

Natales: A pole of economic growth and a turims destination for Casino Investment

Procedure for granting a gaming casino operation permit in Puerto Natales 2023

June 9, 2023



AGENDA

01

Context for a gaming casino
operation permit in Puerto
Natales

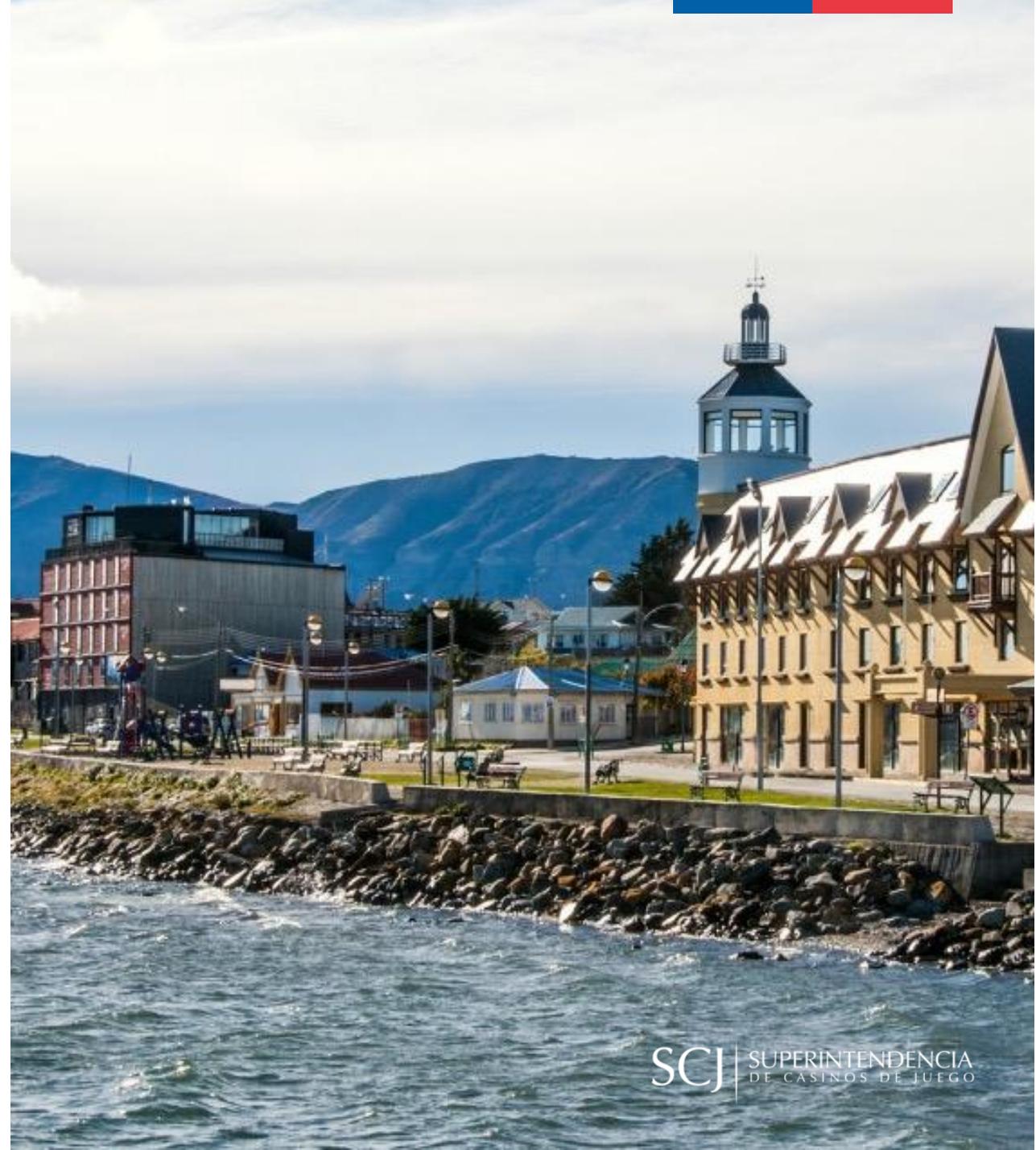
02

Investment opportunity
in tourism
infrastructure.

