

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2019

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-32373

**LAS VEGAS SANDS CORP.**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

27-0099920  
(I.R.S. Employer  
Identification No.)

3355 Las Vegas Boulevard South  
Las Vegas, Nevada  
(Address of principal executive offices)

89109  
(Zip Code)

( 702 ) 414-1000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock (\$0.001 par value)	LVS	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  
Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 22, 2019</u>
Common Stock (\$0.001 par value)	769,788,544 shares

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**

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**PART I FINANCIAL INFORMATION**
**ITEM 1 — FINANCIAL STATEMENTS**
**LAS VEGAS SANDS CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2019	December 31, 2018
	(In millions, except par value) (Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,017	\$ 4,648
Restricted cash and cash equivalents	14	13
Accounts receivable, net	767	726
Inventories	33	35
Prepaid expenses and other	126	144
Total current assets	4,957	5,566
Property and equipment, net	14,591	15,154
Deferred income taxes, net	301	368
Leasehold interests in land, net	2,288	1,198
Intangible assets, net	51	72
Other assets, net	406	189
Total assets	\$ 22,594	\$ 22,547
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 138	\$ 178
Construction payables	240	189
Other accrued liabilities	2,278	2,435
Income taxes payable	259	244
Current maturities of long-term debt	116	111
Total current liabilities	3,031	3,157
Other long-term liabilities	494	179
Deferred income taxes	180	191
Deferred amounts related to mall sale transactions	398	401
Long-term debt	11,909	11,874
Total liabilities	16,012	15,802
Commitments and contingencies (Note 6)		
Equity:		
Preferred stock, \$0.001 par value, 50 shares authorized, zero shares issued and outstanding	—	—
Common stock, \$0.001 par value, 1,000 shares authorized, 832 shares issued, 770 and 775 shares outstanding	1	1
Treasury stock, at cost, 62 and 57 shares	(4,081)	(3,727)
Capital in excess of par value	6,541	6,680
Accumulated other comprehensive loss	(19)	(40)
Retained earnings	3,118	2,770
Total Las Vegas Sands Corp. stockholders' equity	5,560	5,684
Noncontrolling interests	1,022	1,061
Total equity	6,582	6,745
Total liabilities and equity	\$ 22,594	\$ 22,547

The accompanying notes are an integral part of these condensed consolidated financial statements.

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(In millions, except per share data) (Unaudited)				
<b>Revenues:</b>				
Casino	\$ 2,361	\$ 2,346	\$ 5,022	\$ 4,945
Rooms	429	418	879	863
Food and beverage	224	219	456	447
Mall	166	164	326	320
Convention, retail and other	154	156	297	307
Net revenues	<u>3,334</u>	<u>3,303</u>	<u>6,980</u>	<u>6,882</u>
<b>Operating expenses:</b>				
Casino	1,309	1,331	2,748	2,702
Rooms	113	111	223	221
Food and beverage	174	168	352	340
Mall	18	18	35	35
Convention, retail and other	75	78	155	162
Provision for (recovery of) doubtful accounts	7	7	11	(9)
General and administrative	376	368	745	713
Corporate	51	33	203	89
Pre-opening	10	2	14	3
Development	4	2	9	5
Depreciation and amortization	289	274	590	538
Amortization of leasehold interests in land	14	9	23	18
Loss on disposal or impairment of assets	—	105	7	110
	<u>2,440</u>	<u>2,506</u>	<u>5,115</u>	<u>4,927</u>
Operating income	894	797	1,865	1,955
<b>Other income (expense):</b>				
Interest income	17	9	37	14
Interest expense, net of amounts capitalized	(143)	(93)	(284)	(182)
Other income (expense)	20	44	(1)	18
Gain on sale of Sands Bethlehem	556	—	556	—
Loss on modification or early retirement of debt	—	—	—	(3)
Income before income taxes	1,344	757	2,173	1,802
Income tax (expense) benefit	(236)	(81)	(321)	490
Net income	<u>1,108</u>	<u>676</u>	<u>1,852</u>	<u>2,292</u>
Net income attributable to noncontrolling interests	(154)	(120)	(316)	(280)
Net income attributable to Las Vegas Sands Corp.	<u>\$ 954</u>	<u>\$ 556</u>	<u>\$ 1,536</u>	<u>\$ 2,012</u>
<b>Earnings per share:</b>				
Basic	\$ 1.24	\$ 0.70	\$ 1.99	\$ 2.55
Diluted	\$ 1.24	\$ 0.70	\$ 1.98	\$ 2.55
<b>Weighted average shares outstanding:</b>				
Basic	<u>772</u>	<u>789</u>	<u>773</u>	<u>789</u>
Diluted	<u>772</u>	<u>790</u>	<u>774</u>	<u>790</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
			(In millions) (Unaudited)	
Net income	\$ 1,108	\$ 676	\$ 1,852	\$ 2,292
Currency translation adjustment	17	(91)	22	(63)
Total comprehensive income	1,125	585	1,874	2,229
Comprehensive income attributable to noncontrolling interests	(158)	(120)	(317)	(275)
Comprehensive income attributable to Las Vegas Sands Corp.	\$ 967	\$ 465	\$ 1,557	\$ 1,954

