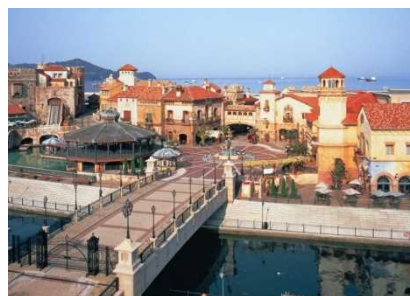


IR

Fundamental concept for Wakayama IR

~Vision for resort-type IR in Wakayama Prefecture~

 Wakayama Prefectural Government



1 What is an IR (Integrated Resort)

2 Resort-type IR envisioned by Wakayama

3 Why Wakayama wants to establish an IR

4 IR issues and countermeasures

5 Next steps

What is an IR (Integrated Resort)

What is an IR (Integrated Resort)

- IRs are not just a casino hotel — they are **integrated complex facilities (including core facilities*) to attract tourists.**
- Japanese law limits the casino (gaming) area to **3% or less of the total IR floor space.**
- IRs will be developed and operated by private operators.
➔Only operators which pass **thorough background investigations** can operate in Japan.

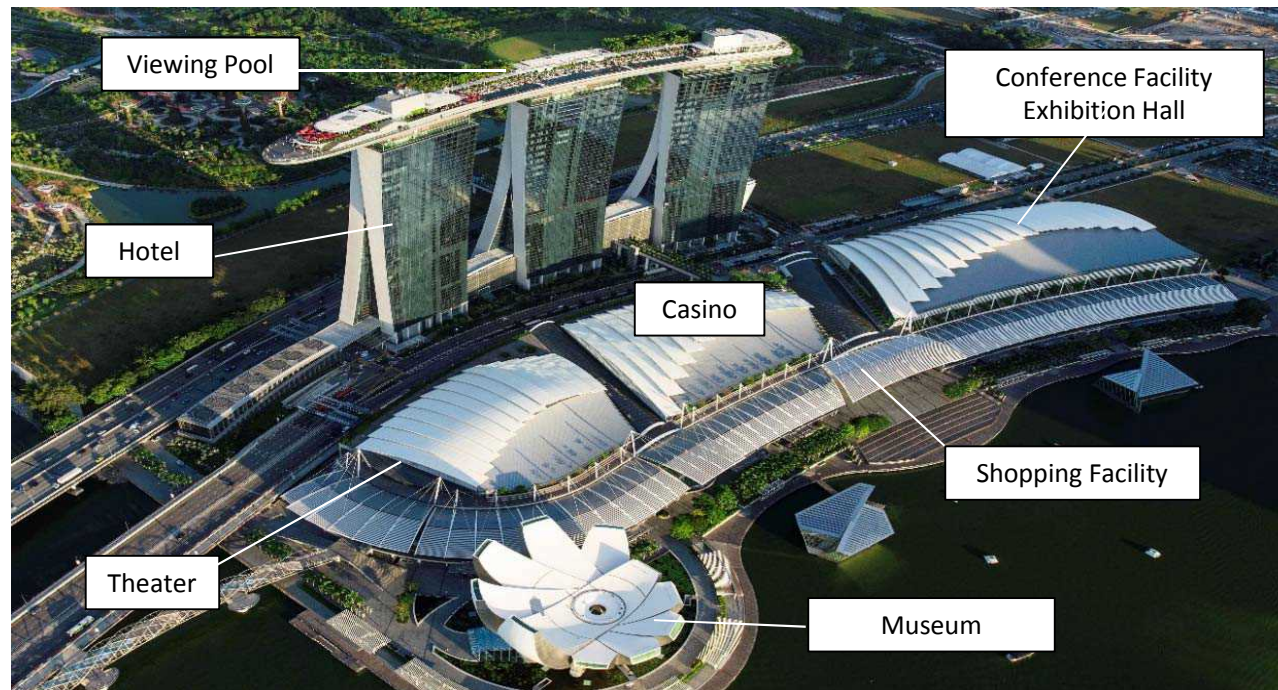


Photo: Singapore Marina Bay Sands

*Core facilities

- Facilities including international convention venue, exhibition hall, theater, museum, tour desk offering arrangements for domestic tours, hotels and so on.

