



Paga Hill
Estate



PORT MORESBY • PAPUA NEW GUINEA



“
This unrivalled development will transform the look and feel of the nation’s capital”



FOREWORD

It is with great pleasure that I introduce this Information Memorandum for the Paga Hill Estate development, which is one of the most ambitious and exciting projects this country has undertaken.

The development comprises a world-class mix of residential, commercial, as well as cultural elements that form a tourism city in the heart of Port Moresby. This unrivalled development will transform the look and feel of the nation's capital in a statement that marks Papua New Guinea's emergence as a genuine regional leader.

I urge you to consider this unique opportunity, and assure you of government's full support in welcoming your investment and partnership.



Hon Powes Parkop, LLB, LLM, MP
Governor for National Capital District (Port Moresby)

INTRODUCTION

The Paga Hill Development Company (PHDC) is pleased to offer this outstanding investment opportunity to be involved in the development of Papua New Guinea's first comprehensively planned waterfront Integrated Resort and residential development. Uniquely located to capture the imagination and attention of the world, amidst the growing international presence of Papua New Guinea (PNG) and Port Moresby.

Boasting a mix of hotels, serviced apartments, tourism, residential, commercial, retail, cultural, marina and casino uses. The master planned site presents a unique opportunity to create a world class Integrated Resort and residential complex in an untapped tourist destination, located in close proximity to Asia's burgeoning middle class.

Situated on 23 hectares of elevated waterfront land, Paga Hill is the most prominent headland in Port Moresby, neighbouring the CBD and located approximately 12km or 20 minutes from the recently upgraded Port Moresby (Jacksons) International Airport.

Port Moresby is located within seven hours to more than half a billion people, including the burgeoning middle class populations of

Japan, Indonesia, South Korea, Philippines, Singapore, Malaysia, Hong Kong, Australia and New Zealand.

This unrivalled location includes the largest property development approval ever to be issued in PNG and has the full support of both the government and the local community. In recognition of its potential to transform the nation's capital and diversify its local economy, the project has been declared a 'Special Economic Zone', providing a full suite of fiscal incentives, as well as an option to operate the city's only casino license. With 97% of land in PNG held in customary ownership, it is unlikely another project of this type, scale and quality will ever be offered again.

PHDC have secured the site on a 99 year state lease, with Master Plan and Environment Impact Study completed and approvals obtained.

The comprehensively planned, integrated resort-style and large-scale, high-end residential development comprises:

- Significant real estate comprising more than 1,000 residential apartments;
- Marina with 40 berths including superyacht moorings and surrounding waterfront retail precinct;
- Integrated Resort featuring 250-300-room luxurious hotel with casino and 60-70 serviced apartments, conference facilities, infinity pools and pool pavilions;
- Tourist attractions including a War Museum, underwater aquarium and cable car;
- Government sponsored Cultural, Exhibition & Convention Centre showcasing PNG's 21 provinces; and
- Public access to the waterfront promenade from the CBD, around Paga Hill and through to Ela Beach.

The mixed use nature of the site will allow the incoming owner/joint venture partner the opportunity to sell down the residential components and other elements, while retaining the other income generating components of the project.





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INVESTMENT HIGHLIGHTS

Fully approved unrepeatable site that is primed for development today

After more than 20 years and cooperation with many diverse stakeholders, PHDC have secured the site on a long term state lease with Maser Plan and Environmental Impact Study completed and all approvals obtained. The project is now a fully approved Integrated Resort and large-scale, high-end residential and marina development. Acknowledging the site's tremendous tourism and economic potential, the site has been declared a Special Economic Zone (SEZ), providing a wide range of fiscal benefits. Additionally, the Government has provided an option to exclusively operate a casino license for 20 years within a 50km radius, extending also to online gaming nationwide. With 97% of land in PNG held in customary ownership, it is unlikely another project of this type, scale and quality will ever be offered to the market again. Site works are near completion and a stage development is planned over the next ten years.

Strong support from the PNG Government

Paga Hill Estate has the potential to be the single largest contributor to the city's economy over the coming decade and has received solid and continuing support from the PNG Government. Recognising this, the project was declared a 'Project of National Significance' by cabinet in 2012, and a 'Tourism Special Economic Zone' in 2020, providing a range of financial incentives to attract foreign investment, stimulate a diversified range of economic activity, as well as establish Papua New Guinea as a regional leader for commerce and trade.

Uniquely positioned to capture the imagination and attention of the world, amidst the growing international presence of PNG and Port Moresby

Paga Hill Estate will become the focal point of Port Moresby, to be enjoyed by residents and attracting thousands of visitors and tourists to the region. The Cultural, Exhibition & Convention Centre will be a key anchor of the development and will showcase PNG's cultural diversity, set against the glistening backdrop of Fairfax Harbour, the Coral Sea and more than 600 islands beyond. The addition of an underwater aquarium, War Museum and cable car will further enhance the allure of Paga Hill Estate, bringing together culture, history and entertainment in a single destination. PNG is one of the world's last great frontiers, untouched by mass tourism, but increasingly sought by experiential travellers.

Compelling financial proposition

The Special Economic Zone (SEZ) incentives provide a range of tax and duty concessions that serve to reduce the cost of development, lower the cost of completed product, with concessions even extending to businesses leasing and operating within the site's geographic area. The mixed use nature of the site also provides the opportunity to sell down residential components, while retaining other income generating components of the project. These incentives underpin an exceptional opportunity for an investor to achieve exceptional returns.

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Our incentives for Paga Hill Estate tell the world we're open for business, providing enhanced returns for playing a role in this important project to transform our nation's capital.

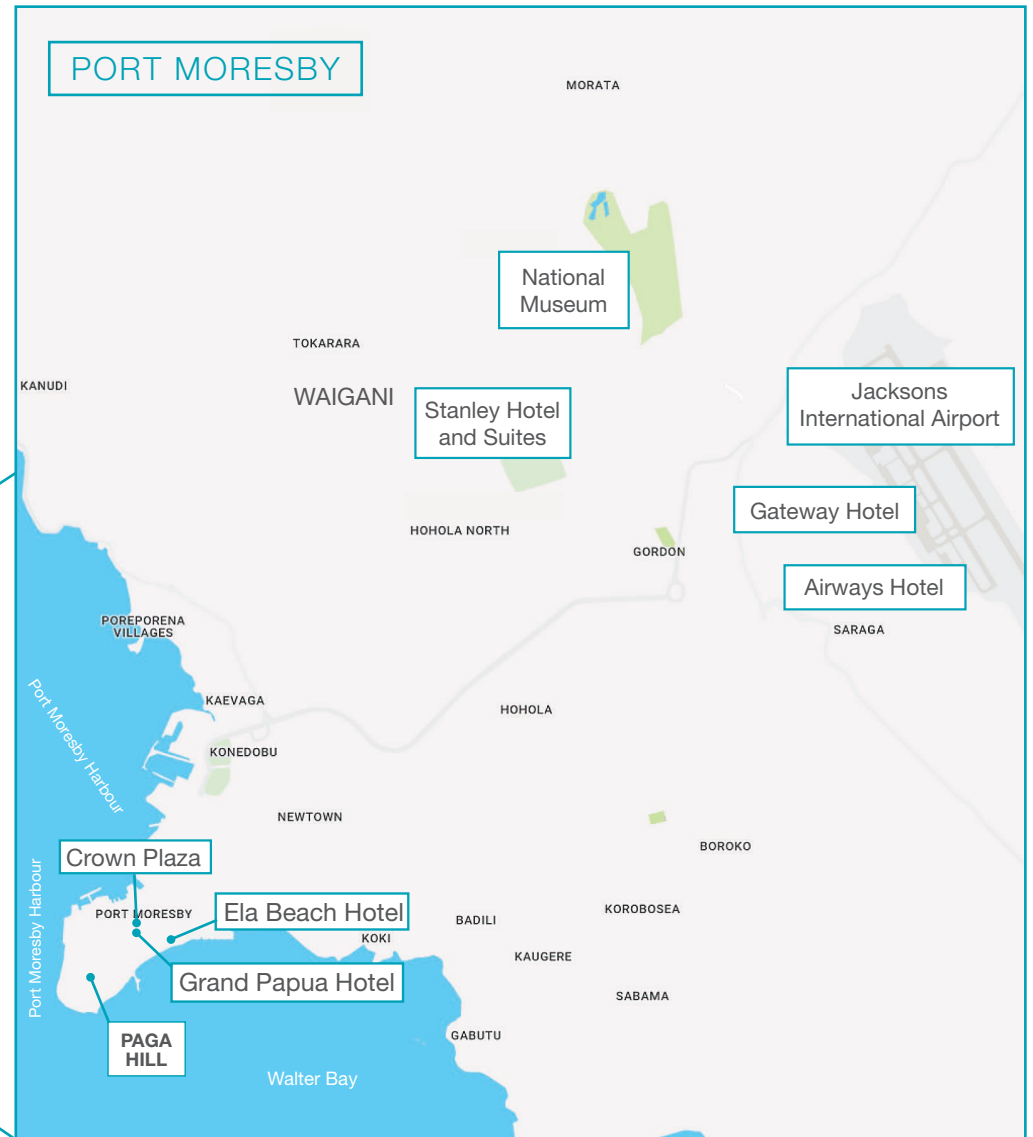
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Hon. James Marape, MP, Prime Minister of Papua New Guinea

LOCATION OVERVIEW

Lying just south of the equator, 160km north of Australia, PNG stretches from Asia, through Indonesia and into the South Pacific. A land of thriving tribal cultures, smouldering volcanoes and vast swathes of pristine mountainous rainforest and untouched coral reefs and islands, PNG is one of the world's last great frontiers and has remained untouched by mass tourism.

With such a vibrant and colourful culture, more than 600 islands and 800 indigenous languages, most activities and attractions in PNG revolve around the natural beauty and the uniquely diverse culture. Hundreds of islands lie north and east of the mainland, with sparkling white-sand beaches, coral reefs and verdant jungles teeming with wildlife.



Map Data © 2016 Google

PNG was part of the British Empire in the late 19th century and subsequently administered by Australia (from 1906-75). Vestiges of its colonial past can still be seen in some of the buildings in Port Moresby and on Samarai Island, in Milne Bay.

PNG is also home to a number of famous Second World War sites, and visitors can follow in the footsteps of Australian “diggers” on the challenging Kokoda Track, or visit a former Japanese submarine base near Rabaul, where the shells of fighter aircraft still lay half-buried in the jungle. Offshore, divers can explore the biologically rich pristine coral reefs and countless Second World War wrecks, including fighter planes and merchant ships. The Paga Hill War Museum will showcase this time in history through interactive and simulated exhibits.

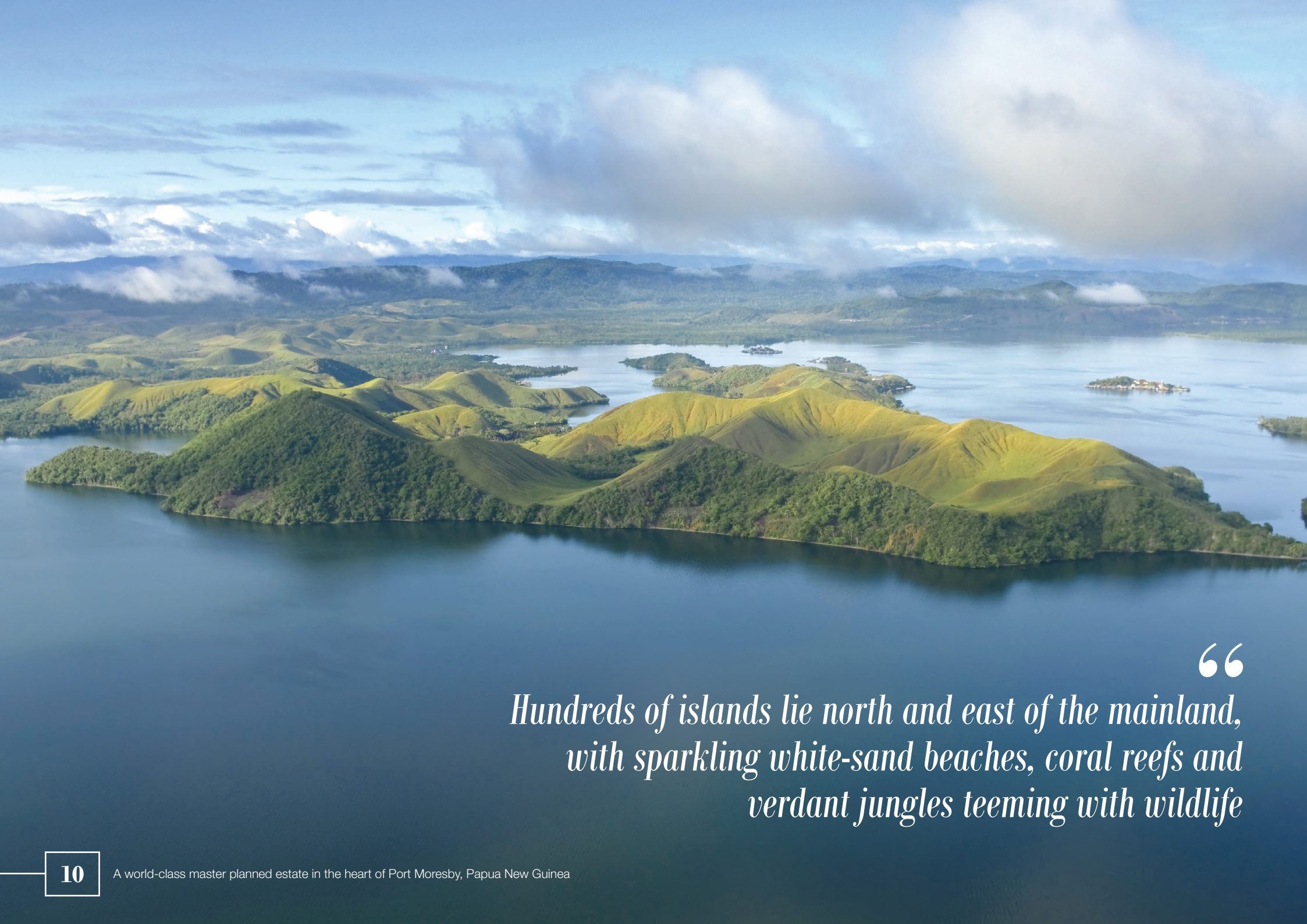


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*a land of thriving tribal cultures,
smouldering volcanoes and vast swathes of
pristine mountainous rainforest*



The country is also endowed with vast natural resources, including gold, copper, rare earth elements and LNG gas. Mineral wealth has been the primary driver of the economy in recent years, providing more than one third of government tax revenue.

