


The
Philippines
* * *

Home sweet second home awaits you
in this idyllic tropical playground.



You can live  your dream in this strategically located Asian nation.

PARADISE FOUND

The Philippines is an oasis for travelers looking for a vacation home near sun and surf.

development together, but this is exactly what the Philippines Department of Tourism's newest campaign, "The Philippines: Live Your Dream," is all about. The campaign was launched in October, when the department had an exhibition at the International Property & Investment Show in Korea.

Did we say odd? Try innovative. "This is how the Philippines' tourism sector is evolving," says Tourism Secretary Joseph Durano. "For the past three years we have been focused on expanding the number of conventional tourists. Now we are targeting those who stay for 30 to 45 days, and those who visit several times a year." The thinking is that these foreigners, who typically come from other Asia-Pacific countries, will find it cost-effective to buy a second home since they visit so often and stay so long.

The campaign coincides with the mushrooming of real estate developments across the country, including beach communities, mountain resorts, and golf courses. If endorsed by the Department of Tourism as a tourism-related project, these developments enjoy four to six years' income tax holiday and duty-free importation of capital goods, among other incentives.

In the Philippines, foreigners can own only condominium units, so the department is focusing on tourism-related projects with attached condominium towers. Property is becoming cheaper for foreigners because the peso is depreciating against the U.S. dollar. At Hamilo Coast, a new coastal resort in Batangas

Come to the Philippines, revel in its pristine beaches, relax in its mountain resorts, enjoy the vibrant nightlife—and buy a vacation home. It may seem odd for a national tourism body to pitch tourist spots and property development together, but this is exactly what the Philippines Department of Tourism's newest campaign, "The Philippines: Live Your Dream," is all about.

Province near Manila, a 28-square-meter apartment is currently priced at US\$44,000.

The country's real estate companies are thrilled. "We recognize the potential of this market," says Rex Mendoza, senior vice president at Ayala Land, the Philippines' oldest and largest property developer. Traditionally focusing on wealthy Filipinos at home and abroad, the high-end developer has begun to target the small but growing non-Filipino market. "Many have told us that the cost of living, wide use of the English language, and, surprisingly, the Christian influence were major criteria in their decision to buy," says Mendoza.

An archipelago of more than 7,100 islands, the predominantly Roman Catholic country was a U.S. colony from 1898 to 1946, which is why many of its 88 million people speak English. It is strategically located, within four hours' flying time from Tokyo, Seoul, Shanghai, and other regional capitals. Steady GDP expansion since the liberalization of key industries in the 1990s (the economy grew 7.3% last year) has enabled improvements in the country's infrastructure systems.

Yet the cost of living remains low. In the "Worldwide Cost of Living Survey 2008" by the consulting firm Mercer, Manila was ranked 110th in the world, meaning it is far cheaper to live in the Philippine capital as an expatriate than in Tokyo (ranked the world's second-most expensive city for expats after Moscow).

Is the new tourism thrust working? "The interest is greater than what we expected, but we understand that, with such an investment, there's always a gestation period," says Durano, who recently brought the "Live Your Dream" campaign to Shanghai and Sydney. He believes that the global financial crisis will not affect China and other Asia-Pacific countries as much as the West, which is one reason why the campaign is focused on Asia at this time. If the Department of Tourism has its way, many visitors to the Philippines will soon be saying, to paraphrase Julius Caesar, "I came, I saw, I bought."





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A Time to Build

Efrain C. Genuino, chairman and chief executive of the state-run Philippine Amusement and Gaming Corp., believes that vision without action is just a waste of time.

Hence, for the man who envisions constructing a fully-integrated entertainment and leisure complex on 120-hectares of reclaimed land along the Manila Bay area, keeping the project on the drawing board is not an option.

The project, dubbed the Bagong Nayong Pilipino-Entertainment City Manila, was conceptualized as early as 2001, but several roadblocks hampered its realization.

However, rather than sit idly and wait while the problems eventually resolved themselves, Genuino used his time wisely to begin promoting the project in earnest. His efforts were not in vain.

PAGCOR has already granted provisional licenses to two investors — the ARUZE Corp. of Japan and the partnership of Philippine-based Alliance Global Incorporated (AGI) and the Genting Berhad Group of Malaysia. The groundbreaking for the project was held last April while construction is expected to begin in the last quarter of the year.

“Many of my critics say that a dream as grand as the Entertainment City — with no guarantees from the Philippine government — is just an illusion. But we have proven them wrong,” Genuino said confidently.

THE INVESTORS Each developer in the Entertainment City will invest at least US\$1 billion in the project.

ARUZE Chairman Kazuo Okada is planning to build special museums, hotel chains, theaters, a sports arena and the Manila Eye, a giant Ferris wheel that is set to rival the famous London Eye in Europe.

Okada is one of the Top 10 most influential people in the Asian gam-

GROUNDBREAKING

PAGCOR Chairman & CEO Efrain C. Genuino (center) is joined by (from left) PAGCOR Directors Philip G. Lo and Gen. Manuel C. Roxas (ret.), Philippine Reclamation Authority General Manager & CEO Andrea D. Domingo, Senator Juan Ponce Enrile, Parañaque City Mayor Florencio Bernabe, Jr. and House Speaker Prospero Nograles.



ing industry today as reported by the *Inside Asian Gaming* magazine. He is also a major stockholder of the Wynn Resorts in Las Vegas and Macau.

Meanwhile, ARUZE is renowned worldwide as one of the biggest manufacturers of pachinko and pachisuro gaming machines.