01 Context for a gaming casino operation permit in Puerto Natales

NATALES GAMBLING CASINO PERMIT CONTEXT

- ✓ In 1990, the law that allowed the Natales municipality to grant a municipal concession for a gambling casino was approved.
- ✓ In 2005, Law N°19.995 was approved, establishing the general basis for the gambling casino industry in Chile. A term of 10 years was established for the transition to the general regime of the old municipal gambling casinos.
- ✓ In 2015, Law N°20.856 established that Natales municipality would continue to host a gambling casino for three periods of 15 years and the permit granting process was modified.
- ✓ Two granting processes (tenders) have been carried out, without any bidders.
- ✓ For the 2023 process, the installation and operation conditions of the gambling casino were made more flexible.
- ✓ The operating permit is valid for 15 years, renewable in a new bidding process.



INTEGRATED PROJECT COMPONENTS



CASINO

- ✓ Game floor
- ✓ Related services

a) Restaurant

b) Bar

c) Café

d) Foreign currency exchange

e) Living rooms

f) Show or event rooms

Mandatory

Optional*

***Prior authorization from the SCJ**

- ✓ Backup services
- ✓ Circulations
- ✓ Parking lot



ADDITIONAL WORKS*

Depending on each company project, they may include:

- ✓ Hotel
- ✓ Restaurant(s); Bar(es); Café(s)
- ✓ Convention center / Event venue(s)
- ✓ Spa / Gym / Pool
- ✓ Business Center
- ✓ Touristic operator; Craft center
- ✓ Kid games zone
- ✓ Theater(s); Amphitheater; Movie theater(s)
- ✓ Museum; Showroom
- ✓ Sports center; Urban park
- ✓ Parking lot
- ✓ Another enclosures

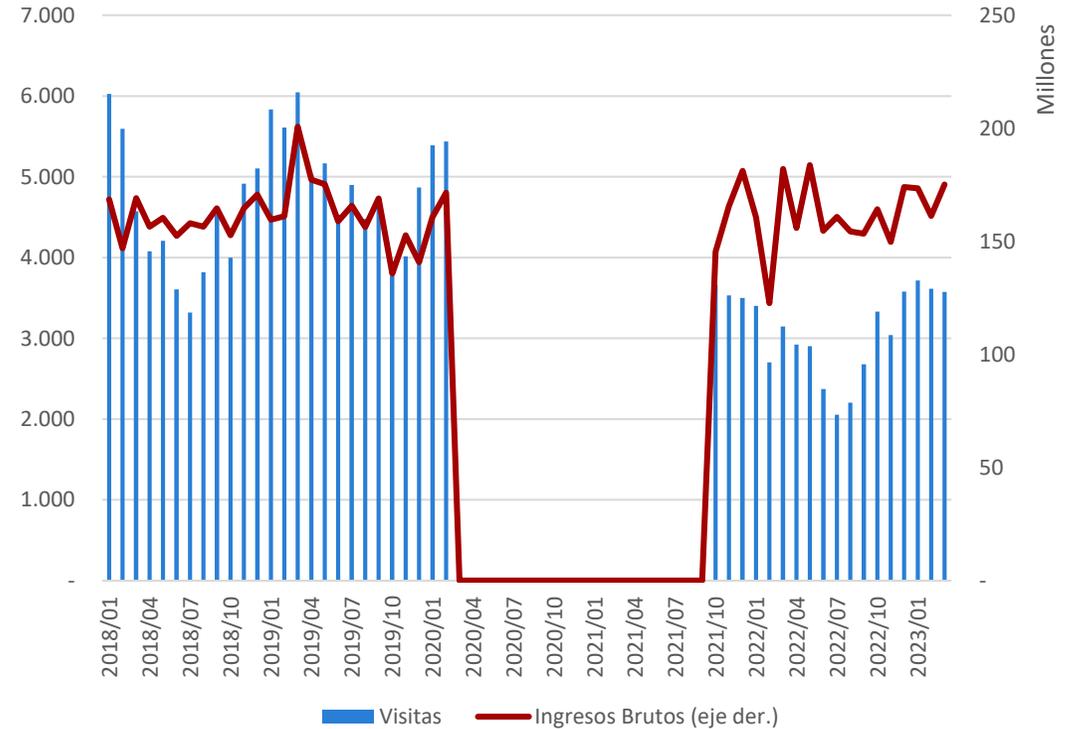
*not mandatory

CURRENT GAMBLING CASINO SITUATION

GAMBLING OFFER

Category	Modality	Total	N° of positions
Gambling tables	Black Jack	2	14
	Caribbean Póker	3	21
	Ruleta Americana con Doble Cero	2	14
Gambling tables total		7	49
Gambling machines (operational approximate)		120	120

INCOME AND VISITS



INVESTMENT PROJECT CHARACTERISTICS

Minimum requirements:

- ✓ Investment in fitting out a gambling casino with a bar and a restaurant.
- ✓ Minimum Project investment of UF 70.220 (US\$ 3.160.000 approx.)
- ✓ UF 3.000 investment (US\$135.000 approx.) in improvement works with a tourist impact in the municipality.
- ✓ Minimum annual economic offer of UF 5.000 (US\$225.000 approx.) for Natales municipality.