Located on the shores of the Gulf of Papua, on the south-eastern coast of the Papuan Peninsula of the island of New Guinea, Port Moresby is a growing city of more than 400,000 people and is both the capital and largest city in PNG. With spectacular sweeping views over the Coral Sea, Paga Hill Estate will bring to life a vibrant and iconic development for PNG.



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*Hundreds of islands lie north and east of the mainland,
with sparkling white-sand beaches, coral reefs and
verdant jungles teeming with wildlife*



DEVELOPMENT VISION



Paga Hill is the future of Port Moresby. With spectacular views, idyllic surrounds, historic war relics and located less than a ten minute walk to the Port Moresby downtown area, the site constitutes an unbridled opportunity.

With such an opportunity comes responsibility, and despite an enduring timeline, Paga Hill Development Company has remained true to its vision of a comprehensively planned, landmark and inclusive development that will transform the face of Port Moresby.

Leveraging its natural position on a point, Paga Hill will move away from the gated communities now commonplace in Port Moresby, establishing itself as truly inclusive - a focal point for Paga Hill residents, city residents, tourists and visitors alike.

With approximately 30% of the site being public open space, walkways and promenades will ferry people around Paga Hill from the city to Ela Beach, past stunning vantage points, renovated World War II relics, cultural centre, hotel, casino and marina, as well as waterfront retail, cafés and restaurants. The added feature of a cable car and underwater aquarium will provide visitors with a unique perspective of the city surrounds and the oceans which stretch beyond.

The site will be one for all to enjoy, a vibrant hub and focal point for the city, and more importantly, an icon of a modern and progressive PNG.

Key design elements include:

- Vibrant public spaces, waterfront promenade and pedestrian walkways along the full length of Paga Hill Estate's shoreline;
- A ring road around Paga Hill connecting all precincts on Paga Hill and the waterfront, as well as linking the new international cruise terminal, city centre, the Port and Ela Beach;
- A Cable Car will traverse Paga Hill taking visitors and residents alike from the waterfront promenade to the mid and upper levels of the Estate with breathtaking views of the Coral Sea out to Fishermans Island and beyond;
- Easy access to the Cultural, Exhibition & Convention Centre, World War II heritage and green space which will form the cultural heart of Paga Hill Estate; and
- Conservation of key World War II relics.



Development Approval

Paga Hill Estate will transform this spectacular destination into a place for locals and visitors to live, work and be entertained. Not only will Paga Hill Estate be an iconic destination for visitors, it will be a place for locals to enjoy. With beautiful public gardens, cafés, restaurants and shops, people from all walks of life can stroll along the vibrant waterfront promenade and enjoy access to the various precincts within the Estate.

The Project has secured full planning permission for the following:

- Master Planned site comprising hotel, residential, commercial office, cultural, retail and marina uses;
- Subdivision Plan including the amalgamation of the lots consistent with the master plan development controls;
- Maximum development yield of 380,350sqm and 101,800sqm of car parking;
- Road intersections and access provisions required for a successful road network, ring road and driveway to all nominated development sites;
- Gazettal of the new Access Road and Chalmers Crescent located within the Paga Hill Estate Lease Title, as a private road reserve;
- Access is reasonably provided for connection appropriately designed and sized public infrastructure services including street lighting placement, storm water, electrical, future gas and telecommunication services; and
- Construction of two nominated pedestrian bridges.
- Work on the Paga Hill Estate project has commenced. 'Horizons' is to be the first stage development. Located on 1.695ha of prime waterfront land, the development will include an office commercial tower, residential/serviced apartments, with retail and hospitality elements integrated throughout (see pages 28 & 29).

Paga Hill Development Company (PHDC)

Paga Hill Development Company (PNG) Ltd was established by the development visionaries in 2000 to formally acquire from the government the Paga Hill Estate site and is responsible for developing it. PHDC shareholders have spent close to 20 years converting the site to be ready for residential and commercial development and having secured a long term state lease over the entire site.

Work on the Paga Hill Estate project has commenced. Civil works are nearing completion, including site benching and sea lease reclamation and the four lane ring road is complete. The consortium is currently in negotiation with the government on the terms to locate a world class Casino on the site.

PHDC Management Team

- **Gudmundur Fridriksson, Chief Executive Officer and Director** - is a business leader with over 30 years experience in managing major projects in PNG, Europe, China, Hong Kong and Australia. He is experienced in managing organisations and delivering complex projects within politically sensitive, logistically challenging and culturally diverse locations. With a vision to develop a world-class master planned estate on Paga Hill, Gudmundur Fridriksson co-founded PHDC to acquire the Page Hill Estate site.
- **Stanley Kuli Liria, Director** – an experienced lawyer and Principal of Liria Lawyers in Port Moresby, National Capital District. He has a passion for raising legal awareness amongst fellow Papua New Guineans. As Director of Paga Hill Estate, Stanley has been instrumental in ensuring regulatory compliance, statutory requirements and processes are adhered to in progressing the landmark development.
- **George Hallit, Chief Operating Officer** - is an experienced consulting professional, specialising in performance transformation, process improvement and the implementation of sustained cultural change. George took up a shareholding in the Paga Hill Estate development in 2002, serving as Director until 2012. Since early 2016 George has committed himself to the project on a full time basis.
- **John Martin, Project Engineer** - is a professional engineer with over 25 years experience in the management, design and construction of civil works projects throughout Australia and PNG. John has been a shareholder in Paga Hill Development Company since 2011 and is a Principal Engineer of ERSCON Consulting Engineers, overseeing the design and construction of major earthworks on Paga Hill.





PHDC Advisory Board

- **David Baffsky AO** - is Honorary Chairman (formerly Executive Chairman between 1993 and 2008) of Accor Asia Pacific, the largest hotel management company in the Asia Pacific region. He is Chairman of the ASX listed Ariadne Australia Ltd, Chairman of Investa Property Group and a life member of the Tourism Task Force. He is also on the boards of Sydney Olympic Park Authority, Destination NSW, The George Institute and the Australian Brandenburg Orchestra. He was until July 2016 a Director of SATS Limited (Singapore) and Chairman of Food & Allied Support Services Corporation Ltd. Amongst previous roles, Mr Baffsky was a Trustee of the Art Gallery of NSW, Chairman of Voyages Indigenous Tourism Ltd (owner/operator of Ayres Rock Resort), a member of the Business Government Advisory Group on National Security. He was also a member of the Australian Federal Government's Northern Australia Land and Water Taskforce and a Director of the Indigenous Land Corporation.
- **Peter Barge** - was Chairman and CEO of Jones Lang LaSalle Asia Pacific the region's leading property services group with 16,000 staff spread across 60 offices. He has held board directorships in public and private companies in the property and tourism space in Europe, India, Asia and Australia. He is Chairman of Trustees at Internationally acclaimed Green School Bali and was a Director of the owner/operator company of Yulara (Ayers Rock Resort) and a Director of the major township developer in India. Mr Barge was awarded the inaugural "Asia Pacific Trailblazer Award" by the region's Hotel and Tourism industry.
- **David Galvin** - is Chairman of The Australian Livestock Export Corporation Ltd (LiveCorp) he comes from an extensive rural background in the Northern Territory and overseas. He is the former CEO of Indigenous Land Corporation (ILC), a position that he held for nearly 12 years before standing down in 2012. The ILC is a major beef producer and has considerable pastoral holdings and pastoral enterprise agreements on the Indigenous held land across Northern Australia to Tasmania. Mr Galvin was a Director of Voyages Indigenous Tourism Australia Pty Ltd (owner/operator of Ayres Rock Resort) and currently Managing Director of Tubarao Investments Pty Ltd, a property investment company.
- **Simon Dulhunty** - is a media and communications professional whose career has included key executive and leadership roles at the top of publishing and journalism in Australia. He is a former Editor of Fairfax Media's highest selling publication, The Sun-Herald in Sydney, and executive manager of digital development for The Australian Financial Review, The Age and The Sydney Morning Herald's award-winning apps. Each of the three titles Simon has edited have won their respective categories and been judged Newspaper of the Year under his stewardship. After 25 years in metropolitan and regional Australian media, Simon currently serves as a board member and director of listed and private companies, including two charities, while also running his own private media relations and strategic communications business. Simon currently serves on the foundation board and fund-raising arm of the world-leading independent medical research institute, The Centenary Institute, located on the border of the University of Sydney Campus and the Royal Prince Alfred Hospital.

THE MASTER PLAN

Project Area

Paga Hill is a 23-hectare point, adjoining the Port Moresby Central Business District (CBD) and within a short distance of Port Moresby (Jacksons) International Airport.

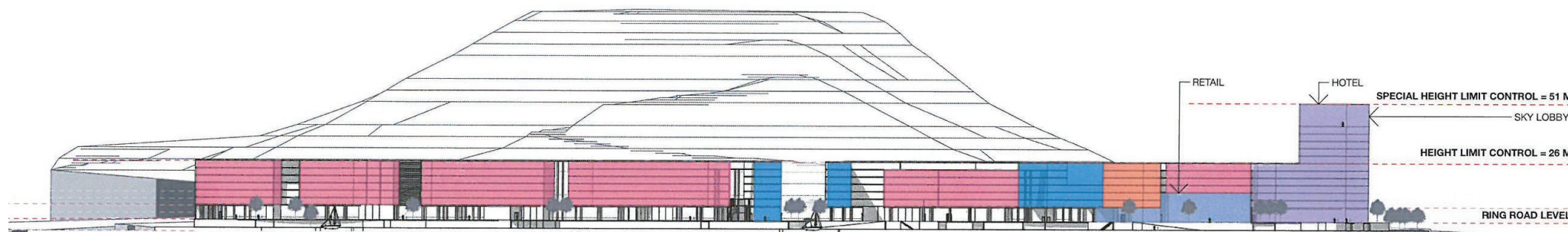
PHDC have secured long term state leases over the Paga Hill Estate site which also includes 5.85 hectares of public open space (green and water zones). The property tenure consists of long-term state leasehold interests from the PNG Government. Leasehold land is rare in PNG with 97% of land held in customary ownership. More than eight hectares within the site consists of newly reclaimed waterfront land.

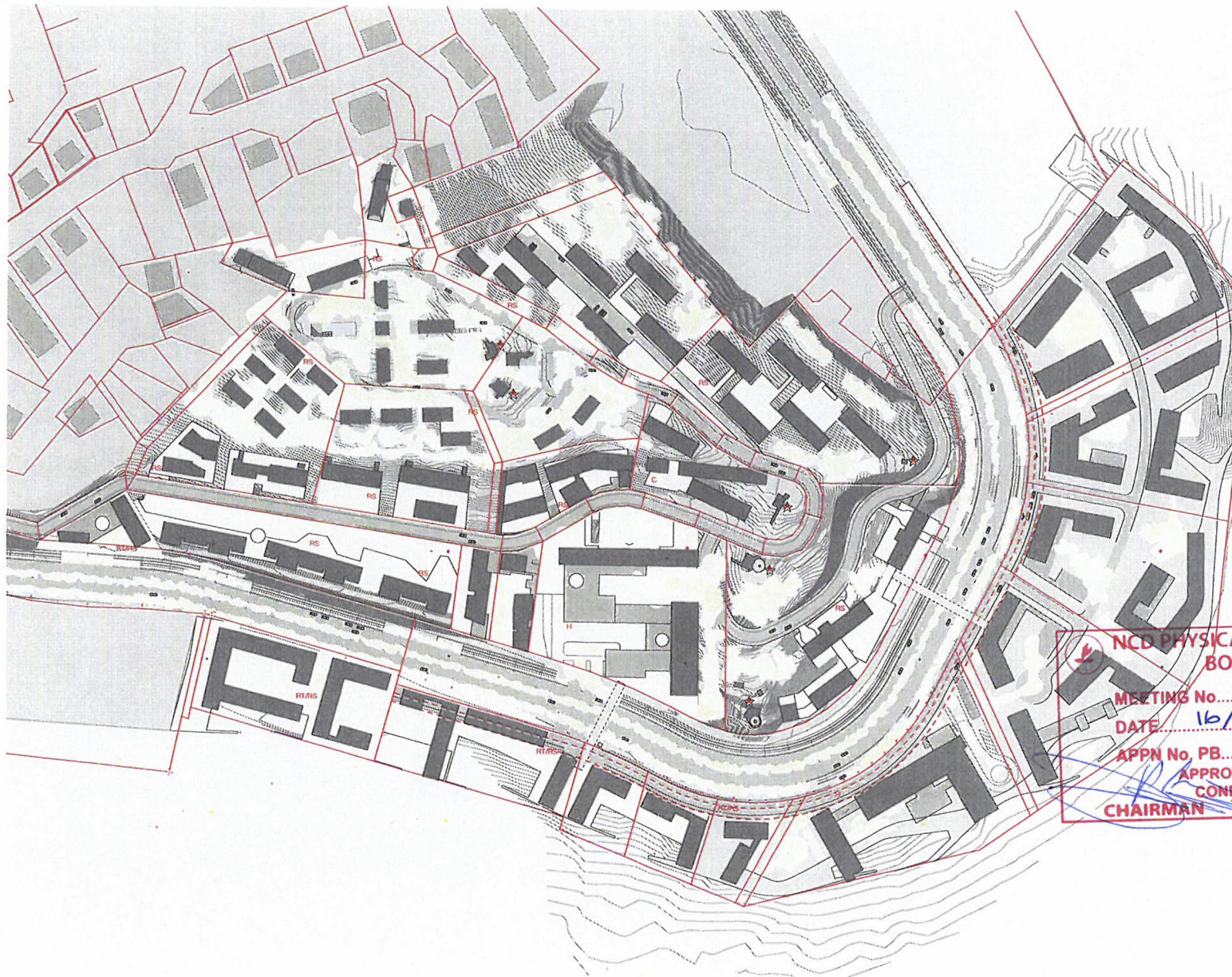
Paga Hill Estate represents the opportunity to invest in the first comprehensively planned Integrated, Resort, residential and mixed use property development in PNG. Differentiating from other integrated resort developments in Asia, a large component of the Project will be the development of luxury residential apartments. As a result, it is anticipated that profits from the Project will be substantially generated through real estate sales and/or rental, providing diversification from the tourism/business market and increasing the financial returns of the Project.