What is an IR (Examples of benefits from IR investments in other countries)

Realization of large-scale private sector investment

■ Singapore

- Marina Bay Sands: Approx. 487 billion yen
- Resorts World Sentosa: Approx. 522 billion yen

■ Macau

- Studio City: Approx. 387 billion yen

Examples of economic ripple effects

■ Singapore

- The number of **visitors increased by 60%** and **tourism revenue increased by 90%** throughout the country in 4 years after opening
- Profit from casino contributed to the **fiscal improvement**
- ➔ Tax revenue from casino in FY2016 accounts for approx. 214 billion yen

Economic benefits to the region

	Marina Bay Sands (Singapore)	Crown Entertainment Complex (Australia)	Solaire Resort & Casino (Philippines)	
Cost of development (Approximate)	487 billion yen	140 billion yen	120 billion yen	Preferential local procurement of construction materials, etc.
Number of employees (Approximate)	9,500	9,200	5,600	Preferential local employment
Revenue (Approximate)	320 billion yen	167 billion yen	70 billion yen	Increase in tax revenue
Number of visitors (Approximate)	45 million	17 million	7.3 million	Increase in non-resident population and tourism consumption

What is an IR (Policy of National Government)

IR envisioned by National Government

- Through the development of IRs including casinos, the government aims to achieve the goals in public policies including realization of long stay tourism, revitalization of local economies, improvement of public finances, further social and economic development and enhancement of international presence.

Designation of IR areas

Number of IR areas	Statutory maximum of 3 areas
Requirements/standards of core facilities	Must be of internationally competitive scale representative of Japan
Consensus building in the region	Agreement by the municipality where the IR is to be established and public hearings are required
IR establishment process	<ul style="list-style-type: none">① Prefecture selects private operators through public offering② Prefecture and private entities jointly prepare the plan③ Governor of prefecture submits the plan to the Minister of Land, Infrastructure, Transport and Tourism④ Minister of Land, Infrastructure, Transport and Tourism approves the plan

Casino restrictions for Japanese citizens

Visit limits	Up to 3 times in 7 days and 10 times in 28 days
Method used to confirm ID and number of visits	Confirmation of identity using "My number card"
Entry fee	6,000 yen (National Gov.: 3,000 yen, Prefectural Gov.: 3,000 yen)
Countermeasures against gambling addiction	Japanese nationals are only allowed to use cash (credit card transactions are not permitted) Operators are obliged to exclude problem gamblers based on requests made by the gamblers themselves or their family members

What is an IR (Summary)

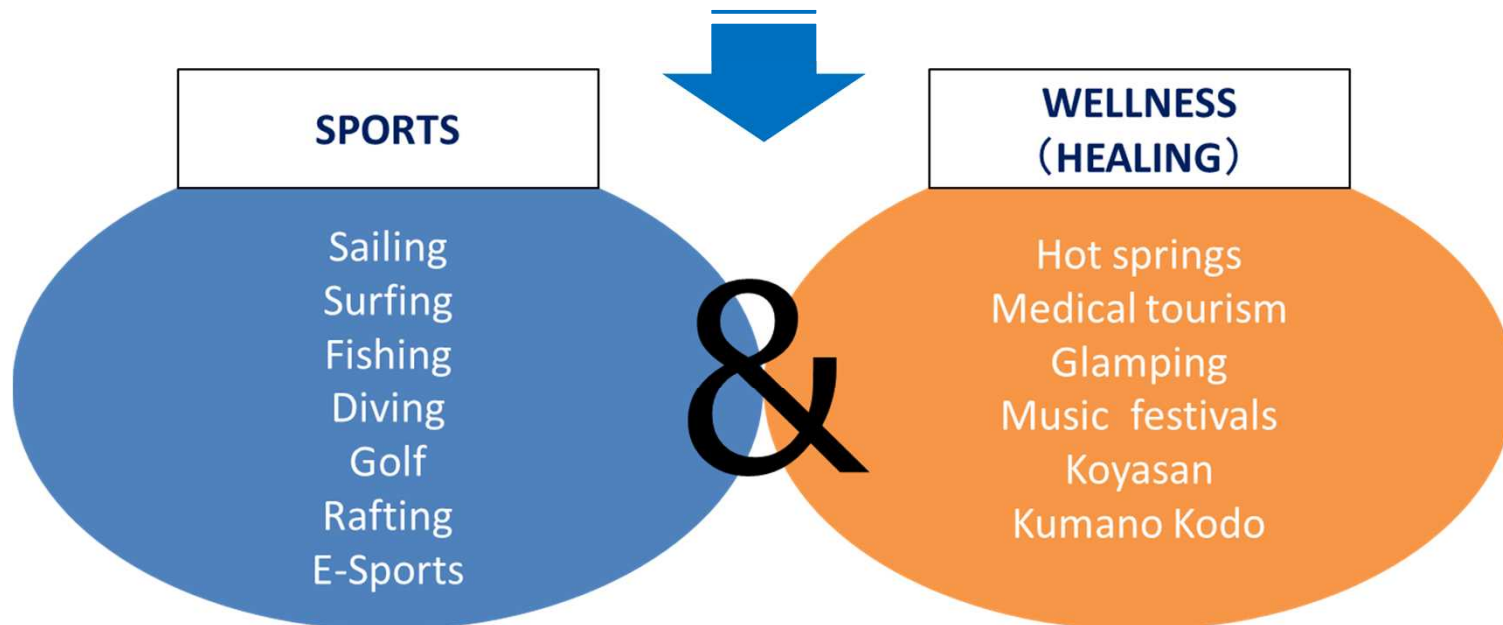
- An IR is more than just a casino.
- IRs are complex tourist facilities which **create jobs** as well as **economic ripple effects**, **contribute to the promotion of tourism** and **revitalize regional economies**.
- **Establishment and operation of an IR will be a strong driver to achieve targets set by the national government for 2030** (Number of foreign tourists to Japan: **60 million**, total consumption by tourists: **15 trillion yen**)