The accompanying notes are an integral part of these condensed consolidated financial statements.

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

Las Vegas Sands Corp. Stockholders' Equity								
	Common Stock	Treasury Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	Total	
	(In millions) (Unaudited)							
<b>Balance at March 31, 2018</b>	\$ 1	\$ (2,893)	\$ 6,636	\$ 47	\$ 3,572	\$ 994	\$ 8,357	
Net income	—	—	—	—	556	120	676	
Currency translation adjustment	—	—	—	(91)	—	—	(91)	
Exercise of stock options	—	(4)	18	—	—	1	15	
Stock-based compensation	—	—	6	—	—	1	7	
Repurchase of common stock	—	(100)	—	—	—	—	(100)	
Dividends declared (\$0.75 per share) (Note 4)	—	—	—	—	(590)	(312)	(902)	
<b>Balance at June 30, 2018</b>	<u>\$ 1</u>	<u>\$ (2,997)</u>	<u>\$ 6,660</u>	<u>\$ (44)</u>	<u>\$ 3,538</u>	<u>\$ 804</u>	<u>\$ 7,962</u>	
<b>Balance at January 1, 2018</b>	\$ 1	\$ (2,818)	\$ 6,580	\$ 14	\$ 2,709	\$ 1,141	\$ 7,627	
Net income	—	—	—	—	2,012	280	2,292	
Currency translation adjustment	—	—	—	(58)	—	(5)	(63)	
Exercise of stock options	—	(4)	66	—	—	7	69	
Stock-based compensation	—	—	14	—	—	2	16	
Repurchase of common stock	—	(175)	—	—	—	—	(175)	
Dividends declared (\$1.50 per share) (Note 4)	—	—	—	—	(1,183)	(621)	(1,804)	
<b>Balance at June 30, 2018</b>	<u>\$ 1</u>	<u>\$ (2,997)</u>	<u>\$ 6,660</u>	<u>\$ (44)</u>	<u>\$ 3,538</u>	<u>\$ 804</u>	<u>\$ 7,962</u>	
<b>Balance at March 31, 2019</b>	\$ 1	\$ (3,901)	\$ 6,700	\$ (32)	\$ 2,757	\$ 915	\$ 6,440	
Net income	—	—	—	—	954	154	1,108	
Currency translation adjustment	—	—	—	13	—	4	17	
Exercise of stock options	—	—	18	—	—	7	25	
Stock-based compensation	—	—	8	—	—	1	9	
Disposition of interest in majority- owned subsidiary	—	—	(185)	—	—	266	81	
Repurchase of common stock	—	(180)	—	—	—	—	(180)	
Dividends declared (\$0.77 per share) and non-controlling interest payments (Note 4)	—	—	—	—	(593)	(325)	(918)	
<b>Balance at June 30, 2019</b>	<u>\$ 1</u>	<u>\$ (4,081)</u>	<u>\$ 6,541</u>	<u>\$ (19)</u>	<u>\$ 3,118</u>	<u>\$ 1,022</u>	<u>\$ 6,582</u>	
<b>Balance at January 1, 2019</b>	\$ 1	\$ (3,727)	\$ 6,680	\$ (40)	\$ 2,770	\$ 1,061	\$ 6,745	
Net income	—	—	—	—	1,536	316	1,852	
Currency translation adjustment	—	—	—	21	—	1	22	
Exercise of stock options	—	—	30	—	—	9	39	
Stock-based compensation	—	—	16	—	—	2	18	
Disposition of interest in majority- owned subsidiary	—	—	(185)	—	—	266	81	
Repurchase of common stock	—	(354)	—	—	—	—	(354)	
Dividends declared (\$1.54 per share) and non-controlling interest payments (Note 4)	—	—	—	—	(1,188)	(633)	(1,821)	
<b>Balance at June 30, 2019</b>	<u>\$ 1</u>	<u>\$ (4,081)</u>	<u>\$ 6,541</u>	<u>\$ (19)</u>	<u>\$ 3,118</u>	<u>\$ 1,022</u>	<u>\$ 6,582</u>	

The accompanying notes are an integral part of these condensed consolidated financial statements.