Table One: Approved Land Uses and Maximum Gross Floor Area

Land Use	Gross Floor Area (sqm)	NFA estimate (sqm)
Residential	156,660	117,495
Commercial (retail, office etc)	144,951	108,713
Hotel/Service Apartments	67,119	50,339
Other (open space, cultural)	11,620	8,715
Total excl. car parking	380,350	285,262
Car parking	101,800	101,800
Total incl. car parking	482,150	387,062

Source: PHDC





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- Legend
- ★ BUNKERS
 - RS RESIDENTIAL
 - RT RETAIL
 - H HOTEL
 - C CULTURAL

#	FBB AMENDMENTS	DATE
1	RETRACT ACCESS	22/02/2018
2	RETRACT ACCESS	22/02/2018
3	RETRACT ACCESS	15/04/2018
4	RETRACT ACCESS	30/06/2018
5	RETRACT ACCESS	10/07/2018

PLANNING APPROVAL APPLICATION

PROJECT NAME:
 PAGA HILL DEVELOPMENT COMPANY
 PAGA HILL MOUNTAIN VIEW PAPER
 PAGA HILL MOUNTAIN VIEW PAPER

PROJECT NUMBER:
 PA.100

DATE:
 16/02/2018

APPN No. PB. 18.030

APPROVED WITH CONDITIONS

CHAIRMAN

NCD PHYSICAL PLANNING BOARD

MEETING No. 5th/02/2018

DATE 16/02/2018

APPN No. PB. 18.030

APPROVED WITH CONDITIONS

CHAIRMAN

Drawing Title
MASTER PLAN

DATE:	14/05
PROJECT NO.:	PLANNING APPROVAL
DATE:	25/05/18
SCALE:	27/02/2018
DATE:	27/02/2018 5:30 PM
DATE:	14/05
DATE:	-
DATE:	1:120 U A1
DATE:	1:2500 A1/A

Approved Major Precincts

As a mixed-use development, most buildings within Paga Hill Estate will provide retail and parking space on the lower levels, followed by offices and apartments on the middle and upper levels.

The approved Master Plan comprises seven key precincts and surrounding road infrastructure as outlined in Table 2.

Foreshore Public Concourse

A lively and inviting environment for everyone to enjoy, based on a conscious integration and utilisation of the waterfront. A boardwalk promenade will stretch along the full length of the shoreline, from the cruise liner terminal to Ela Beach. It will also include a number of small to medium sized marinas, retail centre, restaurants, shops and a mix of open public spaces, as well as village crafts and a market place.

The waterfront precinct offers a multitude of activities for day visitors and those staying a longer period (including 3,000 anticipated residents) with a variety of dining options and shopping.





Table Two: Paga Hill Estate Development Yield Control by Precinct

Precinct	Title	Nominal Area (Ha)	GFA (sqm)	NLA (sqm)	Car Parking (sqm)	Zoning
P2	Sea Lease	5.96	78,700	59,025	22,000	Commercial/Residential/Mixed Use
P3	Ring Road West	2.52	114,450	85,838	25,600	Commercial/Residential/Mixed Use
P4	Open Space	1.34	n/a	n/a	n/a	Open space
P5	Ring Road South	0.88	18,350	13,763	6,000	Residential/Mixed Use
P6	Chalmers West	1.32	39,000	29,250	11,400	Residential/Mixed Use
P7	Chalmers	2.55	31,950	23,963	10,400	Residential/Mixed Use
P8	Ela Precinct	2.86	31,000	23,250	8,800	Residential/Mixed Use
P9	Paga Hill	1.46	49,450	37,088	12,000	Commercial/Residential/Mixed Use
P10	Ring Road	n/a	n/a	n/a	n/a	Road Reserve - Public Road
P11	Road Reserve	n/a	n/a	n/a	n/a	Road Reserve - Private Road
TOTAL		20.27	380,350	285,263	101,800	

Source: PHDC





APEC HAUS

WAR MUSEUM

5-STAR HOTEL

CABLE CAR

RING ROAD SOUTH

RETAIL CENTRE

PREMIUM RESIDENTIAL

CULTURAL CENTRE

INTEGRATED RESORT

AQUARIUM

MARKET PLACE

RESTAURANTS

VILLAGE CRAFTS

INFINITY POOLS

FUNCTION ROOMS

PROMENADE

Integrated Resort

A prestigious Integrated Resort will be constructed on the western side of Paga Hill Estate with sweeping views across Fairfax Harbour and the Coral Sea. The Integrated Resort will feature 250-300 luxurious and spacious guest rooms, 60-70 serviced apartments, world-class restaurants and a large ballroom suitable for state dinners and other major events, as well as smaller conference and meeting facilities.

Infinity pools and pool pavilions will keep guests entertained all day as they watch the sunset lounging on a daybed or from the balcony of their private retreat.

The accommodation mix within the Integrated Resort is intended to provide a variety of options to meet the diverse interests of the tourism market and to maintain a compact urban form, which also fosters a resort village ambience.

Potential Casino

With Paga Hill Estate set to transform the visitor experience to PNG, the government has also provided PHDC with an exclusive option to operate the city's only casino for 20 years within 50km. The opportunity also extends to online gaming nationwide.



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*The Integrated Resort will feature 250-300
luxurious and spacious guest rooms*





Cultural, Exhibition & Convention Centre

Situated in a prominent position, with vantage points in all directions to the coast and harbour, the Cultural, Exhibition & Convention Centre will provide the forum to promote all of PNG's rich and unique culture, flora, fauna, traditions and attractions across all 21 provinces - PNG has one third of the world's languages (c.830) and so along with language, the cultures and traditions vary considerably from province to province.

Incorporated into the design is a museum that will showcase PNG's history, with a particular focus on and link to the adjacent World War II gun emplacements and sites of interest, as well as memorial plaques, all of which have significant tourism potential; particularly with direct access to the planned cruise line terminal.

Designs for the Centre will essentially comprise a number of large exhibition halls and supporting amenities, including smaller exhibition and function rooms. A recreation of a traditional village will occupy the adjacent waterfront site. The outdoor area will also include local (Motuan) traditional sailing vessels and village housing, providing visitors with an interactive cultural experience.

PHDC see an opportunity for the provincial administrations to rent space within the permanent exhibition space, presenting artefacts and tourism products with a view to attracting visitors to outlying provinces. The PNG Tourism Promotion Agency have also expressed an interest in establishing an office presence at the Centre, as well as the administration of the permanent exhibitions and village experience.



National Hospitality and Tourism Training Academy

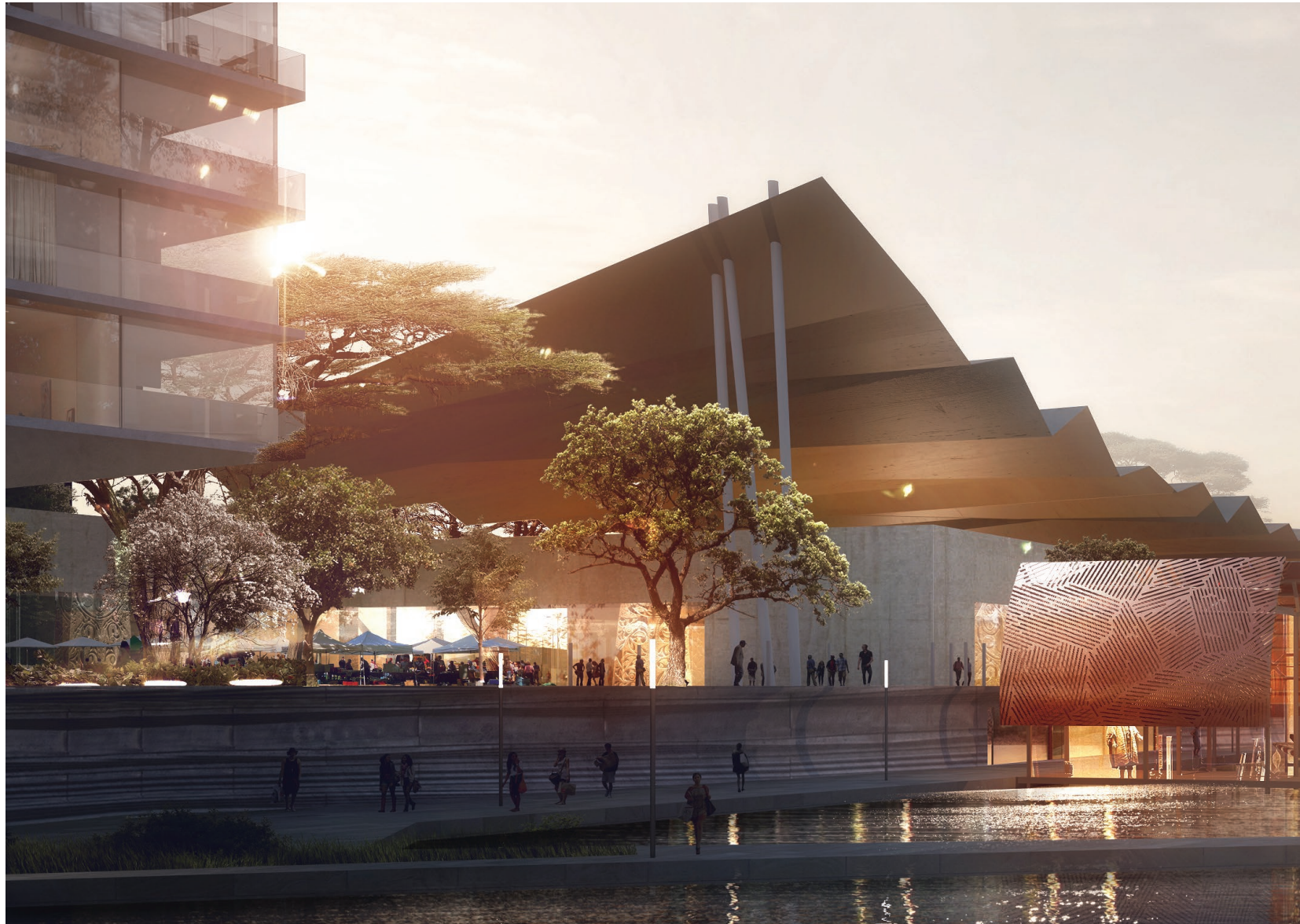
Located within the Cultural, Exhibition & Convention Centre will be the National Hospitality and Tourism Training Academy. A joint initiative of the National Government, Hotel, Hospitality and Tourism operators and overseas supporters of PNG. The state of the Art, purpose built Academy will train local staff across a range of courses that covers all aspects of Hotel, Hospitality and Tourism skills. With a strong emphasis on practical training, the Academy will utilise a number of Paga Hill Estate facilities for training and experience purposes.

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My vision is for Port Moresby to be a model city in the South Pacific, leading the way in tourism and business. Paga Hill is a ‘game changer’ for the city and a key part of my strategy.

”

*Powes Parkop,
Governor
National Capital District*







Horizons at Paga Hill Estate

Horizons - an integrated waterfront precinct, finely balancing residential, commercial and retail elements to achieve a resort-style feel in the heart of Port Moresby.

A first stage development to embody all that Paga Hill Estate will eventually bring to the city - Port Moresby's best address for life, work and play.

Features

- Landmark commercial tower
- Highly Attractive waterfront restaurants, cafes and retail outlets
- Exclusive rooftop club
- Integrated resort-style courtyard with pools
- Premier residential apartments



The place to live, work & play

With seamless access to waterfront retail and hospitality, together with resort-style courtyard, apartments offer a quality of life unlike any other in Port Moresby.