- 1 What is an IR (Integrated Resort)
- 2 Resort-type IR envisioned by Wakayama**
- 3 Why Wakayama wants to establish an IR
- 4 IR issues and countermeasures
- 5 Next steps

Resort-type IR envisioned by Wakayama

Resort-type IR situated among diverse tourist attractions



Resort-type IR envisioned by Wakayama (Concept 1)

- **Luxury 5-star hotel** to accommodate VIPs from all over the world



Resort-type IR envisioned by Wakayama (Concept 2)

- **Convention centers/seminar halls** for board meetings of top-tier companies as well as international academic conferences and conventions



Resort-type IR envisioned by Wakayama (Concept 3)

- Restaurant districts serving mainly world-renowned Japanese cuisine and high-end shopping malls offering traditional crafts and specialties from across the Kansai area



Resort-type IR envisioned by Wakayama (Concept 4)

- **All-weather arena** available for events including international sports competitions, e-Sports competitions and music events



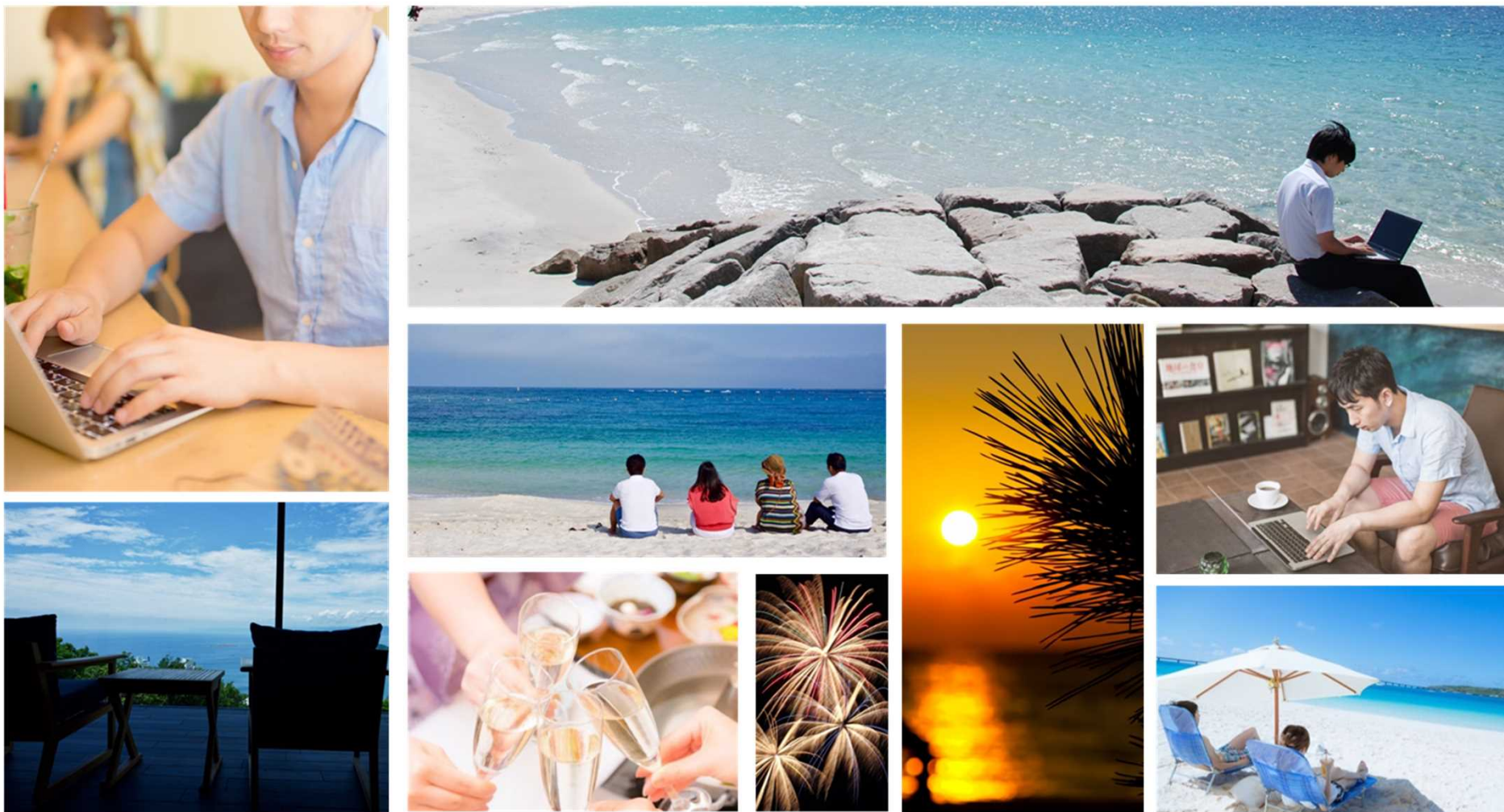
Resort-type IR envisioned by Wakayama (Concept 5)