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended June 30,	
	2019	2018
	(In millions) (Unaudited)	
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,852	\$ 2,292
Adjustments to reconcile net income to net cash generated from operating activities:		
Depreciation and amortization	590	538
Amortization of leasehold interests in land	23	18
Amortization of deferred financing costs and original issue discount	15	20
Amortization of deferred gain on mall sale transactions	(2)	(2)
Loss on modification or early retirement of debt	—	3
Loss on disposal or impairment of assets	5	110
Gain on sale of Sands Bethlehem	(556)	—
Stock-based compensation expense	18	15
Provision for (recovery of) doubtful accounts	11	(9)
Foreign exchange gain	(2)	(36)
Deferred income taxes	135	(646)
Changes in operating assets and liabilities:		
Accounts receivable	(57)	66
Other assets	3	5
Leasehold interests in land	(969)	(15)
Accounts payable	(36)	(16)
Other liabilities	(134)	161
Net cash generated from operating activities	896	2,504
<b>Cash flows from investing activities:</b>		
Net proceeds from sale of Sands Bethlehem	1,160	—
Capital expenditures	(453)	(416)
Proceeds from disposal of property and equipment	1	10
Acquisition of intangible assets	(53)	—
Net cash generated from (used in) investing activities	655	(406)
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	39	70
Repurchase of common stock	(354)	(175)
Dividends paid and non-controlling interest payments	(1,821)	(1,804)
Proceeds from long-term debt (Note 2)	—	2,093
Repayments of long-term debt (Note 2)	(51)	(313)
Payments of financing costs	—	(39)
Net cash used in financing activities	(2,187)	(168)
Effect of exchange rate on cash, cash equivalents and restricted cash	6	2
Increase (decrease) in cash, cash equivalents and restricted cash	(630)	1,932
Cash, cash equivalents and restricted cash at beginning of period	4,661	2,430
Cash, cash equivalents and restricted cash at end of period	\$ 4,031	\$ 4,362
<b>Supplemental disclosure of cash flow information:</b>		
Cash payments for interest, net of amounts capitalized	\$ 262	\$ 155
Cash payments for taxes, net of refunds	\$ 132	\$ 135
Change in construction payables	\$ 51	\$ 40

The accompanying notes are an integral part of these condensed consolidated financial statements.





**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**Note 1 — Organization and Business of Company**

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the [Annual Report on Form 10-K](#) of Las Vegas Sands Corp. ("LVSC"), a Nevada corporation, and its subsidiaries (collectively the "Company") for the year ended December 31, 2018, and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to such rules and regulations; however, the Company believes the disclosures herein are adequate to make the information presented not misleading. In the opinion of management, all adjustments and normal recurring accruals considered necessary for a fair statement of the results for the interim period have been included. The interim results reflected in the unaudited condensed consolidated financial statements are not necessarily indicative of expected results for the full year.

On May 31, 2019, the Company closed the sale of Sands Bethlehem in Pennsylvania. At closing, the Company received \$1.16 billion in net cash proceeds and recorded a gain on the sale of \$556 million. As there is no continuing involvement between the Company and Sands Bethlehem, the Company accounted for the transaction as a sale of a business. The Company concluded Sands Bethlehem does not have a material impact on the Company's overall operations or its consolidated financial results.

In April 2019, the Company paid 72 million Singapore dollars ("SGD," approximately \$53 million at exchange rates in effect at the time of the transaction) to the Singapore Casino Regulatory Authority as part of the process to renew its gaming license at Marina Bay Sands, which gaming license now expires in April 2022.

In April 2019, the Company's wholly owned subsidiary, Marina Bay Sands Pte. Ltd. ("MBS"), and the Singapore Tourism Board (the "STB") entered into a development agreement (the "Development Agreement") pursuant to which MBS will construct a development, which will include a hotel tower with a rooftop attraction, convention and meeting facilities and a state-of-the-art live entertainment arena with a seating capacity of at least 15,000 persons (the "MBS Expansion Project"). The Development Agreement provides for a total project cost of approximately SGD 4.5 billion (approximately \$3.3 billion at exchange rates in effect at the time of the transaction). The amount of the total project cost will be finalized as the Company completes design and development and begins construction. In connection with the Development Agreement, MBS entered into a lease with the STB for the parcels of land underlying the project. In April 2019 and in connection with the lease, MBS provided various governmental agencies in Singapore the required premiums, deposits, stamp duty, goods and services tax and other fees in an aggregate amount of approximately SGD 1.54 billion (approximately \$1.14 billion at exchange rates in effect at the time of the transaction).