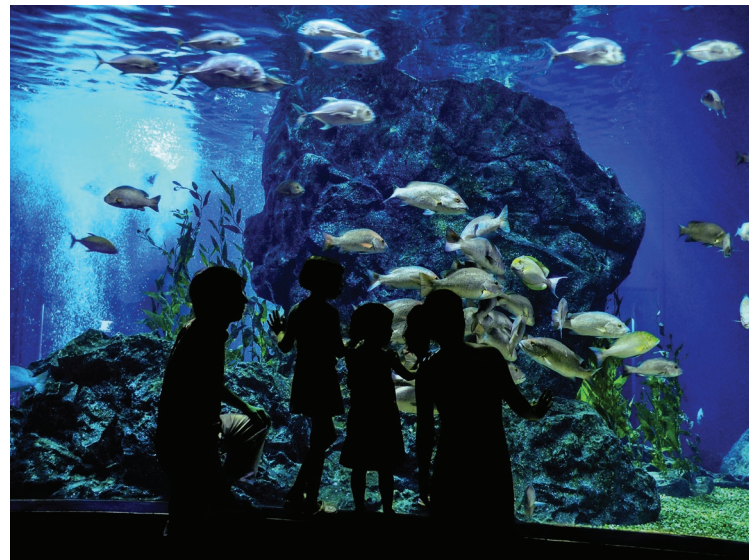
Residents and visitors alike will enjoy the free open space and diverse activity & leisure zones, including water features, swimming pools, dining and retail, establishing Horizons as the city's prime address to live, work and play.





War Museum

Paga Hill contains a number of above and below ground fortifications and gun emplacements that were used during the second world war. A number of the larger ones are being restored and will form part of the War Museum on Paga Hill. The Museum will tell the story of PNG's part in the war and will feature interactive and simulation exhibits. The Museum and fortifications will be accessed from the waterfront via a cable car.



National Aquarium

The National Aquarium will contain a large variety of PNG aquatic life, displaying more than 500 species comprising more than 10,000 individual fish and other sea and water creatures. Additionally, the aquarium features themed zones displaying a broad cross section of the country's sea water habitat found in the many water-based Provinces. A third of the Aquarium is under water enabling visitors to walk amongst the sea life and reefs commonly found in PNG waters.

Cable Car

An iconic feature of the Paga Hill development is the Cable Car travelling from the waterfront promenade to the mid and high levels of Paga Hill. Tourists will be able to access the War Museum and restored gun emplacements on the mid-levels of Paga Hill whilst having panoramic views of the Coral Sea out to Fisherman Island and beyond, and of the Port Moresby coast line. Residents will be able to travel from the upper and mid-level residential towers to the waterfront retail mall to access restaurants, bars, water activities and promenade walks.







Premium Residential

To create a truly integrated inner-city environment, residential areas will blend seamlessly with commercial enterprise, including retail shops, office space and a variety of restaurants and cafés.

A mix of generous studio, 2 and 3 bedroom residential apartments will occupy the higher levels of the buildings and showcase the beautiful views across Fairfax Harbour or the Coral Sea.

Residential precincts are located in the Ring Road South, Chalmers, Chalmers West and Ela Precincts in the Paga Hill Estate.

An international school and 24 hour medical clinic are two of a number of facilities that residents of Paga Hill will have access to within the confines of the development.

Parking and Road Infrastructure

Each individual building will provide a combination of underground and on-ground parking to accommodate residents, staff and visitors. Car park ratios are based on international standards with dedicated parking based on apartment size and commercial floor space.

The ring road around Paga Hill is a much-needed piece of infrastructure that stands to relieve CBD-based traffic congestion.

Services

Access will be provided for connection to appropriately designed and sized municipal public infrastructure services including street lighting placement, storm water, electricity, future gas and telecommunications.

PLANNING AND PERMITS

Land Title in PNG

Over 97% of the total land area in PNG is “customary land”, that is land owned under traditional or customary title by nationals. Less than 3% of the land has been alienated from the customary landowners and of this only a small percentage comprises private freeholds, mainly held by missions and plantations. Most alienated land is owned by the Government. The Government owns some of this land beneficially and has granted long term (99 year) leasehold interests in the rest to other parties.

The Land Act provides that a person shall not transfer leasehold land without prior approval of the Minister. According to an official policy statement of the Department of Lands¹ approval of transfers of state leases will not be forthcoming where the land is unimproved. This regulation is intended to discourage speculation in unimproved land. Thus, the Minister will generally only approve the transfer of leasehold land where the improvement covenants in the lease have been met, as they have in the case of Paga Hill Estate.

Leases issued pursuant to this process typically contain improvement covenants, breach of which may result in forfeiture. Leases are submitted to the Registrar of Titles for registration under either the Real Property Act 1913 (Papua) or the Lands Registration Act 1924 (New Guinea). A leaseholder may subsequently make application to the Department of Lands to vary leasehold conditions in cases where these conditions may have been rendered inappropriate by changing circumstances. Such applications are referred to the Land Board for hearing. Assuming approval and endorsement by the Minister for Lands, the lease is surrendered and a suitably amended lease issued.²

Paga Hill Estate Land Title

PHDC has secured a series of long term state leases over the Paga Hill Estate site, as well as a substantial underwater lease around Paga Point, adding further value to the site. The waterfront has direct deep-sea port frontage as well as clean usable beachfronts.

State leases for the site are primarily for a period of 93 years 14 days, effective 22nd March 2016 to 3rd April 2108. The majority of leases stipulate that rent will be paid at a rate of 5% of the unimproved value of land for the first ten years and reviewed every ten years thereafter. Rent will be reassessed at 5% of a re-appraised valuation of the subject land thereafter.

Improvements to the land to a minimum value are also stipulated under the terms of the lease, as outlined in Table Three. Improvements include buildings for business / residence purposes and are to be maintained in good repair for the duration of the lease. Land cannot be sold or leased wholly in part without complying with the improvement conditions, a summary of which is provided in Table Three. These improvements have been met with the work recently undertaken on the site. The exception is Lot 21 Section 27 for which the lease stipulates that improvements must be erected on the land within five years of the registration of the title.

¹ Information for Foreign Investors Concerning Land Policy in Papua New Guinea (1980)

² Customary Land Law Reform in PNG: Law, Economics and Property Rights in a Traditional Culture

Table Three: Paga Hill Development Company (PNG) Limited 1-34780

NO.	COMPANY NAME	AREA (Ha)	TITLE	DURATION (YEARS)	RENT (KINA)	RENT (USD)	REQUIRED IMPROVEMENTS (KINA)
1	ANDAYAP NO.1 LIMITED	1.3070	Portion 3563, Granville	93 from 22/03/2016	22,850	7,312	1,000,000
2	ANDAYAP NO.2 LTD	1.1660	Portion 3564, Granville	93 from 22/03/2016	20,400	6,528	500,000
3	ANDAYAP NO.3 LTD	1.1010	Portion 3565, Granville	93 from 22/03/2016	19,250	6,160	500,000
4	ANDAYAP NO. 4 LTD	1.1810	Portion 3566, Granville	93 from 22/03/2016	20,650	6,608	1,000,000
5	ANDAYAP NO. 5 LTD	1.7330	Portion 3567, Granville	93 from 22/03/2016	30,350	9,712	1,000,000
6	ANDAYAP NO. 6 LTD	1.9390	Portion 3568, Granville	93 from 22/03/2016	33,900	10,848	500,000
7	NO. 1 NEYAPU LIMITED	0.3043	Lot 21 Sect 27, Granville	99 from 01/07/2016	8,000	2,560	250,000
8	NO. 2 NEYAPU LIMITED	1.7140	Portion 3569, Granville	93 from 22/03/2016	30,000	9,600	500,000
9	NO. 3 NEYAPU LIMITED	1.3900	Portion 3570, Granville	93 from 22/03/2016	24,300	7,776	500,000
10	NO. 4 NEYAPU LIMITED	1.6950	Portion 3571, Granville	93 from 22/03/2016	42,400	13,568	1,000,000
11	NO. 5 NEYAPU LIMITED	1.4890	Portion 3572, Granville	93 from 22/03/2016	37,250	11,920	1,000,000
12	NO. 6 NEYAPU LIMITED	1.4880	Portion 3573, Granville	93 from 22/03/2016	37,200	11,904	1,000,000
13	NO. 7 NEYAPU LIMITED	1.4880	Portion 3574, Granville	93 from 22/03/2016	37,200	11,904	1,000,000
14	NO. 8 NEYAPU LIMITED	1.6360	Portion 3575, Granville	93 from 22/03/2016	40,900	13,088	1,000,000
15	NO. 9 NEYAPU LIMITED	0.3360	Lot 33 Sect 26, Granville	93 from 22/03/2016	8,400	2,688	1,000,000
16	NO. 10 NEYAPU LIMITED	0.3430	Lot 34 Sect 26, Granville	93 from 22/03/2016	8,600	2,752	1,000,000
17	NO. 11 NEYAPU LIMITED	0.3430	Lot 35 Sect 26, Granville	93 from 22/03/2016	8,600	2,752	1,000,000
18	NO. 12 NEYAPU LIMITED	0.1860	Lot 51 Sect 27, Granville	93 from 22/03/2016	5,100	1,632	1,000,000
19	NO. 13 NEYAPU LIMITED	0.2040	Lot 52 Sect 27, Granville	93 from 22/03/2016	8,600	2,752	1,000,000
20	NO. 14 NEYAPU LIMITED	0.0550	Lot 53 Sect 27, Granville	93 from 22/03/2016	3,400	1,088	1,000,000
21	NO. 18 NEYAPU LIMITED	0.2100	Lot 54 Sect 27, Granville	93 from 22/03/2016	5,250	1,680	1,000,000
22	MALAGA NO.1 LIMITED	0.8010	Lot 55 Sect 27, Granville	93 from 22/03/2016	14,000	4,480	500,000
23	MALAGA NO.2 LIMITED	0.4480	Lot 56 Sect 27, Granville	93 from 22/03/2016	11,850	3,792	500,000
24	MALAGA NO.5 LIMITED	0.6760	Lot 57 Sect 27, Granville	93 from 22/03/2016	7,850	2,512	500,000
25	MALAGA NO.6 LIMITED	n/a	n/a	n/a			
26	MALAGA NO.7 LIMITED	0.8350	Lot 32 Sect 26, Granville	93 from 01/04/2016	30,936	9,900	1,000,000
27	MALAGA NO.8 LIMITED	n/a	n/a	n/a			
	Sub-Total area:	24.0683			517,236	165,516	20,250,000
	Road	1.8100					
	Total area incl. ring road	25.8783					

Source: PHDC. Note: Rent converted into USD using current exchange rate of 1 USD: 3.17 PNG Kina

Community Resettlement

In a first for PNG, PHDC has also delivered a comprehensive relocation solution for the Paga Hill previous informal settlement community. In contrast to the forced evictions that regularly take place across PNG, PHDC has achieved a harmonious resettlement to a donated site that makes for transformative life outcomes for relocated residents.

On 1st October 2014, the resettlement site's official handover ceremony was attended by Mr Roy Trivedy, United Nations Resident Coordinator and UN Development Program representative for Papua New Guinea. In his speech, he noted the positive precedence set by the Paga Hill resettlement.



This is the first time that a national corporation [like PHDC] has supported the resettlement of a community. It is the first time it has happened in PNG in my experience. But it is also the first time I think it has happened in our region.



UN Representative PNG, Roy Trivedy

Planning Approval

The developments within Paga Hill Estate are compliant with the full planning permission obtained by PHDC, dated 16th November 2018 and based on Physical Planning Board application no. PB.18.030.

This comprises the overall concept design for mixed uses of commercial, residential, institutional open space, access, subdivisions and public utility at Section 27 Lots 48,49,50,60,61,63,64,65,66 and Portions 3415 & 3149 Gravillie (Paga Hill) NCD. Since receiving Physical Planning Board approvals, the estate has been subdivided and new titles issued in accordance with the listing in table three.

Environment Permit

PHDC was issued with Environment Permit EP-L2 (472) to carry out works involving construction and development of the Paga Hill Estate project site. The Permit commences on 8th January 2016 and has a term of 25 years.

Expatriate Work Permits

As a general rule, foreign staff are permitted to be employed in PNG for high skilled jobs as the number of PNG citizens able to undertake this employment is limited due to a skills shortage. Semi-skilled jobs, however, are first advertised in PNG and unskilled or low-skilled jobs have been reserved for PNG citizens. As such, hotel casino and other facility operators would have no issues hiring foreigners for upper and middle management roles, as is currently the norm in four and five star hotels in Port Moresby.

Further, through engagement with the relevant department, it may be possible to employ a disproportionate number of foreign workers during the start-up and transition phases, for example in front of house, and move towards a higher proportion of local staff through training and maintenance of brand standards.

STRONG SUPPORT FROM GOVERNMENT

Special Economic Zone incentives

Recognising the transformative potential of the development to the city, including its ability to stimulate and diversify the local economy, the Marape-Steven government has declared the project a 'Tourism Special Economic Zone'. In what is a strong show of support for Paga Hill Estate, this provides a range of incentives designed to attract investment and prioritise its realisation. As a result, enhanced financial returns can be derived from every phase of the project, and for various stakeholders. Savings can be garnered during the project's construction; sale of completed development or shares in PHDC are exempt from Stamp Duty; and businesses operating with Paga Hill Estate can also capitalise on Income Tax and other concessions.

The region's future financial & commercial hub

The SEZ's financial incentives are also geared at attracting foreign companies to relocate their headquarters, with income tax and other concessions applying to commercial and retail tenants within the site. In this way, the relocation of foreign company headquarters will be pursued, firmly establishing Port Moresby as the financial and commercial hub of the South Pacific. This will create a range of job and career opportunities for local Papua New Guineans, with the commercial towers and employees adding to the dynamic nature of the Paga Hill Estate, transforming this spectacular destination into a place for locals and visitors to live, work and be entertained.