Additional opportunities

- ✓ 4 or 5 stars hotel investment inside of the integrated project.
 - Every authorized gambling casino project since 2006 had considered a hotel.
 - In many cases, it becomes the main establishment in the city.
- ✓ Event center and entertainment venues investment.
 - Gambling casinos have become one of the main artistic scenarios of the regions.

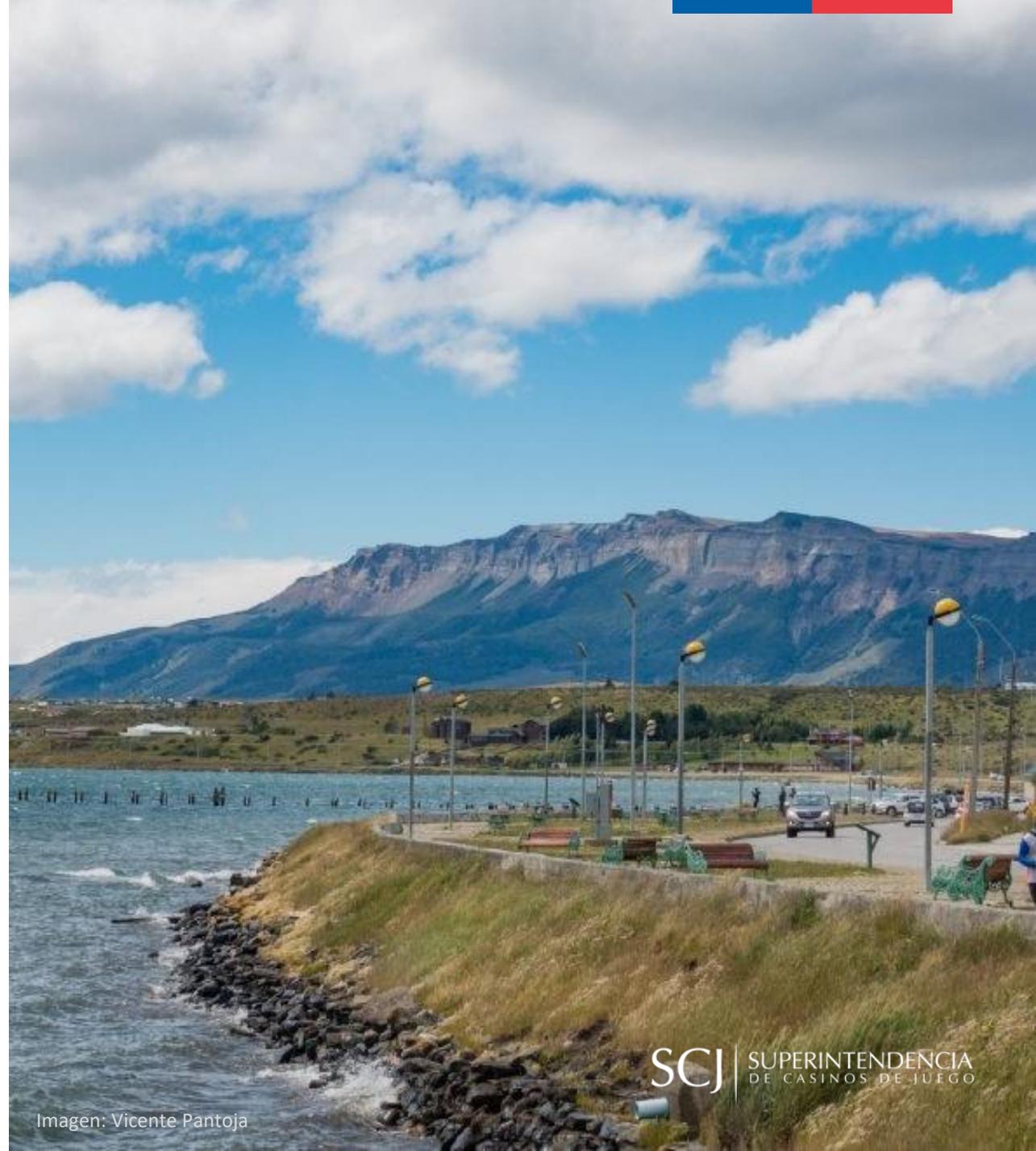
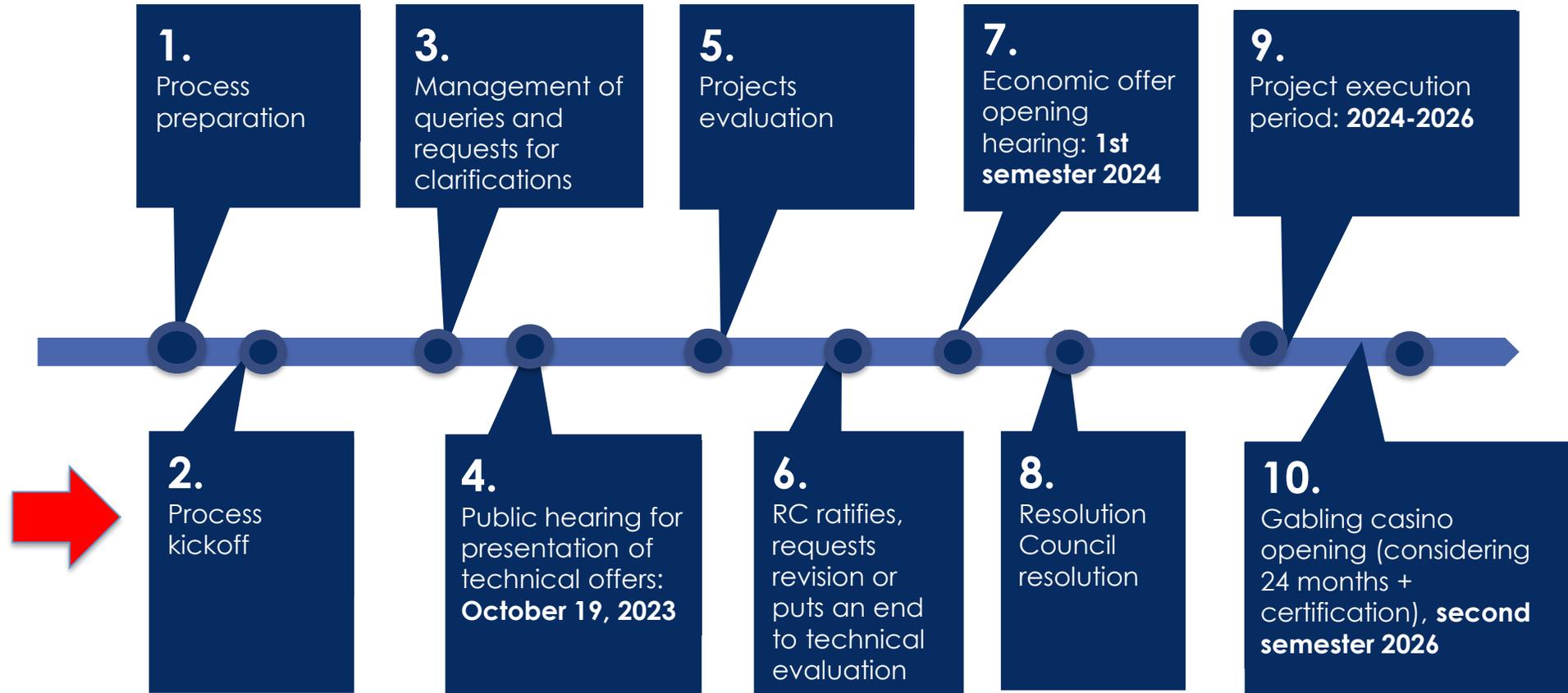


