

b. The Proposal Concept –

(1) Business Plan

aa. The business plan must address the following PAGCOR Objectives:

– Boost Tourism/Increase Influx of Tourists

(Indicate projected number of tourists)

– Generate Jobs

Indicate projected number of jobs to be created and sourced in the Philippines.

*Local hiring for the whole hotel entertainment complex shall be 95%; Casino employees shall be licensed by PAGCOR and all casino non-officers must be locals. Salaries of employees shall be in United States Dollars (USD) and shall be comparable to Asian

standards, particularly Singapore or Macao or the average salaries provided by Singapore and Macao.

- Create Economic Impact
 - Indicate projected earnings for Government
 - Indicate other indirect benefits/advantages

bb. Business plan must also include the following:

- Long-term development and expansion programs
- Target foreign markets and marketing plan
 - Positioning of the Bagong Nayong Pilipino Manila Bay Tourism City in the Region - as compared to Singapore/Macau and other countries

(2) Narrative Description to include the following:

aa. Total size/area of Concept - The general concept is the creation of a destination that will attract not just gaming enthusiasts but also business tourists and leisure travelers as well.

bb. Concept must be Unique

cc. Identify key components of the Concept, different buildings/structures i.e. size/area of each structure, conceptual design and contents of each building/structure, capacity, number of floors, number of rooms, size of rooms, etc.

*Key components must include the establishment of tourism facilities such as six-star hotel, theaters, exhibition halls, museums, and other tourism-oriented facilities. The concept must also include staff house/s for the casino employees.

dd. On the casino component: indicate the size/area of the casino, number of tables, number of slot machines, etc.

(3) Preliminary Colored Renderings/drawings of Concept and shall include but not limited to the following:

aa. Model Photo (if available)

bb. Master Layout Plan

cc. Preliminary architectural concepts

dd. Floor plan for each Concept component

ee. Schedule of Hotel Accommodations

It is acknowledged that project proponents will need to retain world-class architects and casino design specialists, whose detailed and specific designs will require a period of time to complete. Thus, PAGCOR expects only preliminary design renderings at the time of submission of the application but the detailed and specific designs, together with working drawings, must be submitted to PAGCOR not later than 6 months after award of the license. All plans and designs must conform with the provisions of the National Building Code of

the Philippines and other applicable laws, rules and regulations and local ordinances.

- (4) Site Surveys and Investigations, including but not limited to aerial, hydrographic, topographic, hydrologic, sub-surface, monumenting and other surveys that will show that submitted concept is suitable to site condition.

PAGCOR recognizes the fact that these details can only be available once the specific site of the casino is determined and approved by PAGCOR. Thus, PAGCOR will allow a sufficient period of time for the applicants to submit these information, after the submission of their application.

c. Feasibility Study

- (1) Financial projections and assumptions
- (2) Project cost (Please refer to Investment Requirement portion for details.)
- (3) Project timetable (please refer to Investment Requirement portion for details)

All applications and queries should be addressed to:

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