Pictured: The SEZ Project Agreement signing at Government House on 19th March 2020. Left: The agreement being signed by Governor General Sir Bob Dadae, NCD Governor Power Parkop, Department of Commerce & Industry Acting Secretary Joseph Vutliu and PHDC CEO Gudmundur Fridriksson. Right: PHDC CEO Gudmundur Fridriksson, Miss Paga Hill Estate and Miss PNG Lucy Maino, NCD Governor Hon Powes Parkop, Governor General Sir Bob Dadae, Minister for Finance, SEZs and Public Private Partnerships Hon Rainbo Païta, PHDC Director Stanley Liria and Department of Commerce & Industry Acting Secretary Joseph Vutliu

Table Four: Schedule of Paga Hill Estate SEZ incentives

Item	Detail	SEZ Rate
Customs Duty	Associated with the development of Paga Hill Estate	Exempt, 10 years
Land Tax (NCD)	Limited to land within Paga Hill Estate	Exempt, 10 years
Land Rentals (Lands Dept.)	Delayed land rental value reassessment	Delayed by 5 years
Stamp Duty	Such as that payable on the sale of newly constructed property, as well as leases or agreements for leases of land and goods	Exempt, 5 years
Accelerated Depreciation	Property and fixed assets within Paga Hill Estate	30% in addition to normal depreciation
Income Tax (Companies)	Limited to property construction and tourism/hospitality business activity within Paga Hill Estate	Exempt, 10 years
Withholding tax	No withholding on dividends payable on rental and sales income generated from property within Paga Hill Estate	Exempt, 10 years
Foreign currency	Guaranteed pre-approvals and prioritisation for international payments associated with Paga Hill Estate	10 years

In addition to this schedule, which was explicitly included in Paga Hill Estate's Project Agreement with the State, the SEZ Authority Act of 2019 provides that "no taxes or imposts, local or national" shall be imposed on investors or businesses operating within an economic zone, with the same applying to a buyer of zone goods and products, or any zone goods and products.

Project of National Significance

The project was declared a 'Project of National Significance' by cabinet in 2012, demonstrating strong political support. Whilst the declaration is not specifically binding, it is intended to facilitate expedited support and engagement of government departments and institutions.

PHDC, the PNG Tourism Promotion Authority and the Department of Trade, Commerce & Industry have signed a Memorandum of Understanding which outlines the roles and responsibilities of each party as they relate to the cooperation and areas of partnership in developing Paga Hill Estate.

Through this formal collaboration, the landmark tourism, arts and cultural opportunities this project presents can be fully realised. Paga Hill Estate will transform the tourist experience, serving as a must-visit destination with premier retail outlets, waterfront dining and entertainment, as well as marina-based day trips to nearby islands.

The inclusion of the Cultural, Exhibition & Convention Centre, earmarked for the waterfront, offers the opportunity to incorporate the Tourism Promotion Authority more closely in the ongoing operation of the Centre.



PNG TOURISM MARKET OVERVIEW



³ www.thecommonwealth.org/ourmembercountries

Constitution and politics

- **Status:** Monarchy under Queen Elizabeth II
- **Legislature:** National Parliament of Papua New Guinea
- **Independence:** 16 September 1975

PNG is a constitutional monarchy recognising Queen Elizabeth II as head of state, represented by a Governor-General who is nominated by parliament and serves for a term of six years.

Government is by parliamentary democracy, with a unicameral National Parliament of 111 members. Elections are held every five years, with universal adult suffrage.

After a general election parliament elects a Prime Minister who heads the national government. Parliament can only hold votes of no confidence in the Prime Minister when more than 18 months has elapsed since an election and there are at least 12 months before a new election is due.

The political life of PNG is one of diversity and is characterised by a tradition of fluid coalitions. A large number of candidates contest the 111 seats at general elections, and the consequent low number of votes required to win seats means there is a high turnover of MPs. Allegiances are fragile and MPs often change parties more than

once during the life of a parliament. Prime Ministers have tended not to serve out a full term between elections, though they have often returned to power later.³

The current parliament was assembled on 3 August 2012. The Rt Hon Peter Charles Paire O'Neill was re-elected Prime Minister, with the support of 93 members, including Sir Michael Somare whose National Alliance party had joined the coalition led by O'Neill, ending the political stalemate that had endured since August 2011.

“

Port Moresby today is no sleepy outpost. It is the metropolis of the Melanesian world, and it will be the worthy host of the 2018 APEC Summit.

”

Australia's former Prime Minister, Tony Abbott

Strong resource base

The PNG economy has performed strongly in recent years with Gross Domestic Product (GDP) growth averaging 8.4% per annum between 2011 and 2015. This is a higher level than any country in the OECD (Organisation for Economic Co-operation and Development). Growth has been underpinned by very high prices for commodity exports such as petroleum, copper and gold, as well as construction of Exxon Mobil's PNG LNG Project at an estimated cost of US\$19 billion.

PNG's GDP was worth more than US\$17 billion⁴ in 2015, up from just US\$4.9 billion in 2005. The economy is expected to continue to grow over the next few years with a number of major projects across the mining and petroleum sectors slated to go through construction and into production. Oxford Economics expect the economy to grow on average by 4.6% per annum over the period 2016-2020.

Growth in the longer term should average 5.0% per annum and living standards will continue to improve. PNG has been pursuing

a range of development goals in recent years. These include improvements to transport infrastructure, renewable energy, health, water and other urban infrastructure, and public sector management. The Government of PNG has also placed emphasis on environmental sustainability, private sector development, gender equity, and knowledge management.⁵

Foreign direct investment has and will remain critical to PNG's future development. Foreign Direct Investment (FDI) stock totalled US\$3,318 million in 2015, accounting for 20.6% of GDP. FDI inflows have experienced a slight slowdown since 2012 and the completion of construction of the PNG LNG project in 2014. It is now picking up pace again. The Papua New Guinea Kina has depreciated against the USD as a result, but is expected to accelerate again as mining investment continues to reignite.

The mining, oil and gas sectors attract most of the FDI with capital primarily sourced from Australia, Bahamas, the United Kingdom and Malaysia.⁶ Chinese investment is also increasing with recent investments in nickel, copper and gold projects, as well as public infrastructure projects. China was ranked

third for PNG's primary export destinations in 2014 (9.1%) and was fourth for imports (8.7%).⁷

A second wave of investment is largely anticipated with a number of mining and resource projects currently planned and expected to commence construction over the next few years. The flow on effects for the accommodation sector are likely to be significant given the close proximity of many resource projects to Port Moresby. Future investment is also considered likely given the vast natural resource base.

“

PNG can be a world power moving forward, with some of the finest quality and cheapest extracted gas currently available.

”

Hon Nixon Duban MP, Minister for Petroleum and Energy

Table Five: Exchange Rate per USD - average actual and forecast

2014	2015	2016F	2017F	2018F	2019F
2.46	2.77	3.06	3.16	3.22	3.29

Source: Oxford Economics May 2016

Table Six: Major Petroleum Projects in PNG

2014	2015	2016F
PNG LNG	<ul style="list-style-type: none"> ExxonMobil (U.S.), Oil Search (PNG) & JX Nippon (Japan) Capex \$19.0bn 	Operational
P'nyang Project (PRL3)	<ul style="list-style-type: none"> Exxon Mobil (U.S.), Oil Search (PNG) & JX Nippon (Japan) Extension of PNG LNG Capex \$2.0bn 	Highly likely
Elk/ Antelope (Papua LNG – PRL15)	<ul style="list-style-type: none"> Total (France), ExxonMobil (U.S.) & Oil Search (PNG) Capex: US\$15.0bn 	Highly likely
Western Province LNG Project (PDL10)	<ul style="list-style-type: none"> Repsol (40%), Horizon Oil (30%), Osaka Gas (20%) and Mitsubishi (10%). Capex \$4.0bn 	Possible
Western Province LNG Project (PRL 21)	<ul style="list-style-type: none"> Repsol (32.5%), Horizon (27%), Osaka Gas (18%), Kina Petroleum (15%) and Mitsubishi (7.5%) 	Possible

Source: Company websites and industry sources

4 Oxford Economics May 2016

5 Asian Development Bank

6 United Nations Conference on Trade And Development (UNCTAD) - 2016

7 Australian Government, Department of Foreign Affairs and Trade - Papua New Guinea, updated biannually



Table Seven: Major Mining Projects in PNG

PROJECT	OWNER	Status & Timing
Lihir (Gold)	<ul style="list-style-type: none"> Newcrest (Australia) 	Operational
Simberi (Gold)	<ul style="list-style-type: none"> St. Barbara (Australia) 	Operational
Ramu Nickel Project	<ul style="list-style-type: none"> MCC Ramu Nico (85%), Highlands (8.56%), the PNG Government and Landowners (6.44%) China Metallurgical Group Corporation (MCC) holds a 61% interest in MCC Ramu Nico Ltd Remaining 39% is held by a number of other Chinese entities – Jinchuan Group, Jilin Jien Nickel Industry Co., Ltd and Jiuquan Iron & Steel Group Co. 	Operational
Porgera Gold Mine	<ul style="list-style-type: none"> Barrick Niugini (45%, Canada) & Zijin Mining Group Co (China, 50%) and PNG Government 	Operational
Wafi Golpu (Copper & Gold)	<ul style="list-style-type: none"> JV Newcrest (Australia) and Harmony (South Africa) Operated by Total Capex: Phase 1 - US\$3.0bn Capex: Phase 2 – US\$8.5bn 	Highly likely
Frieda River Project (Copper & Gold)	<ul style="list-style-type: none"> PanAust (Guangdong Rising & Highlands Pacific) Capex: US\$2.5bn 	Highly likely
Yandera Project (Copper & Molybdenum)	<ul style="list-style-type: none"> ERA Resources (Canada) Capex: US\$3.0bn 	Likely
OK Tedi Expansion (Copper & Gold)	<ul style="list-style-type: none"> OTML (PNG) Capex: >US\$1.0bn 	Likely
Woodlark (Gold)	<ul style="list-style-type: none"> Kula Gold (Australia) and PNG Government Capex \$160M 	Likely
Solwara 1	<ul style="list-style-type: none"> Nautilus Minerals (Canada) Submarine massive sulphide (deep sea mining) 	Possible

Source: Company websites and industry sources

Diversification of visitors

PNG experienced sustained growth in international arrivals as the resource sector boomed. International arrivals totaled 198,000 in 2015, up from 120,000 in 2008. The nation's capital Port Moresby attracts the majority of international visitors and an even higher proportion of business travellers. With a population of more than 7.7 million people, the domestic market for travel and accommodation is also quite significant.

Intense global demand for travel experiences that resonate on a deeper emotional level is also driving travel brands to develop product that is more adventurous, more personalised, and more attuned to local culture, inspiring consumers toward a path of self-discovery. PNG is well-paced to capitalise on this trend and has been selected as one of National Geographic Traveller's 21 "Best of the World Destinations" for 2017.

“

The cultural elements at Paga Hill will transform the city's tourist infrastructure and showcase the nation's rich and diverse culture.

”

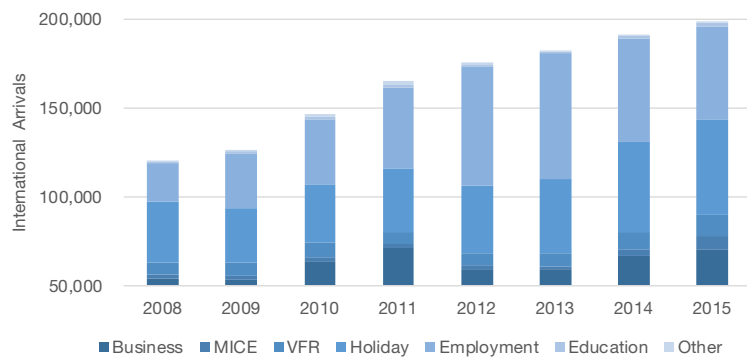
Jerry Agus, CEO of PNG Tourism Promotion Authority

“
International arrivals to PNG are projected to increase by 5.3% per annum between 2016 and 2020 ... more than double the rate for the Pacific Islands and higher than Asia Pacific



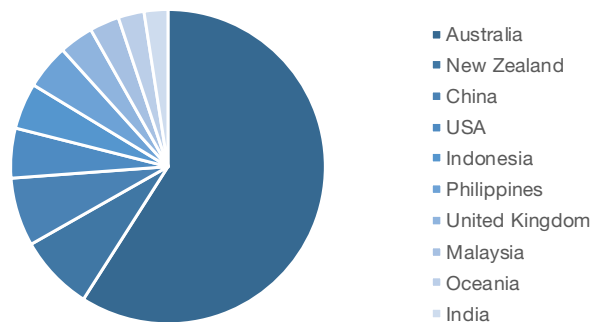
Australia dominates international visitation, accounting for 46.0% of arrivals in 2015. However, strong growth has also been recorded over the past two years from United Kingdom, China, New Zealand and United States. These countries have the potential to generate much more growth in arrivals given the considerably larger population base.

Chart One: International Arrivals to PNG by Purpose of Visit 2008 to 2015



Source: PNG Tourism Promotion Authority

Chart Two: Top Ten International Source Markets for Business Travel to PNG in 2015



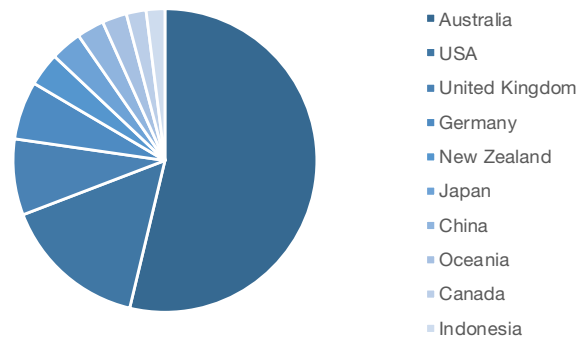
Source: PNG Tourism Promotion Authority

The majority of international visitors travel to PNG for business or employment (61.4%). However the holiday (27.2%) segments having recorded strong growth over the past few years as the government has sought to diversify the tourism offering.