- Interactive gaming center utilizing VR technology and VR theater enabling simulated experience of sightseeing spots



Resort-type IR envisioned by Wakayama (Concept 6)

- **Base for “Workation”** (working while taking vacation)



Resort-type IR envisioned by Wakayama (Concept 7)

- **One-stop tour desk** offering all tourist services such as reservation and transportation for tourist destinations in the prefecture (multi-lingual concierge always on duty)



Resort-type IR envisioned by Wakayama (Concept 8)

- Facility to market and promote **high-end products to the world**, primarily fruits produced in Wakayama



Resort-type IR envisioned by Wakayama (Examples of IRs in other countries 1)

Location	Australia Gold Coast	Population	Access from international airport	Overview of facilities
		Approx. 580 thousand	Approx. 30 minutes from Gold Coast Airport by car	Casino: more than 1,400 gaming machines Hotel: 596 rooms (expected to increase to 1,400) Convention: capacity up to 2,300 people

Views of facilities



Resort-type IR envisioned by Wakayama (Examples of IRs in other countries 2)

Location	Philippines Paranaque	Population	Access from international airport	Overview of facilities
		Approx. 650 thousand	Approx. 15 minutes from Ninoy Aquino International Airport by car	Casino: more than 1,800 gaming machines Hotel: 800 rooms Theater: 1,760 seats

Views of facilities

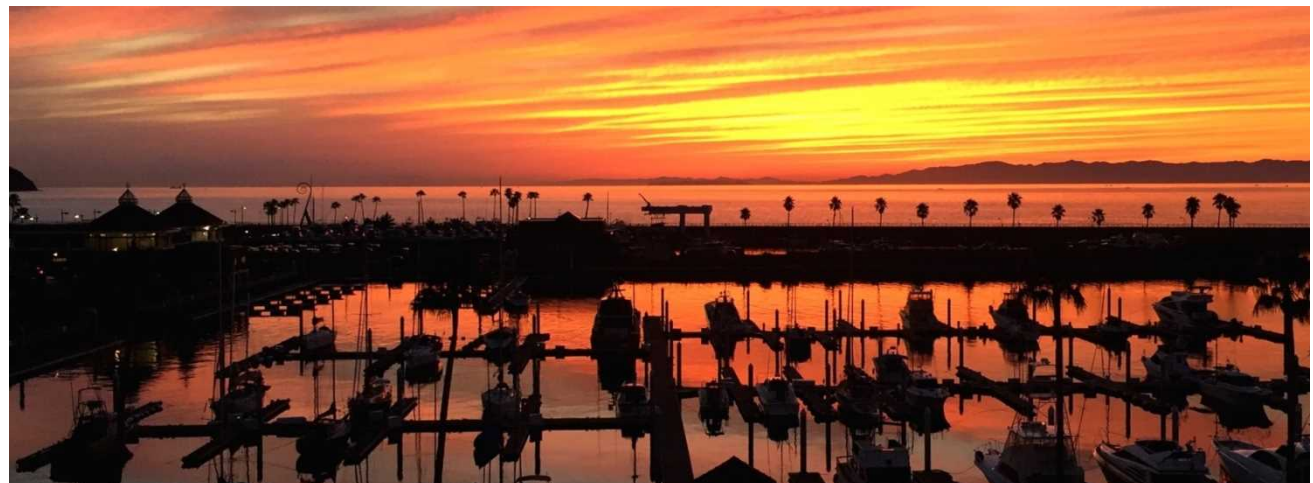


Resort-type IR envisioned by Wakayama (Location of Wakayama Marina City)