The Company is currently conducting a process to amend, extend and upsize its 2012 Singapore Credit Facility to provide for the financing of the development and construction costs, fees and other expenses related to the expansion of MBS pursuant to the Development Agreement. The Company anticipates entering into a new delayed draw term loan facility with an estimated size of approximately \$2.77 billion as well as obtaining an increase in commitments under the existing revolving credit facility of up to an estimated \$185 million, subject to market conditions. The Company currently expects drawings under the new delayed draw term loan facility would be made from time to time through December 31, 2024, depending on the timing of construction. While the Company currently estimates it will be able to complete this process in the next three months, there is no assurance it will be able to do so within its anticipated timeframe, if at all. In addition, the Company's current estimates with respect to the anticipated size of the facilities and the timing and amounts of drawings under the facilities are subject to change and will depend on a variety of factors, some of which are outside of the Company's control.

**Recent Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update on leases, which requires all lessees to recognize right-of-use ("ROU") assets and lease liabilities, measured at the present value of the future minimum lease payments, at the lease commencement date. Lessor accounting remains largely unchanged under the new guidance. The standard also requires more detailed disclosures to enable users of financial

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

statements to understand the nature, amount, timing and uncertainty of cash flows arising from leases. The Company adopted the new standard on January 1, 2019, on a prospective basis, forgoing comparative reporting. The Company elected to utilize the transition guidance within the new standard, which allows the Company to carryforward the historical lease classification. The Company elected to not separate lease and non-lease components for all classes of underlying assets in which it is the lessee and made an accounting policy election to not account for leases with an initial term of 12 months or less on the balance sheet. Adoption of the standard resulted in the recording of additional ROU assets and lease liabilities for operating leases of \$337 million as of January 1, 2019. The adoption of this guidance did not have an impact on net income. (See disclosures at “Note 8 — Leases.”)

In June 2016, the FASB issued an accounting standard update that revises the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. The guidance is effective for fiscal years beginning after December 15, 2019, including interim reporting periods within that reporting period, and should be applied on a modified retrospective basis, with early adoption permitted. The Company is currently assessing the effect the guidance will have on the Company's financial condition and results of operations, but does not expect it will have a material impact.

**Note 2 — Long-Term Debt**

Long-term debt consists of the following:

	June 30, 2019	December 31, 2018
(In millions)		
<b>Corporate and U.S. Related <sup>(1)</sup>:</b>		
2013 U.S. Credit Facility — Extended Term B (net of unamortized original issue discount and deferred financing costs of \$19 and \$21, respectively)	\$ 3,448	\$ 3,464
HVAC Equipment Lease	11	12
<b>Macao Related <sup>(1)</sup>:</b>		
4.600% Senior Notes due 2023 (net of unamortized original issue discount and deferred financing costs of \$12 and \$14, respectively, and a positive cumulative fair value adjustment of \$17 and \$5, respectively)	1,805	1,791
5.125% Senior Notes due 2025 (net of unamortized original issue discount and deferred financing costs of \$14 and \$16, respectively, and a positive cumulative fair value adjustment of \$17 and \$5, respectively)	1,803	1,789
5.400% Senior Notes due 2028 (net of unamortized original issue discount and deferred financing costs of \$20 and \$21, respectively, and a positive cumulative fair value adjustment of \$18 and \$5, respectively)	1,898	1,884
Other	17	4
<b>Singapore Related <sup>(1)</sup>:</b>		
2012 Singapore Credit Facility — Term (net of unamortized deferred financing costs of \$39 and \$43, respectively)	3,043	3,041
	12,025	11,985
Less — current maturities	(116)	(111)
<b>Total long-term debt</b>	<b>\$ 11,909</b>	<b>\$ 11,874</b>

(1) Unamortized deferred financing costs of \$42 million and \$47 million as of June 30, 2019 and December 31, 2018, respectively, related to the Company's revolving credit facilities are included in other assets, net in the accompanying condensed consolidated balance sheets.

**2013 U.S. Credit Facility**

As of June 30, 2019, the Company had \$1.15 billion of available borrowing capacity under the 2013 Extended U.S. Revolving Facility, net of outstanding letters of credit.

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

***2018 SCL Credit Facility***

As of June 30, 2019 , the Company had \$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility.