The Australian holiday market has increased since 2005 when the PNG Tourism Promotion Authority opened an office in Sydney. The close relationship between the two countries, the distance and the frequency of flights make PNG a convenient destination for Australians. Visitation is projected to spike in 2017 as it marks the 75th anniversary of the Kokoda Campaign and the significant battles fought in PNG.

Marketing efforts in Europe and the United States have also helped create awareness and the unique natural resources receive strong interest from the US niche markets. PNG received 4,129 US holiday travellers in 2013 and by 2015 this had increased to 6,830, an increase of 65%. Similarly, holiday visitation from the United Kingdom and Germany has surged 80% and 40% respectively since opening an office in London in 2013.

Chart Three: Top Ten International Source Markets for Holiday Travel to PNG in 2015



Source: PNG Tourism Promotion Authority

Forecasts

Historical and forecast international visitor arrivals have also been sourced from Pacific Asia Travel Association (PATA). PATA expect international visitor arrivals to PNG to increase on average by 5.3% per annum between 2016 and 2020. This is more than double the rate of growth expected for the Pacific Islands at 2.4% and considerably higher than the 4.4% projected across Asia Pacific.

Growth is expected to be primarily driven by visitors from Asia and the Pacific, averaging 7.4% per annum respectively. Australia will continue to dominate but its share is expected to moderate, accounting for 45.5% of total arrivals by 2020.

Growth will primarily come from North East Asia with total arrivals expected to increase on average by 12.0% per annum. China will underpin this growth.

INVESTMENT IN TOURISM INFRASTRUCTURE

A number of infrastructure investments have been made ahead of the APEC summit in 2018. Further upgrade works are planned at the international airport and a new International Cruise Terminal will be developed to support the growing cruise industry. The terminal will be adjacent to Paga Hill Estate.

Upgrade of the airport and increased flight connectivity

Located 8 kilometres (5 miles) outside the CBD and 20 minutes from Paga Hill Estate, Port Moresby (Jacksons) International Airport

(PMIA) is the primary gateway to PNG. The two-terminal airport serves as the primary hub of Airlines PNG and Air Niugini, PNG's national carrier, both of which provide domestic and international connectivity to North Asia, South East Asia, Australia and the Pacific.

China and PNG signed an air services agreement in July 2016 for the commencement of direct flights between the two countries, to be code share operated by Air Niugini. Regular services between Port Moresby and Shanghai began in October 2018, with other major Chinese destinations to likely follow.

Table Eight: Direct International Air Services to PNG

Airline	Destination
Air Niugini	<ul style="list-style-type: none"> • Australia - Brisbane, Cairns & Sydney • Asia – Denpasar/Bali, Hong Kong, Manila, Singapore & Tokyo/Narita • Oceania – Honiara and Chuuk (December 2016) • China – Shanghai (October 2018)
Philippine Airlines	<ul style="list-style-type: none"> • Manila
Qantas	<ul style="list-style-type: none"> • Brisbane
Virgin Australia	<ul style="list-style-type: none"> • Brisbane

Source: Various sources as at November 2016



“
Direct flights have commenced
between China and PNG



9 Oxford Business Group Papua New Guinea 2015 Report
10 Oxford Business Group Papua New Guinea 2015 Report

Upgrades to PMIA have been a priority in light of the country hosting the Pacific Games in 2015 and the upcoming APEC 2018 Summit. PMIA has struggled to meet rising demand in line with greater activity resulting from the resources boom. The airport handled 1.4m passengers in 2014, despite the fact that its maximum capacity was 400,000.⁹

In 2010, Canada's Jacobs Consulting delivered a 20-year master plan for the airport's development. The National Airports Corporation (NAC) began a PGK100 million (USD37.8 million) expansion programme for the international terminal building in 2014, adding a 30-metre extension to its north-west end and 20 metres to its south-east end.

The master plan will later see the international and domestic terminals connected via a three-level, 35,000sqm building. The NAC expects to deliver this in 2017, in time for the APEC summit, and has been looking to use a public private partnership model for the long-term operation and management of PMIA. It would also like to see the airport develop more as a regional hub, connecting Australia across the Pacific to China and Japan, while also acting as a feeder to other South Pacific airports.¹⁰

“

In recent years I have overseen hundreds of millions of Kina spent on upgrading the city's infrastructure, including the ring road around Paga Hill, all within a broader strategy that incorporates the city's beautification and improvement of its tourism potential. The vision for Paga Hill is perfectly aligned to that of Port Moresby and is wholeheartedly supported by the city.

”

Hon Powes Parkop, Governor for National Capital District



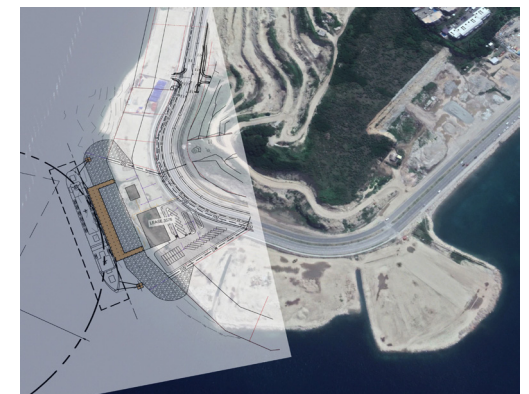
A target for the growing cruise segment

Few cruise ships currently visit Port Moresby, due to lack of facilities, despite it being the main entry point to PNG and the nation's capital. Even still, cruise tourism in PNG has expanded since the government recognised it as one of their main priorities for growth.

PNG received 136 cruise ship calls at various ports in 2015, which is similar to the 137 received in 2007 but with significantly increased capacity in line with the trend towards larger cruise ships. The average passenger capacity of cruise ships in 2007 to PNG was 347, but this had increased to 705 passengers per ship in 2015. With cruise passengers accounting for 75% of visitations to a comparable regional destination in Vanuatu, there exists

significant potential to increase visitation to PNG with the right cruise and tourism infrastructure.

The master plan for Paga Hill Estate includes tourism infrastructure that will transform the visitor experience to Port Moresby. Incorporating a cruise terminal as part of the development would make for a compelling offering.



Source: Planned cruise liner terminal at Paga Hill Estate



Cruising has become one of the fastest growing segments of the global tourism industry in recent years, but the Pacific Islands only accounts for a small fraction of the cruise industry (around two per cent in 2015). However strong growth is expected in the coming years.¹¹ Australia and New Zealand are the most important source markets for the region, given their geographic proximity.

Australia has quickly become the world's fourth largest cruise market, after North America, Germany and the UK, accounting

for 4.5% of global traffic. Since 2004 cruising to all destinations by Australians has grown at an annual rate of 20%, reaching 1 million passengers in 2014. The most popular cruise route from Australia is the South Pacific, which includes PNG, Vanuatu, Solomon Islands, Fiji, Samoa, Tonga, New Caledonia, French Polynesia, American Samoa and Cook Islands.¹² The key differentiator for PNG and the Solomon Islands, however, is that these destinations can be included on a 7-10 day cruise, thereby increasing their appeal.

¹¹ Economic Impact of Cruise Tourism in PNG & Solomon Islands, June 2016

¹² CLIA Australasia 2014



“

We want PNG to be the new hub when it comes to sports development in the Pacific. We want PNG to be one of those forces to be reckoned with when it comes to our athletes in the future, and it's very important for us that we take it at every level of sporting development.

”

PNG Sports and 2015 Pacific Games Minister Justin Tkatchenko

Successful host of major sporting events

PNG has emerged as a successful host for major sporting events. In the last couple of years, Port Moresby has hosted the 2015 Pacific Games, as well as the FIFA Under 20s Womens World Cup and will jointly host the 2017 Rugby League World Cup with Australia and New Zealand.

Preparations for these events have brought unprecedented investment by the

PNG Government with more than K1.4 billion (roughly \$645M AUD) spent on the burgeoning sports and recreation industry.

Works include the establishment of two brand new sporting facilities – Taurama Aquatic & Leisure Centre and the Rita Flynn Netball Centre – and redeveloping the city's only major existing sports and recreation facility, the Sir John Guise Sporting Precinct.

Sports Tourism is a multi-billion dollar business and one of the fastest growing

areas of the global travel and tourism industry. According to the World Tourism Organisation (2013), the global tourism market is projected to grow between 2-3% while it estimated that the Sport Tourism sector will grow in the region of 14%.

Sport is an integral part of all culture, and while often viewed as a separate activity, it is inextricably linked to tourism. Increased multi media coverage of international events, high profile sponsorships, greater

interest of health & wellbeing and a new destination marketing focus using sport tourism events have been instrumental in this spike in interest and projected continue growth. Societal factors are also at play. The last decade has seen a growing appetite for sport participation, spectacle and experimental tourism giving rise to a record number of mass participation events taking place around the world.



Epicentre of the global casino and gaming industry

A site has been designated for the inclusion of PNG's only casino and discussions with government are advancing in this regard. The global casino and gaming industry is currently worth more than \$450 billion.¹³ The centre of the industry's activities have progressively shifted eastwards to Asia since 2008 with the opening of new facilities in Macao and Singapore. This trend is expected to continue as countries ease regulations to support the growth of casinos within their territories because of their growing popularity and the significant revenue they generate.

Gambling is illegal in many parts of the world, which explains the concentration of casinos in certain regions. Many Asian governments limit domestic access to their casinos and thus these casinos are highly reliant on international and particularly VIP tourist gaming revenue. Casinos have also morphed into integrated resorts with facilities commonly incorporating hotels, restaurants, shopping malls, and other tourist attractions, although the majority of revenue is still generated from gambling activities.

¹³ Analysing the Global Casinos and Gambling Industry 2016

PORT MORESBY HOTEL MARKET

Port Moresby's accommodation sector recorded a period of strong growth during the mining and resources boom with many serviced apartments and hotels maintaining waiting lists during this period given high demand by long-stay contract workers.¹⁴

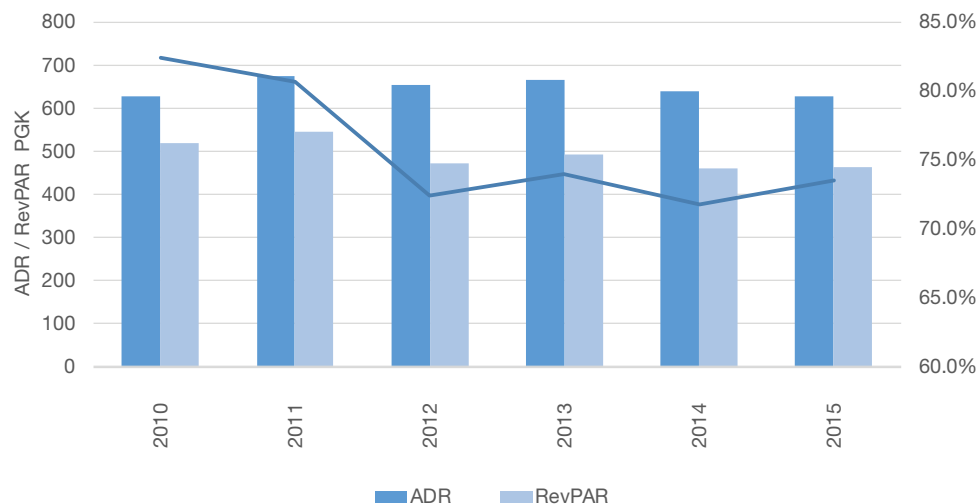
Recent performance

There are nine major hotels in Port Moresby comprising around 1,700 rooms, the majority of which would be classified as midscale to upper upscale offerings.

Hotel market performance has normalised in recent years with annual occupancy rates for a basket of six hotels (991 rooms) in the low 70% range, according to STR Global. Room rates have also moderated but remain elevated by regional standards at PGK600-650 (USD190-205), particularly when one considers the standard of the existing room stock. Existing product has been improved with refurbishments undertaken at Ela Beach Hotel, Lamana Hotel and the Gateway Hotel.¹⁵



Port Moresby Hotel Market Performance



Source:

Table Nine: Major Existing Hotel Stock in PNG

Hotel	Location	Rooms	Operator	Class
Airways Hotel	Airport	149	Independent	Luxury
Crowne Plaza Port Moresby	CBD	157	IHG	Upscale
Ela Beach Hotel & Apartments	CBD	97	Independent	Upper Upscale
Gateway Hotel & Apartments	Airport	189	Independent	Upper Upscale
Grand Papua Hotel	CBD	161	Independent	Luxury
Holiday Inn Port Moresby & Suites	Waigani	238	IHG	Upper Upscale
Holiday Inn Express	Waigani	199	IHG	Upscale
Lamana Hotel	Waigani	103	Independent	Upscale
The Stanley Hotel & Suites	CBD	416	Independent	Upscale
Total		1,709		

Source: Pertusio Capital Partners Hotel Market Assessment and Industry Sources

14 Pertusio Capital Partners Hotel Assessment, November 2016

15 Pertusio Capital Partners Hotel Assessment, November 2016

Table Ten: Port Moresby Accommodation Pipeline

Project	Area	Rooms	Status	Opening	Parties
The Stanley Hotel & Suites	Waigani	429 rooms	Open	June 2016	Rimbunan Hijau (PNG) Group Reported cost of K500 million
Paga Hill Estate	CBD	c.200 rooms	Approved	June 2018	Subject property
Hilton Port Moresby	Waigani	212 rooms	Under construction	2018	Mineral Resources Development Company - JV between three major provincial landowners
Five star hotel	TBC	c.500 rooms	Site selection	N/A	JV - Kumul Consolidated Holdings and Shin Kong Pacific Investment Ltd (HK)
Star Mountain Plaza – Stage 2	Waigani	TBC	Not started	TBC	Serviced apartments
Star Mountain Plaza – Stage 3	Waigani	TBC	Not started	TBC	Mooted midscale offering

Source: Various, as at November 2016

Future accommodation supply

The current outlook for new accommodation supply in Port Moresby is low, in part due to the anticipation of two new international standard hotels in Paga Hill Estate. Where projects are advancing, they are primarily located in Waigani, in close proximity to the government offices and the international airport. This area is about 20 minutes from the Port Moresby CBD.