Located in Wakanoura Bay, home to a Japan Heritage site named “Treasure House of Scenic Beauty: Wakanoura,” the area around Marina City is full of attractions including a base for marine leisure and sports, spots to enjoy beautiful scenery, rich history and culture, and fresh seafood markets.



Resort-type IR envisioned by Wakayama (Scenic views around Wakayama Marina City)



Resort-type IR envisioned by Wakayama (Access to Wakayama Marina City)

Access to Keihanshin area

○By Train

Approx. 60min to Osaka & Nara

Approx. 90min to Kyoto & Kobe

○By Car

Approx. 60min to Osaka

Approx. 90min to Kyoto & Kobe

To provide smooth access to sightseeing spots in the prefecture, extension of Kinki Expressway Kisei Line as well as development of Susami-Kushimoto National Road and Shingu-Kihou National Road are currently underway in addition to the recent completion of Keinawa Expressway and Daini-Hanwa National Road.

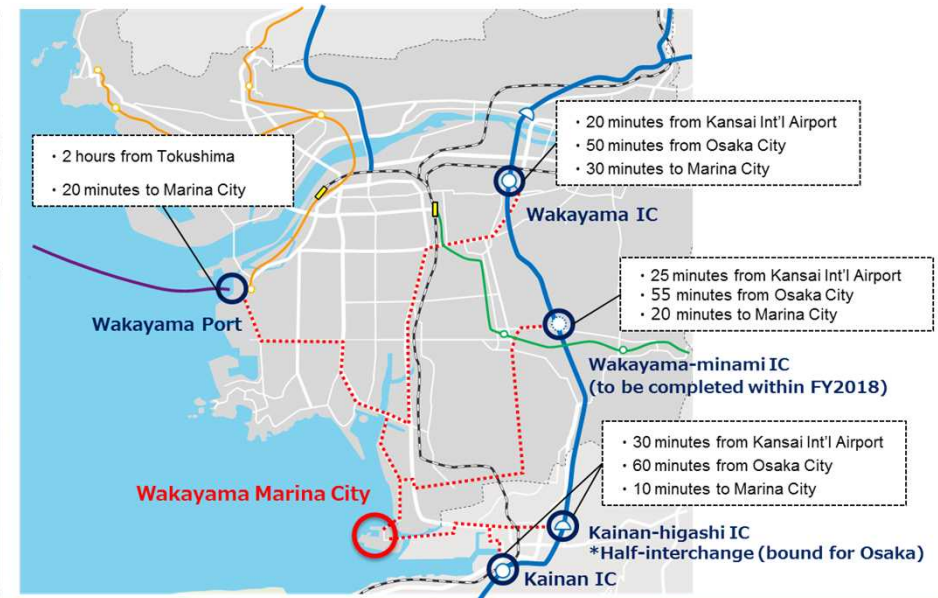


Future development

Development of stress-free transportation network

Efforts will be made to promote the establishment of new direct bus routes from terminals in major cities as well as the development of an environment which can smoothly provide various means of transportation such as buses, taxis, rental cars and bicycles according to tourist needs for more convenient connections between primary transportation hubs and secondary transportation.

Resort-type IR envisioned by Wakayama (Candidate site: Wakayama Marina City)



➡ Artificial island completed in 1994. **The whole area has been leveled and construction can begin quickly** (accordingly, investments can be recovered quickly). *Number of visitors in FY2016: Approx. 3 million

➡ Area of the overall site: Approx. 40 ha

Area available for development of the IR: 20.5 ha (the red area in the picture)

➡ One of the best sailing spots in Japan with the national training center for sailing and the venue for the World Sailing Championships (currently being used for training for the Tokyo 2020 Olympics/Paralympics)

➡ Yacht harbor anchoring up to a 130 ft vessel (moors approx. 220 vessels in water and approx. 280 vessels on land. One of the few concrete piers in the Kansai area)

➡ **Maritime transportation can be utilized** such as the high-speed boat from/to Kansai International Airport and shuttle ship service from/to cruise ships calling at Wakayama port.