***2012 Singapore Credit Facility***

As of June 30, 2019 , the Company had SGD 342 million (approximately \$253 million at exchange rates in effect on June 30, 2019 ) of available borrowing capacity under the 2012 Singapore Revolving Facility, net of outstanding letters of credit, primarily consisting of a banker's guarantee in connection with the MBS Expansion Project for SGD 153 million (approximately \$113 million at exchange rates in effect on June 30, 2019 ) .

**Debt Covenant Compliance**

As of June 30, 2019 , management believes the Company was in compliance with all debt covenants.

**Fair Value of Long-Term Debt**

The estimated fair value of the Company's long-term debt as of June 30, 2019 and December 31, 2018 , was approximately \$12.42 billion and \$11.65 billion , respectively, compared to its contractual value of \$12.10 billion and \$12.08 billion , respectively. The estimated fair value of the Company's long-term debt is based on level 2 inputs (quoted prices in markets that are not active).

**Note 3 — Derivative Instruments**

In August 2018, the Company entered into interest rate swap agreements (the "IR Swaps"), which qualified and were designated as fair value hedges, swapping fixed-rate for variable-rate interest to hedge changes in the fair value of the SCL Senior Notes. These IR Swaps have a total notional value of \$5.50 billion and expire in August 2020 .

The total fair value of the IR Swaps as of June 30, 2019 , was \$94 million . In the accompanying condensed consolidated balance sheet, \$52 million was recorded as an asset in other assets, net with an equal corresponding adjustment recorded against the carrying value of the SCL Senior Notes. The fair value of the IR Swaps was estimated using level 2 inputs from recently reported market forecasts of interest rates. Gains and losses due to changes in fair value of the IR Swaps completely offset changes in the fair value of the hedged portion of the underlying debt. Additionally, for the three and six months ended June 30, 2019 , the Company recorded a \$3 million and \$5 million reduction to interest expense, respectively, related to the realized amount associated with the IR Swaps.

**Note 4 — Equity and Earnings Per Share**

**Common Stock**

***Dividends***

On March 28 and June 27, 2019 , the Company paid a dividend of \$0.77 per common share as part of a regular cash dividend program. During the six months ended June 30, 2019 , the Company recorded \$1.19 billion as a distribution against retained earnings (of which \$666 million related to the principal stockholder and his family and the remaining \$522 million related to all other shareholders).

In July 2019, the Company's Board of Directors declared a quarterly dividend of \$0.77 per common share (a total estimated to be approximately \$593 million ) to be paid on September 26, 2019 , to shareholders of record on September 18, 2019 .

***Repurchase Program***

During the six months ended June 30, 2019 , the Company repurchased 6,052,531 shares of its common stock for \$354 million (including commissions) under the program. All share repurchases of the Company's common stock have been recorded as treasury stock.

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**Noncontrolling Interests**

On February 22, 2019, Sands China Ltd. ("SCL") paid a dividend of 0.99 Hong Kong dollars ("HKD") per share to SCL shareholders, and, on May 24, 2019, SCL shareholders approved a dividend of HKD 1.00 per share, which was paid on June 21, 2019 (a total of \$2.05 billion, of which the Company retained \$1.44 billion during the six months ended June 30, 2019).

During the six months ended June 30, 2019, the Company distributed \$17 million to certain of its noncontrolling interests. Of this amount, \$11 million related to payments to the Company's minority interest partners to purchase their interests in connection with the sale of Sands Bethlehem.

**Earnings Per Share**

The weighted average number of common and common equivalent shares used in the calculation of basic and diluted earnings per share consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In millions)			
Weighted-average common shares outstanding (used in the calculation of basic earnings per share)	772	789	773	789
Potential dilution from stock options and restricted stock and stock units	—	1	1	1
Weighted-average common and common equivalent shares (used in the calculation of diluted earnings per share)	772	790	774	790
Antidilutive stock options excluded from the calculation of diluted earnings per share	2	1	2	1

**Note 5 — Income Taxes**

The Company's effective income tax rate was 14.8% for the six months ended June 30, 2019, compared to (27.2)% for the six months ended June 30, 2018. The effective income tax rate for the six months ended June 30, 2019, reflects a 17% statutory tax rate on the Company's Singapore operations, a 21% corporate income tax rate for its domestic operations and a zero percent tax rate on its Macao gaming operations due to the Company's income tax exemption in Macao. During the three months ended June 30, 2019, the Company recorded a gain of \$556 million in connection with the sale of Sands Bethlehem on May 31, 2019. The gain resulted in domestic income tax expense of \$161 million. The effective income tax rate for the six months ended June 30, 2019 would have been 9.9% without the discrete income tax expense of \$161 million resulting from the sale of Sands Bethlehem. The effective income tax rate for the six months ended June 30, 2018, would have been 10.0% without the discrete benefit of \$670 million, as discussed further below.