Kumul Consolidated Holdings (formerly IPBC) is planning a five star hotel as part of

a joint venture with Hong Kong based Shin Kong Pacific Investment Ltd. It is currently unclear where this property will be located.

Whilst it could form part of Kumul’s planned redevelopment of the Port Moresby port site, it may also be included in the development of the planned Kumul Complex in the Port Moresby CBD, putting it in closer proximity to the Grand Papua Hotel and the Crown Plaza.

A few smaller boutique offerings are also being considered in and around Port Moresby CBD, but none have the scale or amenity of the proposed Paga Hill project

given its prominent headland position and proximity to the centre of corporate activity in the CBD.

Port Moresby’s accommodation market remains fairly underrepresented by international hotel brands, particularly higher end stock, which can limit presence in international markets and the ability to attract higher yielding leisure consumers. Branded upscale hotels in Port Moresby include the Crowne Plaza and Holiday Inn and the Hilton hotel in Waigani which is currently under construction.

Recent Hotel Transactions

We understand that the Crowne Plaza which is in need of refurbishment has recently been sold for PGK60 million (USD20 million). This represents an average price per key of PGK382.2K (USD127K). We understand that the hotel will be rebranded in due course with the asset bought by local owner operator, Airways Hotels.

PROPERTY MARKET OVERVIEW

Residential Rental market

According to Century 21 Suile Real Estate¹⁶, the Port Moresby residential market has experienced strong growth in recent years in line with the strong economic backdrop and the high number of mining and resource contract workers living in the city.

Residential rents and sales peaked during the construction of the PNG LNG project and, whilst market conditions have moderated, a second wave of mining and resource projects is largely anticipated which would see increased demand for upmarket residential and commercial properties.

Paga Hill is an exclusive address located on the waterfront in Port Moresby. The site offers uninterrupted sea views and it is anticipated after completion residential sites at the proposed Paga Development will command premium rates.

An independent market appraisal by Century 21 anticipates that the likely achievable weekly rents would be as follows:

- One bedroom – PGK5,000 to PGK8,000 (USD1,600 to USD2,560);
- Two bedroom – PGK8,000 to PGK12,000 (USD2,560 to USD3,840); and
- Three bedroom – PGK12,000 to K20,000 (USD3,840 to USD6,400).

More recent analysis by Pertusio Capital Partners¹⁷ of advertised rents for ‘downtown’ Port Moresby (includes Ela Beach, Paga Hill, Touaguba Hill and town area) sourced from the ‘hausples’ website highlights how rental supply is currently skewed towards the mid to lower end of the price range detailed above. It concludes that apartments in this area can still command relatively high prices with premium rates achievable for quality properties in a good location with a high standard of fitout and onsite facilities for a segment that is currently undersupplied.

Residential Sales market

Analysis by Pertusio Capital Partners¹⁸ of the residential sales market has also been sourced from the hausples.com.pg for ‘downtown’ Port Moresby. This highlights how most properties advertised for sale are listed at between PGK1.5 million to PGK3.5 million (USD480,000 to USD 1.12 million) and are typically three bedroom apartments which are most commonly sought by the expatriate market.

Pertusio conclude that similar to the rental market, some price easing is evident but that high quality properties still command a premium and are in limited supply.

Retail

Commercial vacant land (office/retail/hospitality/warehouse) is expected to be rented at a rate of PGK3,000 to PGK6,000 (USD960 to USD1,920) per sqm.

Commercial

Century 21 advise that there is currently demand for commercial office space with rents varying between PGK1,000 to PGK2,000 (USD315 to USD631) per sqm.

Sale of land to foreign nationals

Section 56 of the Constitution of PNG prohibits non-nationals from acquiring freehold interests. There are no restrictions on the sale of leasehold land to foreign nationals. Given the scarcity of leasehold land in PNG, it will likely become increasingly difficult for foreigners/foreign companies to acquire leasehold land, with possible legislation being considered by government.

¹⁶ Century 21 Suile Real Estate Residential Market Assessment, September 2016

¹⁷ Pertusio Capital Partners Hotel Market Assessment, November 2016

¹⁸ Pertusio Capital Partners Hotel Market Assessment, November 2016

SALES PROCESS AND VENDOR CONDITIONS

The Paga Hill Development Company (PHDC) is calling for formal Expressions of Interest from qualified financial partners and developers who wish to participate as a joint venture partner or participant in the development or ownership of Paga Hill.

Due diligence materials, site visitations and government and principal meetings can be organised in the first instance through Peter Barge (Director, Paga Hill Estate Advisory Board) who can be contacted on +61 409 991 155 or via email peter.barge@me.com.

APPENDICES



Project Agreement

Between
The Independent State of Papua New Guinea

And
The National Capital District Commission

And
Paga Hill Development Company (PNG) Limited

For
**Paga Hill Estate Tourism Special Economic Zone
Development in downtown Port Moresby**

DANIEL ROLPAGAREA

State Solicitor

Office of State Solicitor

Department of Justice and Attorney General

PO Box 591

WAIGANI

National Capital District

Papua New Guinea

Telephone: (675) 301 2889

Facsimile: (675) 301 2965

Email: statesols@justice.gov.pg

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STATE SOLICITOR
OFFICE OF THE STATE SOLICITOR
DEPARTMENT OF JUSTICE & ATTORNEY GENERAL
PO Box 591, WAIGANI
NATIONAL CAPITAL DISTRICT

SCHEDULE 1

SUMMARY OF APPLICABLE INCENTIVES

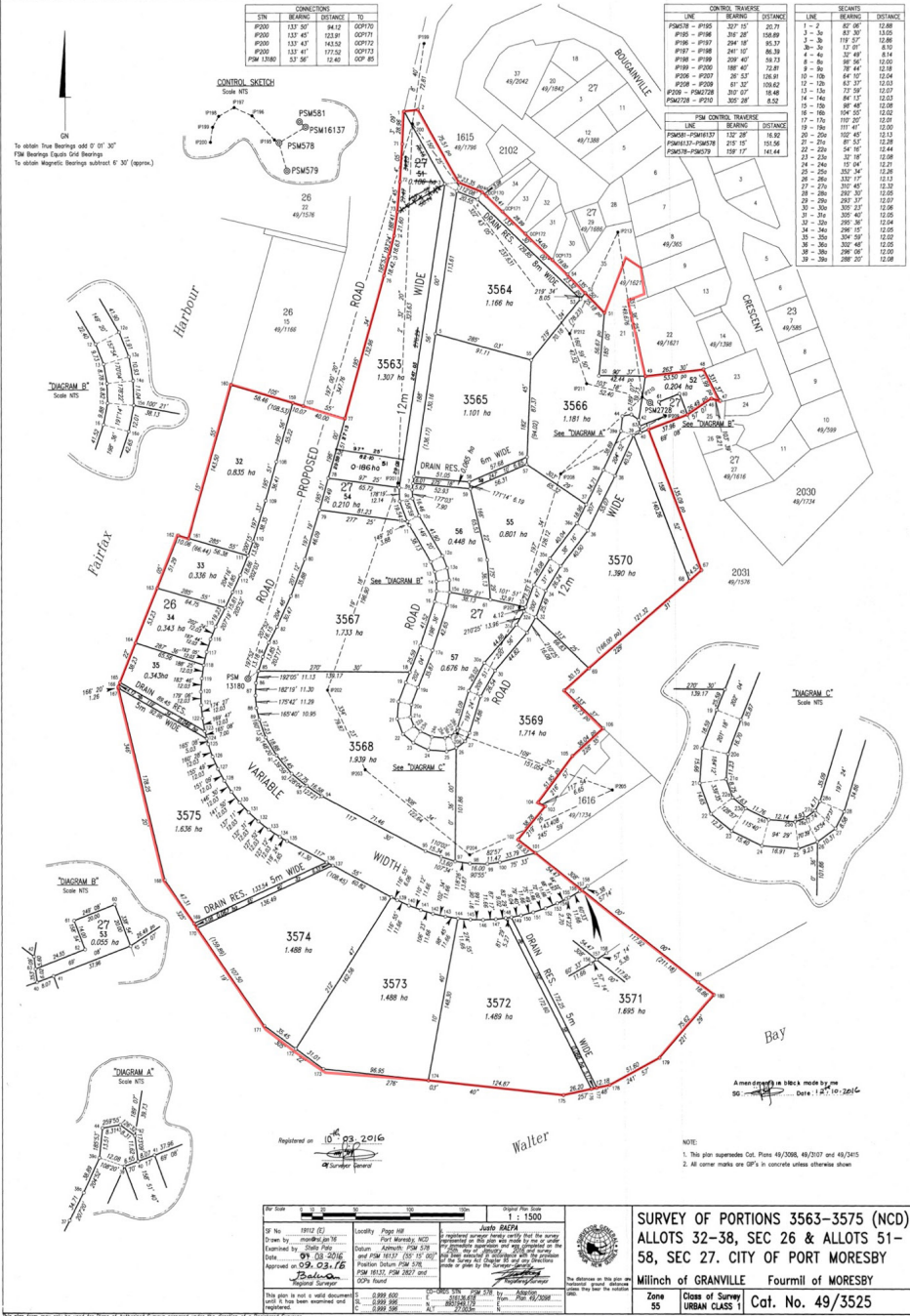
Where not explicitly stated, incentives apply to the duration of the Term.

Item	Description	Restrictions	Baseline	SEZ Rate / Detail
1	Construction / Import			
1.1	Customs Duty (Commercial Cargo) <ul style="list-style-type: none"> Machineries and equipment, (prefabricated) construction materials, construction inputs, raw materials, fixtures and fittings, intermediate goods & accessories 	<ul style="list-style-type: none"> Associated with the development of Paga Hill Estate 	Levy on transaction value of goods	Exempt, 10 years
2	Operations			
2.1	Land Tax (NCD) <ul style="list-style-type: none"> Residential, Commercial, Light Industrial and Industrial land tax classes 	<ul style="list-style-type: none"> Limited to land within the Project Area 	2.1-3.2% of unimproved capital value	Exempt, 10 years
2.2	Land Rentals (Lands Dept) <ul style="list-style-type: none"> Delay rental value reassessment by five (5) years 	<ul style="list-style-type: none"> Limited to land within the Project Area 	10 years	15 years
3	Transactions			
3.1	Stamp Duty <ul style="list-style-type: none"> Such as that payable on the sale of newly constructed property, as well as leases or agreements for leases of land and goods 	<ul style="list-style-type: none"> Limited to property-related transactions within the Project Area (holding companies, vacant land or improvements), where PHDC or its wholly owned subsidiary is the seller 	Calculated on market value of property, depending on the type of property and its value	Exempt, 10 years
4	Depreciation			
4.1	Accelerated Depreciation	<ul style="list-style-type: none"> Property and fixed assets within the Project Area 	Various	30% in addition to normal depreciation
5	Income Tax			
5.1	Income Tax (Companies)	<ul style="list-style-type: none"> Limited to property construction and tourism/hospitality business activity within the Project Area Extended to other business types on a per-case basis by SEZ Authority approval 	30-50%	Exempt, 10 years
6	Withholding Tax			
6.1	Withholding Tax on Dividends	<ul style="list-style-type: none"> No withholding tax on dividends payable on rental and sales income generated from property within the Project Area 	15%	Exempt, 10 years
7	Foreign Currency			
7.1	Guaranteed Pre-Approvals <ul style="list-style-type: none"> Guaranteed pre-approval and prioritisation for international payments covering dividends, repayment of invested funds or payment of overseas suppliers of goods and services 	<ul style="list-style-type: none"> Limited to the development, construction and sale of property, or shares therein, within the Project Area 		10 years

STATE SOLICITOR
OFFICE OF THE STATE SOLICITOR
DEPARTMENT OF JUSTICE & ATTORNEY GENERAL
PO Box 591, WAIGANI
NATIONAL CAPITAL DISTRICT

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PAPUA NEW GUINEA GOVERNMENT
NATIONAL EXECUTIVE COUNCIL

Decision No: **NG 101/2012**

Meeting No: **NG 10/2012**

Subject: **DECLARATION OF NATIONAL GOVERNMENT'S SUPPORT FOR THE PAGA HILL ESTATE DEVELOPMENT AS A PROJECT OF NATIONAL SIGNIFICANCE**

On 24th October 2012, Council:

1. noted the content of Policy Submission No. NG 70/2012;
2. directed the Secretary, Department of Lands & Physical Planning to ensure all matters relating to land on this project are resolved immediately so that Paga Hill Development company can commence construction without further delays;
3. directed all relevant Government Departments particularly, Department of Environment & Conservation, Office of National Museum & Arts Gallery and the Tourism Promotion Authority to take all steps possible to work with the Paga Hill Development Company (PNG) Ltd in ensuring that the project achieves the best protection of the cultural significance site for public benefit; and
4. directed the developer to work together with National Capital District Commission on infrastructure development around the project site to ensure that all settlers are relocated with adequate resources and dignity.