Imagen: Vicente Pantoja

GRANTING PROCESS STEPS



01

OPERATION PERMIT TRACK

Installation

- ✓ Up to two years according to the operation plan. Extendable for 12 months for gambling casino and 18 months for complementary works.
- ✓ During this period, sectoral permits must be obtained and the committed works must be carried out.
- ✓ SCJ will monitor the progress status of the Project.

Certification

- ✓ Being in a position to start the operation of the gambling casino, it must be notified to the SCJ.
- ✓ SCJ Will review that all the legal and regulatory obligations are met.
- ✓ SCJ will deliver the certificate that enables the operation of the gambling casino.

Operation

- ✓ 15 years from the start of operation of the gambling casino.
- ✓ Annual payment of the committed economic offer.
- ✓ Permanent inspection from SCJ.
- ✓ Tax payment:
 - VAT, 19% of gambling incomes.
 - Specific tax, 20% of the gambling net income discounted VAT (50% to the municipality and 50% to the regional government).
 - Tickets, UTM 0,07 per visit.

02

Investment opportunity in tourism infrastructure

TOURIST ATTRACTIONS

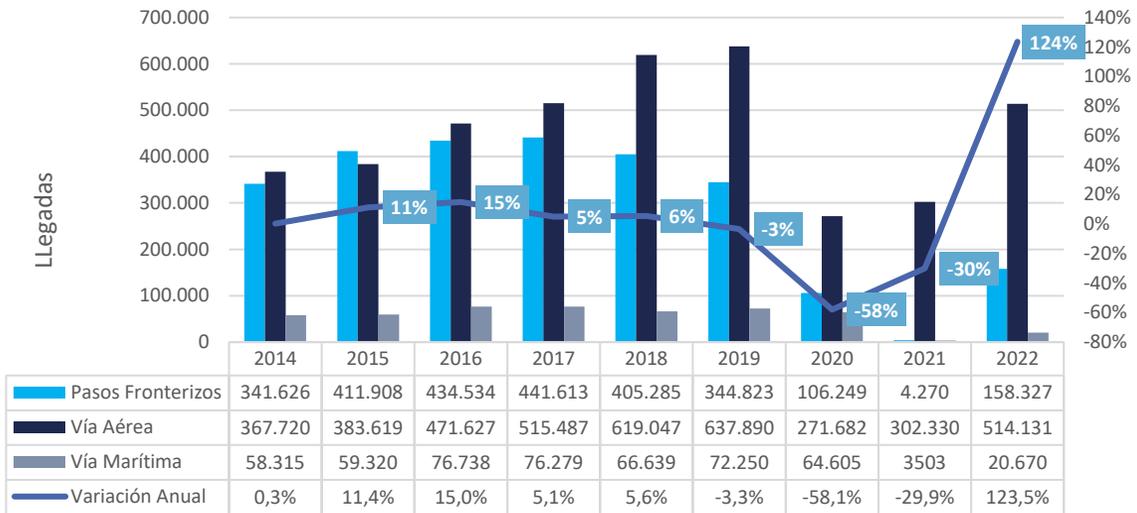
- ✓ Torres del Paine National Park entry gate
- ✓ Connection point for other important tourist destinations like Balmaceda and Serrano Glaciers
- ✓ Bernardo O'Higgins National Park
- ✓ Dorotea Hill
- ✓ Milodon Cave National Monument
- ✓ Southern Ice Fields



TOURIST ATTRACTIONS

Passengers flow

- ✓ Sustained increase in passengers
- ✓ Peak of passengers by plane on the first quarter of 2023



POSSIBILITIES ALL YEAR ROUND

- ✓ Winter season was launched for the first time in Puerto Natales in 2023.
- ✓ Hotels that typically operated from September to April will now operate continuously.
- ✓ First year with continuous operation of Santiago – Puerto Natales flights. Flights 3 to 4 days a week between May and September.
- ✓ During the high season, three Airlines operate the Santiago – Puerto Natales route.
- ✓ Extension of the operating hours of the “Paso Dorotea” border crossing.
- ✓ Business tourism growth:
 - Attractive destination for international congresses and seminars. For example, the 2022 Motivation Luxury Summit international fair took place in Puerto Natales.
 - Activities related to salmon farming.
- ✓ Gastronomic hub of Magallanes Region.
- ✓ Origin of international tourists: 47,3% come from Europe, 31,4% from the United States or Canada, 8,4% from Latin America, 6,3% from Asia, 4,9% from Australia and 1,8% from elsewhere.

HOTEL OFFER

- ✓ Rooms offer in the Natales municipality and Torres del Paine was a total of 2.148.
- ✓ 42% of the offer corresponds to hotel rooms.
- ✓ 200 4 or 5 stars rooms approximate.

Rooms	Offer		Occupation rate
Hotel rooms	4 or 5 stars	200	71,7%
	Others	710	
Other rooms	1.238		51,4%
Total	2.148		60,0%

SOLID ECONOMIC ACTIVITY



- ✓ The Gross Domestic Product (GDP) of Magallanes region is determined mainly by its supply of services (around 60%), followed by goods other than Mining and Industry (between 15 and 20% of GDP).
- ✓ Within the activities of production of goods, salmon farming is a rapidly growing activity in Puerto Natales. In 2022, the first trade association was established, promoting the installation of local suppliers.
- ✓ The real state industry has presented a strong demand boom, with investment projects completely sold.
- ✓ The purchasing power of the inhabitants of the Natales municipality is high compared to the rest of the country, having an average salary in the municipality of over \$1.000.000.
- ✓ Important demographic growth.
- ✓ \$3.000 million public investment in the waterfront.
- ✓ \$70.000 million of projected public investment in the airport. Converting to international operation and a second runway for loading salmon.

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