➡ Convenient access by car as there are a number of interchanges nearby.

*Candidate sites other than Marina City are also available for consideration if there are any proposals from operators.

Resort-type IR envisioned by Wakayama (Business potential)

Facilities such as a luxury hotel, multi-purpose arena, etc., a tour desk and parking are to be developed in order to make the IR development an attractive project for investment in terms of business feasibility. International convention center and exhibition hall are to be developed in order to attract visitors.

Facilities envisioned (preconditions)

○Luxury hotel

High-grade luxury hotel with more than 2,500 guest rooms and a casino

○International convention center/exhibition hall

Facility with floor space of 50,000m² including multi-functional arena and high-class meeting rooms

○Other facilities

Facility to promote attractions in Japan, tour desk, parking

There will be a synergetic effect if IRs are opened in both Osaka and Wakayama.



Results of business feasibility analysis

Expected size of IR	
Total area	205,000m ²
Floor space	457,183m ²



Amount of investment	279.9 billion yen
Payout period	8.7 years

The operation of an IR in Wakayama Prefecture will have adequate business feasibility, as the results of feasibility analysis shows that the investment can be recovered in several years.

○ The Wakayama IR will be a **resort-type IR** situated among diverse tourist attractions



*Future image of IR in Wakayama Marina City

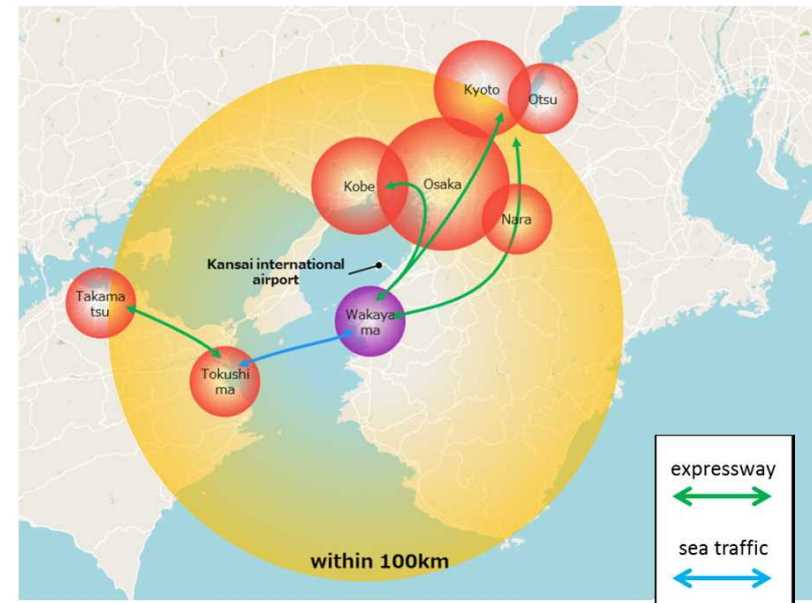
- 1 What is an IR (Integrated Resort)
- 2 Resort-type IR envisioned by Wakayama
- 3 Why Wakayama wants to establish an IR**
- 4 IR issues and countermeasures
- 5 Next steps

Why Wakayama wants to establish an IR (Accessibility to major cities in Japan and the world)

Wakayama City is the closest prefectural capital to Kansai International Airport (approx. 40 min by train or car).

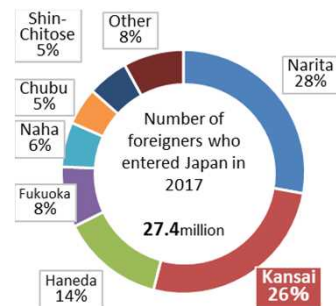


Easy access to Osaka (60 min), Kyoto and Kobe (90 min) by train or car.



7.16 million foreign travelers enter Japan from Kansai International Airport, ranking 2nd after Narita Airport (7.64 million) (FY2017)

One in four foreign travelers arrives at Kansai International Airport



[Source: Statistics on Legal Migrants, Ministry of Justice]

International Terminal 2 opened in 2017 and the number of flights is expected to increase further. There are currently 180 thousand flights but the airport is capable of doubling this.



Why Wakayama wants to establish an IR (Rich tourism and food resources)

Culture

Rich in cultural heritage such as the UNESCO World Heritage sites "Koyasan and Kumano," highly recommended by world-renowned travel guides such as "Lonely Planet" and "Michelin Green Guide."