I Certify the above to be a correct record of the
Decisions reached by the National Executive Council


PETER O'NEILL, CMG Chairman



ILAGI VEALI, MPS Acting Secretary, NEC

Date: 24th October 2012

Distribution: PRIME MINISTER/DEPUTY PRIME MINISTER & MINISTER FOR INTER-GOVERNMENT RELATIONS/MINISTER FOR JUSTICE & ATTORNEY GENERAL/LANDS & PHYSICAL PLANNING/ENVIRONMENT & CONSERVATION/COMMERCE & INDUSTRY/NATIONAL MUSEUM & ARTS GALLERY/TOURISM PROMOTION AUTHORITY/PM&NEC/JUSTICE & ATTORNEY GENERAL/



THE INDEPENDENT STATE OF PAPUA NEW GUINEA

Environment Act 2000

Act, Section. 65 & 66
Reg., Sec. 16(1)

ENVIRONMENT PERMIT

An Environment Permit is hereby issued under Section 65 of the Environment Act 2000.

TO: Paga Hill Development Company PNG Limited

OF: P.O. Box 3039, BOROKO, National Capital District, Papua New Guinea.

- (a) to carry out works involving construction and development of the Paga Hill Estate project site within the area formerly known as Portion 1597 Granville Volume 24 Folio 159 National Capital District and now subdivided and described as Section 27 Allotments 48-50 and 60, 61, 63-66 Granville Port Moresby NCD and Portion 3415, and Portion 3149 Granville at Paga Hill (the "premises") in the National Capital District;
- (b) to discharge wastes into the environment from its "premises" while carrying out a **Level 2 (Category 2.4) (Sub-Category 13.2) activity** associated with discharge of waste into water or onto land in such a way that it results in the waste entering water, except where such discharge is ancillary or incidental to, or associated with any other activity in this regulations in which case that category of activity will apply to the discharge of waste.

The activity shall be carried out in accordance with the terms and conditions specified in this permit.

Permit Number: EP-L2 (472)
Date of Issue: 11th December 2015
Date of Commencement: 08th January 2016
Term of Permit: Twenty-five (25) Years
Date of Expiry: 07th January 2040



Page 1 of 9

INDEPENDENT STATE OF PAPUA NEW GUINEA
Physical Planning Act 1989

NOTICE OF DETERMINATION OF AN APPLICATION FOR
PLANNING PERMISSION

TO: PAGA HILL DEVELOPMENT COMPANY (PNG) LTD
AND FULLY OWNED SUBSIDIARIES,
(ANDAYAP NO.1 LIMITED, ANDAYAP NO.2 LIMITED,
ANDAYAP NO.3 LIMITED, ANDAYAP NO.4 LIMITED,
ANDAYAP NO.5 LIMITED AND ANDAYAP NO.6 LIMITED)
P O BOX 75
GORDON, NCD.

APPLICATION NO. PB.15.188

Dear Sir/Madam

SUBJECT: PROPOSED FULL PLANNING PERMISSION FOR
OVERALL CONCEPT DESIGN COMPRISING
MIXED USES OF COMMERCIAL RESIDENTIAL,
INSTITUTIONAL OPENS SPACE, ACCESS, SUBDIVISIONS
AND PUBLIC UTILITY AT SECTION 27 LOTS
48,49,50,60,61,63,64,65,66 AND PORTIONS 3415 & 3149,
GRAVILLIE (PAGA HILL) NCD

Your application for planning permission, numbered as above, was received
30/09/2015. The determination of the application of Section 27 Allotments 48, 49,
50, 60, 61, 63, 64, 65, 66 and Portions 3415 and 3149, Granville, Paga Hill in the
National Capital District was considered by the NCD Physical Planning Board. The
Board determine that the application be;

APPROVED for full planning permission for the following;

1. The **Master Plan Strategy** in its entirety complete with the Paga Hill Estate
land and the Sea Lease land including the new Ring Road.
2. The **Subdivision Plan** includes the amalgamation of the lots as required
consistent within the master plan development controls and strategies as
submitted.
3. The **Development Yield and Building Envelope** projections as documented.
(384,800m² building area (FECA fully enclosed covered area figure) excluding
car parking provisions).

4. **Road Intersections and Access Provisions** required for a successful road
network, ring road and driveway accesses to all nominated development sites as
illustrated.

Detail resolution will occur in negotiation with the NCD on road
engineering matters through the respective, staged building application
process.

This consent includes reasonable access during the construction phases to
satisfactorily complete the approved civil and land reclamation works and
infrastructure connections.

5. **Gazettal of the new Access Road and Chalmers Crescent** located with the
Paga Hill Lease Titles, as a private road reserve.
6. **Infrastructure and Services.** Access is reasonably provided for connection to
the NCD appropriately designed and sized public infrastructure and services.
Coordination with NCD of all infrastructure services including street lighting
placement, storm water, electrical, future gas and telecommunication services.
7. **Pedestrian Bridges.** Access must be provided for construction of the two (2)
nominated pedestrian bridges as detailed in the application.

Yours faithfully,

Sign: 

HON. POWES PARKOP, LLB, LLM, MP
Chairman-NCD Physical Planning Board

Date: 12/11/2015

Meeting No: 5/2015

Note:

Under Section 94 of the **Physical Planning Board Act**, a person who is registered
by this decision may appeal within three months from the date of the said decisions
to the PNG Physical Planning Appeals Tribunal.



OFFICE OF THE SECRETARY



Business Phone: [675] 301 3116
Facsimile: [675] 325 2343
Eda Tano Haus
2nd Floor Waigani Drive
Section 405, Lot 17 Hohola

Department of Lands & Physical Planning
P O Box 5665 – BOROKO,111
National Capital District
Papua New Guinea
Website: www.lands.gov.pg

12th December 2016

Mr. Gudmundur Fridriksson
CEO
Paga Hill development Company (PNG) Limited
PO Box 78
GORDONS
National Capital District

Dear Mr. Fridriksson

RE: COVENANTS OVER PAGA HILL STATE LEASES

I refer to the above and confirm receipt of your letter with attachments dated 8th December 2016.

The Department acknowledges the considerable outlays incurred by your company in preparing the leases for development, which you consider to constitute improvements.

After reviewing the provided materials and information, it is clear to the Department that PHDC has made legitimate and lasting improvements to the site, as required under the terms of the various state leases. I therefore confirm that pursuant to Sections 67, 83, 86, 121, 128 and 130 of the Land Act 1996, the Department deems PHDC to have complied with the improvement covenants stipulated on the State Leases listed.

The approvals you have sought and obtained to progress your development plans are paramount to realising your plans for this major project and it is important that you continue to work closely with my department, NCDC, Eda Ranu, PNG Ports and PNG Power to ensure your ongoing work continues to progress smoothly.

I appreciate the collaborative approach with my Department, as well as NCDC, Eda Ranu, PNG Ports and PNG Power, in advancing this important development for the city.

Should you have any further queries, please do not hesitate to contact the department on the address provided.

Yours sincerely

LUTHER SIPISON
Secretary
Encl.

Land is Availed to improve the Quality of Life for all Citizens of PNG

PHDC Title over "Paga Hill"	Area (ha)	Improvement Covenant
Portion 3563, Granville	1.307	K 1.00 mil
Portion 3564, Granville	1.166	K 0.50 mil
Portion 3565, Granville	1.101	K 0.50 mil
Portion 3566, Granville	1.181	K 1.00 mil
Portion 3567, Granville	1.733	K 1.00 mil
Portion 3568, Granville	1.939	K 0.50 mil
Lot 21 Sect 27, Granville	0.304	K 0.25 mil
Portion 3569, Granville	1.714	K 0.50 mil
Portion 3570, Granville	1.390	K 0.50 mil
Portion 3571, Granville	1.695	K 1.00 mil
Portion 3572, Granville	1.489	K 1.00 mil
Portion 3573, Granville	1.488	K 1.00 mil
Portion 3574, Granville	1.488	K 1.00 mil
Portion 3575, Granville	1.636	K 1.00 mil
Lot 33 Sect 26, Granville	0.336	K 1.00 mil
Lot 34 Sect 26, Granville	0.343	K 1.00 mil
Lot 35 Sect 26, Granville	0.343	K 1.00 mil
Lot 51 Sect 27, Granville	0.186	K 1.00 mil
Lot 52 Sect 27, Granville	0.204	K 1.00 mil
Lot 53 Sect 27, Granville	0.055	K 1.00 mil
Lot 54 Sect 27, Granville	0.210	K 1.00 mil
Lot 55 Sect 27, Granville	0.801	K 0.50 mil
Lot 56 Sect 27, Granville	0.448	K 0.50 mil
Lot 57 Sect 27, Granville	0.676	K 0.50 mil
Lot 32 Sect 26, Granville	0.835	K 1.00 mil
		K 20.25 mil

Land is Availed to improve the Quality of Life for all Citizens of PNG



PNG HARBOURS MANAGEMENT SERVICES
(A Division of PNG Ports Corporation Limited)

Permit for Port Development
Under Section 5 of the Ports (Management & Safety) Regulation 2010

[Permit No.P13-PD-HK-0002/16]

I, **HANE KILA**, the duly appointed **Port Manager** of all declared ports in Papua New Guinea by virtue of powers conferred by section 10 of the **Ports (Management and Safety) Regulation 2010**, hereby issue this permit to:

PAGA HILL DEVELOPMENT COMPANY (PNG) LTD, P.O 78, GORDONS, NATIONAL CAPITAL DISTRICT

For Port Development works associated with the land reclamation at Paga Hill Ring Road. The permit is subject in consistent with the following conditions:

1. This permit is valid for the period of construction work associated with land reclamation and expires immediately upon the completion of the work.
2. The construction of all works associated with the land reclamation at Paga Hill Ring Road should be executed according to the construction designs approved by relevant authorities including PNG Harbours Management Services (PNGHMS).
3. All excavation and reclamation activities should be carried out according to the Environmental Impact Assessment and Environmental Management Plan as submitted to the Department of Environment & Conservation.
4. The reclamation works can go no further than 50 meters from the current reclaimed areas.
5. The sediment control devices must be used to ensure reclaimed materials do not affect navigational channels.
6. The discharge of waste material from the construction should be done in accordance with Waste management Plan and strictly under the Terms and Conditions of the Environmental Permit.
7. The Contractor should manage, monitor, mitigate and report all environmental issues during entire construction reclamation period.
8. The Contractor should respond promptly with the use of available emergency resources to attend to emergency situation according to the Emergency Response Plan.
9. The Contractor should manage, monitor and report Occupation Health Safety aspects in relation to the construction of the land reclamation and development at Paga Hill Ring Road in accordance to Occupational Health and Safety management Plan.
10. This Permit does not allow Paga Hill Development Company (PNG) Limited to undertake any other activities that would require separate permit, for which a separate approval is required.

HEAD OFFICE: Stanley Esplanade, Port Moresby, PO Box 671, Port Moresby, NCD, Papua New Guinea
T: +675 308 4200 F: +675 321 1546 E:enquiries@pngports.com.pg W: www.pngports.com.pg

11. All construction works should be carried out consistent with the work methodology statement approved by relevant authorities, and PNGHMS should immediately be notified of any deviation to the design of the reclamation works.
12. The permit does not exempt the permit holder (Paga Hill Development Company PNG Limited) from complying with requirements of other legislations which are relevant to this project.
13. The permit holder/contractor is to make sure that all contractors and sub-contractors to this project are contractually required to comply with measures and requirements sets out in this permit at all times.
14. PNGHMS may suspend this Port Development Permit without notice for non-compliance on the conditions of this permit.

The Port Manager shall not be held responsible under any circumstance for failure to observe or comply with the above conditions or as a result of the issuance of this permit.

Approved by: 
HANE KILA (Ms)
CHIEF MARITIME COMPLIANCE OFFICER & PORT MANAGER

Date: 27/10/16

Note: Any breach of this permit is an offence under Section 83 of the Ports (Management and Safety) Regulation 2010 and attracts a fine not exceeding K10, 000.00.

HEAD OFFICE: Stanley Esplanade, Port Moresby, PO Box 671, Port Moresby, NCD, Papua New Guinea
T: +675 308 4200 F: +675 321 1546 E:enquiries@pngports.com.pg W: www.pngports.com.pg



PNG HARBOURS MANAGEMENT SERVICES
(A division of PNG Ports Corporation Limited)

PNG PORTS CORPORATION LIMITED
Stanley Esplanade
P O Box 671
PORT MORESBY
National Capital District
Papua New Guinea
Ph: +675 3084200
Fax: +675 3211546
Email: enquiries@pngports.com.pg

Our Ref: P13-PD-HK-0002/16

27 October 2016

Mr. Gudmundur Fridriksson
Paga Hill Development Company (PNG) Ltd
PO Box 78
Gordons
National Capital District

Dear Mr. Gudmundur Fridriksson,

SUBJECT: PERMIT FOR PORT DEVELOPMENT – LAND RECLAMATION AT PAGA HILL RING ROAD

We acknowledge receipt of your application dated 24th October 2016, in relation to the subject matter.

We advise that our assessment done on your application revealed you have met all requisite information and requirements. Accordingly, we are pleased to issue your company the required Port Development Permit. The permit is attached with conditions for **Port Development for Land Reclamation at Paga Hill Ring Road** within the declared port of **Port Moresby**.

Should you require further clarification, please contact us.

Yours faithfully
PNG HARBOURS MANAGEMENT SERVICES

.....
HANE KILA (Ms)
Chief Maritime Compliance Officer & Port Manager

cc: Business Manager, PNGPCL-Port Moresby Port

Additional documentation is available via soft copy including:

1. Stamped and signed drawings by NCD Physical Planning Board
2. Development yield schedule
3. Copy of the state leases
4. Copy of the Memorandum of Understanding with the PNG Tourism Promotion Authority, to support the development of the project.
5. Framework for creation of the Special Economic Zone (SEZ)



PAGA HILL E S T A T E

INFORMATION MEMORANDUM