On the other hand, AGI's subsidiary, Travellers International, and Genting's subsidiary, Star Cruises, will build hotels with a minimum capacity of 2,000 rooms, a world-class theme park, and a museum.

AGI, headed by tycoon Andrew Tan, is one of the country's top conglomerates with businesses in food, beverage, quick service restaurants, and real estate developments.

Genting Berhad Group is a developer and operator of the most notable leisure, entertainment, gaming, hospitality, and leisure complexes in Asia — such as the Genting Highlands Resort in Malaysia and Star Cruises.

Apart from these, the Philippines' mall giant SM Investment Corp. is also in the process of completing the requirements to be a participant in the project and is currently in talks with various groups for possible tie-ups.

CATALYST FOR ECONOMIC GROWTH According to Genuino, the Entertainment City project may be the “economic miracle” that the Philippines had been waiting for.

“This represents a vital turning point for the Filipinos. With this project, we aim to put the Philippines at the forefront of tourism development and the booming gaming industry — the two leading sources of revenue for nations worldwide,” Genuino explained.

The project is also regarded as the larg-

est foreign investment the country has ever known as well as the government's biggest job-generating endeavor.

Once operational, the Entertainment City is expected to generate at least 450,000 jobs for local workers, directly and indirectly. This is expected to balloon even further as more phases of the project are completed.

PAGCOR is requiring investors to pay wages in U.S. dollars and offer salaries comparable to those offered in other countries.

“The Philippines is known for being the best source of manpower but the sad reality is that we are suffering from brain drain. We cannot stop our people from finding better job opportunities abroad. Our goal is to bring them home,” Genuino said.

Meanwhile with the multiplier effect that tourism has, local businesses are expected to benefit from the Entertainment City. Industries such as construction, hospitality, entertainment, transportation, communication, information technology, medical services, and commerce are expected to grow in proportion to the demand generated by the project.

Aside from its revenue-and job-generating benefits, the Entertainment City is likewise seen as encouraging growth in other parts of the country, not only in Manila.

The second phase of the project involves creating other tourism hubs around the country, in places like the Subic and Clark economic zones in the north, and Cebu City in the south.

“Now is the time to build. With the Entertainment City, we hope to improve the fiscal strength of the Philippines and create an icon that can proudly represent the country to the rest of the world,” Genuino said.



IN THE WORKS

A perspective of the proposed Bagong Nayong Pilipino Entertainment City Manila.



MANILA'S GRAND BET

The Philippines bids to become a regional entertainment hub.

to conserve cash for its other projects. A thousand kilometers away to the southeast, in Manila, another newsworthy event is developing: The Philippine Amusement and Gaming Corp. (PAGCOR) has granted provisional licenses to two investors in its Bagong Nayong Pilipino Entertainment City Manila, projected to cost US\$10 billion to US\$20 billion.

The entertainment and hotel complex along Manila Bay is one of many grand gaming projects in Asia. Singapore will have its first casino next year, when the US\$3.6 billion Marina Bay Sands is due to open. Macau has already opened several Las Vegas-style casinos, starting with Sands Macao in 2004, Wynn Macau two years later, and Venetian Macau and MGM Macau last year. Malaysia has Genting Highlands Resort, its first and only casino and entertainment complex, while officials in Korea are trying to entice the world's casino operators to set up business on the holiday island of Jeju.

The Philippine project promises to be the grandest of all. The Bagong Nayong Pilipino Entertainment City will rise on 120 hectares of reclaimed harborfront, an area nearly ten times larger than that of the Marina Bay Sands. When completed, the complex could be further expanded to cover 850 hectares, equivalent to one-third of Macau's entire land area. While casinos will be a key attraction, the largest chunk of the acreage will be devoted to theme

The biggest news in Asia's casino industry these days is the decision by Las Vegas Sands to halt work on its US\$3.3 billion Cotai casino resort in Macau. Caught up in the global credit crunch, the U.S. gaming operator needed

parks, hotels, wellness centers, a retirement village, residential condominiums, office towers, and shopping areas.

Then there are the archipelago's natural wonders. "Macau can offer only its casinos," says PAGCOR chairman Efraim Genuino. "The Philippines has much more—first-class beaches and golf courses, plus other exotic tourist adventures." The country has more than 7,100 islands, rich indigenous and Western cultures (it was colonized by Spain and the United States), and 88 million hospitable and mostly English-speaking people. It is also strategically located just a few hours' flying time from China, whose 1.3 billion people are growing increasingly affluent enough to travel.

PAGCOR has issued terms of reference for the project, which it describes as a government priority because it would attract one million new tourists a year and create 450,000 new jobs. As the license issuer, PAGCOR will get 15% to 25% of the gross gaming revenues from high-roller and non-high-roller tables, slot machines, and junket operations, as well as fees equivalent to 5% of revenues from non-gaming operations, such as food, beverages, and retail. All its revenues will accrue to the national government, which will use part of the money for social-welfare programs.

A world-class entertainment and casino project promises to revitalize Manila's harborfront.

Those granted provisional licenses are ARUZE Corporation, one of the biggest manufacturers of pachinko and pachisuro gaming machines in Japan; and a partnership between Malaysia's Genting and Philippine company Alliance Global. Both will spend at least US\$1 billion each, of which 40% must be invested within a period of two years from the date of the provisional license or from site delivery of PAGCOR-owned land. Genuino says other investors have also expressed interest.

"As far as we can see, the global crisis will not have any effect on our project," says Genuino. Nayong Pilipino (Philippine Village), an interactive park, is already being built. PAGCOR is also continuing its reclamation and site development work. If everything remains on schedule, Asia will have yet another glittering entertainment complex by 2010. ●

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