Food

Known as the "Fruits Kingdom," where a wide variety of fruits are available throughout the year. Wakayama-produced *ume* (plums), mandarin oranges, peaches and persimmons are best known in Japan and highest quality in the world.



Hot Springs

Home to some of the best hot spring resorts in Japan, Shirahama Hot Spring and Kumano-Hongu Hot Spring, both listed in "Japan's 100 Best Hot Springs," Wakayama boasts the richest hot spring resources in the Kinki region.



Nature

Full of spectacular natural scenery throughout the four seasons such as waterfalls, gorges and beaches



Why Wakayama wants to establish an IR (wide variety of activities)

Nature-based activity tourism is a leading trend in tourism globally — Wakayama has great potential as a tourist destination with its wide variety of recreation. Blessed with a long coastline, deep mountains and many rivers, **almost every kind of experience-type tourism is possible.**



Kataonami Beach



Surfing



Cycling



Paraglider



Sailing



Flyboarding



Cruising



Wakeboarding



Fishing



Aikido



Trekking



Sport Rafting



Cliff Diving



Free Climbing



Shirarahama Beach



Diving



Whale Watching

Why Wakayama wants to establish an IR (Expected effects)

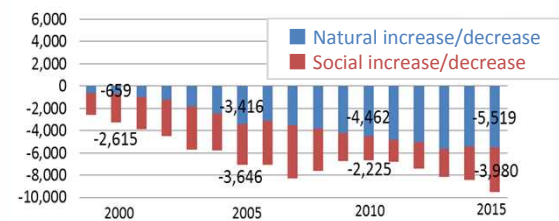
Job Creation

Since 1995, there has been a steady population outflow from the prefecture.

- Ratio of high school graduates employed in the prefecture: 75%
- Ratio of university graduates returning to the prefecture to be employed: 41%

➡ New employment opportunities must be created

【Change in population in Wakayama Prefecture】



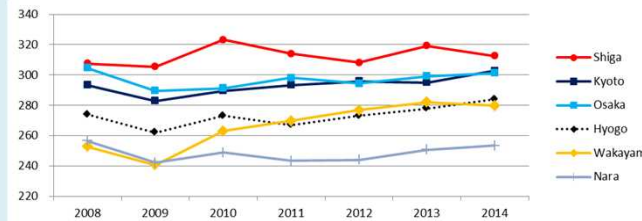
The IR creates new jobs in a broad range of sectors such as hotels, transportation, travel, retail, apparel, restaurants and construction

Economic Development

- Prefectural GDP: 3,526.7 billion yen (YoY -1.8%)
- Prefectural income per capita FY2015: 2,738 thousand yen (YoY -3%)

➡ For local industries to continue to grow, all industries must develop new markets

【Change in prefectural income per capita】

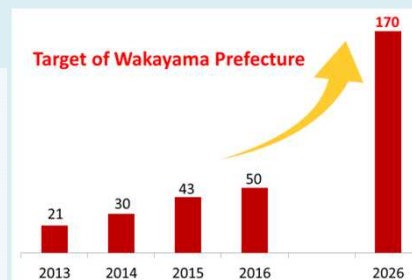


The IR contributes to the revitalization of local economy through the preferential local procurement of goods and services consumed by the IR

Tourism Promotion

- Target number for foreign overnight visitors in the prefecture for 2026: 1.7 million (Wakayama Prefecture Long-term Comprehensive Plan)
- Convenient location close to Kansai International Airport

➡ By attracting part of the recently increasing number of foreign travelers to the prefecture, local tourism industries can be further developed



The IR becomes a new item in the tourism menu and contribute to the realization of a tourism-oriented prefecture as well as the further development of tourism industries in the prefecture through a synergetic effect with existing resources

Why Wakayama wants to establish an IR (Economic effects, job creation effects)

Estimated economic ripple effects and job creation effects created by investment in construction and operation assuming a certain scale and number of visitors of the IR to be developed in Wakayama Marina City are shown below.

Summary of analysis of economic ripple effects, etc. (in Wakayama Prefecture)

Number of IR visitors (Approximate)	4 million per year
Investment in construction (Approximate)	280 billion yen
Economic ripple effects (Approximate)	300 billion yen per year
Job creation effects (such as operations) (Approximate)	Employment of 20,000 people



(Reference) Current situation in Wakayama Prefecture (FY2015)

Total number of tourists (Approximate)	33.4 million
Prefectural GDP (Approximate)	3,530 billion yen



- The IR creates quality job opportunities in a wide range of sectors such as hotels, transportation, travel, retail, apparel, restaurants, construction and financial systems
- The IR contributes to the revitalization of the local economy through the preferential local procurement of goods and services consumed at the IR.