In December 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Act"), which made significant changes to U.S. income tax laws, including transitioning from a worldwide tax system to a territorial tax system. This change in the U.S. international tax system included the introduction of several new tax regimes effective as of January 1, 2018. One of the new taxes introduced is the Global Intangible Low-Taxed Income ("GILTI"), which effectively taxes the foreign earnings of U.S. multinational companies at 10.5%, half of the current corporate tax rate. During the three months ended March 31, 2018, the Company concluded how the foreign tax credits associated with this income, and allowed against the U.S. tax liability, would be utilized and the potential impact on the foreign tax credit deferred tax asset and related valuation allowance. As a result, the Company recorded a non-cash tax benefit of \$670 million relating to the reduction of the valuation allowance on certain U.S. foreign tax credit assets generated prior to 2018 previously determined not likely to be utilized. In November 2018, the Internal Revenue Service issued guidance clarifying the implementation of GILTI and other provisions, which impacted the foreign tax credit utilization and required an increase of a valuation allowance related to the Company's historical foreign tax credits. As a result, the Company recorded a non-cash expense of \$727 million during the three months ended December 31, 2018.

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In April 2019, Venetian Macau Limited ("VML") entered into an agreement with the Macao government, which is effective through June 26, 2022, and provides for an annual payment of 38 million patacas (approximately \$5 million at exchange rates in effect on June 30, 2019 ) as a substitution for a 12% tax otherwise due from VML shareholders on dividend distributions paid from VML gaming profits.

**Note 6 — Commitments and Contingencies**

**Litigation**

The Company is involved in other litigation in addition to those noted below, arising in the normal course of business. Management has made certain estimates for potential litigation costs based upon consultation with legal counsel. Actual results could differ from these estimates; however, in the opinion of management, such litigation and claims will not have a material effect on the Company's financial condition, results of operations and cash flows.

*Asian American Entertainment Corporation, Limited v. Venetian Macau Limited, et al.*

On January 19, 2012, Asian American Entertainment Corporation, Limited ("AAEC") filed a claim (the "Macao action") with the Macao Judicial Court (Tribunal Judicial de Base) against VML, LVS (Nevada) International Holdings, Inc. ("LVS (Nevada)"), Las Vegas Sands, LLC ("LVSLLC") and Venetian Casino Resort, LLC ("VCR") (collectively, the "Defendants"). The claim is for 3.0 billion patacas (approximately \$373 million at exchange rates in effect on June 30, 2019 ) as compensation for damages resulting from the alleged breach of agreements entered into between AAEC and LVS (Nevada), LVSLLC and VCR (collectively, the "U.S. Defendants") for their joint presentation of a bid in response to the public tender held by the Macao government for the award of gaming concessions at the end of 2001. On July 4, 2012, the Defendants filed their defense to the Macao action with the Macao Judicial Court. AAEC then filed a reply that included several amendments to the original claim, although the amount of the claim was not amended. On January 4, 2013, the Defendants filed an amended defense to the amended claim with the Macao Judicial Court. On September 23, 2013, the U.S. Defendants filed a motion with the Macao Second Instance Court, seeking recognition and enforcement of the U.S. Court of Appeals ruling in the Prior Action, referred to below, given on April 10, 2009, which partially dismissed AAEC's claims against the U.S. Defendants.

On March 24, 2014, the Macao Judicial Court issued a Decision (Despacho Seneador) holding that AAEC's claim against VML is unfounded and that VML be removed as a party to the proceedings, and the claim should proceed exclusively against the U.S. Defendants. On May 8, 2014, AAEC lodged an appeal against that decision. The Macao Judicial Court further held that the existence of the pending application for recognition and enforcement of the U.S. Court of Appeals ruling before the Macao Second Instance Court did not justify a stay of the proceedings against the U.S. Defendants at the present time, although in principle an application for a stay of the proceedings against the U.S. Defendants could be reviewed after the Macao Second Instance Court had issued its decision. On June 25, 2014, the Macao Second Instance Court delivered a decision, which gave formal recognition to and allowed enforcement in Macao of the judgment of the U.S. Court of Appeals, dismissing AAEC's claims against the U.S. Defendants.