Why Wakayama wants to establish an IR (Economic effects, job creation effects)

● Gaming Tax

Gaming Tax (**15%** of GGR) will be paid to the prefecture/designated city, etc.

Gross Gaming Revenue (GGR)	140.1 billion yen
Gaming tax paid to Wakayama Prefecture (estimate)	21 billion yen

● Entry Fee

Japanese nationals will pay an entry fee of **6000 yen** to enter the casino (National Gov.: 3000 yen/Pref. Gov.: **3000 yen**)

Number of visitors to casino	2,311 thousand (Japanese nationals: 1,127 thousand)
Wakayama Prefecture's revenue from entry fees (estimate)	3.4 billion yen

*Estimated by Wakayama Prefectural Government based on business feasibility analysis

<Use of gaming tax revenue>

Budgets for measures for **promotion of tourism, local economy, social welfare and culture and art**



<Use of revenue from entry fees>

Budgets for measures for **promotion of local economy, social welfare and education**



Why Wakayama wants to establish an IR (Summary)

- Region originally has **great potential as a travel destination** for foreign travelers thanks to its geographical advantages and rich tourism resources
- The IR would be a **valuable part of the tourism menu** for Wakayama Prefecture, which aims to become a tourism-oriented prefecture
- **The IR creates powerful economic ripple effects**

- 1 What is an IR (Integrated Resort)
- 2 Resort-type IR envisioned by Wakayama
- 3 Why Wakayama wants to establish an IR
- 4 IR issues and countermeasures**
- 5 Next steps

- **Increased risk of gambling addiction and bankruptcy**
- **Deterioration of public order**
- **Infiltration of antisocial forces**
- **Risk of money laundering**
- **Negative effect on minors**



IR issues and countermeasures

(Countermeasures 1: Risk of gambling addiction and bankruptcy)



STOP! Problem gambling and addiction

In addition to legal restrictions, Wakayama Prefecture will make its own considerations to minimize the risks of gambling addiction and bankruptcy as well as to protect minors, and request operators to implement necessary measures

Restrictions
(and
operations)
imposed by
Wakayama
Prefecture

Prevention of overspending



- ① Issuing the IR Card
- ② Setting the maximum amount to be spent

Preventive education



Teaching risks of gambling carefully in elementary schools, junior and senior high schools

Implementation of the dress code



Sandals and shorts are not allowed

Measures for problem gamblers



Deploying gambling addiction specialists
Talking to problem gamblers or prompting them to leave

Limiting the number of entries Levying the entry fee

Utilizing "My Number card"



3 times / 7 days
10 times / 28 days
6000 yen / day

ATM regulations



Not in casinos X
No cashing function nearby X

Controlling the use of credit card



Japanese can use cash only

Exclusion



※Based on requests from gamblers themselves or their family members

Restrictions imposed by National Government

IR issues and countermeasures

(Countermeasures 2: Maintenance of living environment and protection of minors)

To make the IR a safe and enjoyable place, measures to maintain the living environment and protect minors are necessary.

Maintenance of order



- Train and educate employees
- Prohibit or restrict entry of unsuitable persons into the casino
- **Monitor and provide security inside/outside the casino**

Exclusion of members of organized crime groups

- **Members of organized crime groups are not allowed to enter casino**
- All visitors to the casino must be **screened and verified to ensure they are not members of an organized crime group**



Measures for money laundering

- Confirm transactions and create/save transaction records
- Report suspicious transactions
- Report cash transactions exceeding a certain amount
- Develop internal control systems



Exclusion of minors



- Minors are **not allowed to enter casino**

Regulations on advertisement to and solicitation of minors

- **Prohibit distribution of casino-related advertisements to and solicitation of minors in and outside the IR area**
- Exclusion of minors must be indicated and explained in all advertisement and solicitation related to the casino business and facilities
- **Influence on minors must be considered** in advertisement and solicitation related to the casino business and facilities



Wakayama's original measures to address the issues to be overcome are examined by the "Wakayama IR Promotion Council" (consisting of the prefectural and city governments as well as the Wakayama Chamber of Commerce and Industry), which was created to promote IR establishment and communicate its benefits.

- 1 What is an IR (Integrated Resort)
- 2 Resort-type IR envisioned by Wakayama
- 3 Why Wakayama wants to establish an IR
- 4 IR issues and countermeasures
- 5 Next steps**

Next steps