AAEC appealed against the recognition decision to the Macao Court of Final Appeal, which, on May 6, 2015, dismissed the appeal and held the U.S. judgment to be final and have preclusive effect. The Macao Court of Final Appeal's decision became final on May 21, 2015. On June 5, 2015, the U.S. Defendants applied to the Macao Judicial Court to dismiss the claims against them as res judicata. AAEC filed its response to that application on June 30, 2015. The U.S. Defendants filed their reply on July 23, 2015. On September 14, 2015, the Macao Judicial Court admitted two further legal opinions from Portuguese and U.S. law experts. On March 16, 2016, the Macao Judicial Court dismissed the defense of res judicata. An appeal against that decision was lodged on April 7, 2016, together with a request that the appeal be heard immediately. By a decision dated April 13, 2016, the Macao Judicial Court accepted that the appeal be heard immediately. Legal arguments were submitted May 23, 2016. AAEC replied to the legal arguments on or about July 14, 2016, which was three days late, upon payment of a penalty. The U.S. Defendants submitted a response on September 20, 2016. On December 13, 2016, the Macao Judicial Court confirmed its earlier decision not to stay the proceedings pending appeal. As of the end of December 2016, all appeals (including VML's dismissal and the res judicata appeals) were being transferred to the Macao Second Instance Court. On May 11, 2017, the Macao Second Instance Court notified the parties of its decision of refusal to deal with the appeals at the present time. The Macao

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Second Instance Court ordered the court file be transferred back to the Macao Judicial Court. Evidence gathering by the Macao Judicial Court commenced by letters rogatory. On June 30, 2017, the Macao Judicial Court sent letters rogatory to the Public Prosecutor's office, for onward transmission to relevant authorities in the U.S. and Hong Kong. On August 10, 2017, the Hong Kong Mutual Legal Assistance Unit, International Law Division, Hong Kong Department of Justice ("HKMLAU") responded to the Public Prosecutor and requested additional information. On August 18, 2017, the Public Prosecutor forwarded the HKMLAU request to the Macao Judicial Court. On November 14, 2017, the Public Prosecutor replied to the HKMLAU. The HKMLAU sent a further communication to the Public Prosecutor on November 29, 2017, again requesting the Macao Judicial Court provide further information to enable processing of the Hong Kong letter rogatory. On January 6, 2018, the Macao Judicial Court notified the parties accordingly. On February 10, 2018, the Macao Judicial Court notified the parties that a communication dated January 25, 2018, had been received from the U.S. Department of Justice. The Macao Judicial Court extended the time for processing the letters rogatory until the end of June 2018. On May 7, 2018, the Macao Judicial Court further extended the time for processing one of the letters rogatory until mid-September 2018, which was further extended until early 2019. On March 14, 2019, the outstanding letter rogatory was returned executed. On July 15, 2019, AAEC submitted a request to the Macao Judicial Court to increase the amount of its claim to 96.45 billion patacas (approximately \$11.98 billion at exchange rates in effect on June 30, 2019), allegedly representing lost profits from 2004 to 2018, and reserving its right to claim for lost profits up to 2022 in due course at the enforcement stage. The trial of this matter has been scheduled by the Macao Judicial Court for September 2019.

On March 25, 2015, application was made by the U.S. Defendants to the Macao Judicial Court to revoke the legal aid granted to AAEC, accompanied by a request for evidence taking from AAEC, relating to the fees and expenses that they incurred and paid in the U.S. subsequent action referred to below. The Macao Public Prosecutor has opposed the action on the ground of lack of evidence that AAEC's financial position has improved. No decision has been issued in respect to that application up to the present time. A complaint against AAEC's Macao lawyer arising from certain conduct in relation to recent U.S. proceedings was submitted to the Macao Lawyer's Association on October 19, 2015. A letter dated February 26, 2016, has been received from the Conselho Superior de Advocacia of the Macao Bar Association advising that disciplinary proceedings have commenced. A further letter dated April 5, 2016, was received from the Conselho Superior de Advocacia requesting confirmation that the signatories of the complaint were acting within their corporate authority. In a letter dated April 14, 2016, such confirmation was provided. On September 28, 2016, the Conselho Superior de Advocacia invited comments on the defense, which had been lodged by AAEC's Macao lawyer.

On July 9, 2014, the plaintiff filed another action in the U.S. District Court against LVSC, LVSLLC, VCR (collectively, the "LVSC entities"), Sheldon G. Adelson, William P. Weidner, David Friedman and Does 1-50 for declaratory judgment, equitable accounting, misappropriation of trade secrets, breach of confidence and conversion based on a theory of copyright law. The claim is for \$5.0 billion. On November 4, 2014, plaintiff finally effected notice on the LVSC entities, which was followed by a motion to dismiss by the LVSC entities on November 10, 2014. Plaintiff failed to timely respond, and on December 2, 2014, the LVSC entities moved for immediate dismissal and sanctions against plaintiff and his counsel for bringing a frivolous lawsuit. On December 19, 2014, plaintiff filed an incomplete and untimely response, which was followed by plaintiff's December 27, 2014 notice of withdrawal of the lawsuit and the LVSC entities' December 29, 2014, reply in favor of sanctions and dismissal with prejudice. On August 31, 2015, the judge dismissed the U.S. action and the LVSC entities' sanctions motion. The Macao action is in a preliminary stage and management has determined that based on proceedings to date, it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

As previously disclosed by the Company, on February 5, 2007, AAEC brought a similar claim (the "Prior Action") in the U.S. District Court, against LVSI (now known as LVSLLC), VCR and Venetian Venture Development, LLC, which are subsidiaries of the Company, and William P. Weidner and David Friedman, who are former executives of the Company. The U.S. District Court entered an order on April 16, 2010, dismissing the Prior Action. On April 20, 2012, LVSLLC, VCR and LVS (Nevada) filed an injunctive action (the "Nevada Action") against AAEC in the U.S. District Court seeking to enjoin AAEC from proceeding with the Macao Action based on AAEC's filing, and the U.S.

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District Court's dismissal, of the Prior Action. On June 14, 2012, the U.S. District Court issued an order that denied the motions requesting the Nevada Action, thereby effectively dismissing the Nevada Action.

**Note 7 — Segment Information**

The Company's principal operating and developmental activities occur in three geographic areas: Macao, Singapore and the U.S. The Company reviews the results of operations for each of its operating segments: The Venetian Macao; Sands Cotai Central; The Parisian Macao; The Plaza Macao and Four Seasons Hotel Macao; Sands Macao; Marina Bay Sands; Las Vegas Operating Properties; and, through May 30, 2019, Sands Bethlehem. On May 31, 2019, the Company closed the sale of Sands Bethlehem in Pennsylvania (see "Note 1 — Organization and Business of Company"). The Company also reviews construction and development activities for each of its primary projects currently under development, in addition to its reportable segments noted above, which include the renovation, expansion and rebranding of Sands Cotai Central to The Londoner Macao, the suites within the tower also occupied by the St. Regis hotel and the Four Seasons Tower Suites Macao in Macao, the MBS Expansion Project, and the Las Vegas Condo Tower (for which construction currently is suspended) in the United States. The Company has included Ferry Operations and Other (comprised primarily of the Company's ferry operations and various other operations that are ancillary to its properties in Macao) to reconcile to condensed consolidated results of operations and financial condition. The Company has included Corporate and Other (which includes the Las Vegas Condo Tower and corporate activities of the Company) to reconcile to the condensed consolidated financial condition. The Company's segment information as of June 30, 2019 and December 31, 2018, and for the three and six months ended June 30, 2019 and 2018 is as follows:

	Casino	Rooms	Food and Beverage	Mall	Convention, Retail and Other	Net Revenues
<b>Three Months Ended June 30, 2019</b>	<b>(In millions)</b>					
Macao:						
The Venetian Macao	\$ 698	\$ 53	\$ 17	\$ 62	\$ 24	\$ 854
Sands Cotai Central	358	77	24	16	8	483
The Parisian Macao	343	32	17	15	7	414
The Plaza Macao and Four Seasons Hotel Macao	162	10	7	31	1	211
Sands Macao	141	5	7	1	1	155
Ferry Operations and Other	—	—	—	—	30	30
	<u>1,702</u>	<u>177</u>	<u>72</u>	<u>125</u>	<u>71</u>	<u>2,147</u>
Marina Bay Sands	468	93	58	42	27	688
United States:						
Las Vegas Operating Properties	112	156	90	—	108	466
Sands Bethlehem <sup>(1)</sup>	79	3	4	—	4	90
	<u>191</u>	<u>159</u>	<u>94</u>	<u>—</u>	<u>112</u>	<u>556</u>
Intercompany eliminations <sup>(2)</sup>	—	—	—	(1)	(56)	(57)
Total net revenues	<u>\$ 2,361</u>	<u>\$ 429</u>	<u>\$ 224</u>	<u>\$ 166</u>	<u>\$ 154</u>	<u>\$ 3,334</u>

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	Casino	Rooms	Food and Beverage	Mall	Convention, Retail and Other	Net Revenues
<b>Three Months Ended June 30, 2018</b>						
Macao:						
The Venetian Macao	\$ 677	\$ 52	\$ 18	\$ 56	\$ 27	\$ 830
Sands Cotai Central	386	78	23	15	7	509
The Parisian Macao	308	28	16	15	4	371
The Plaza Macao and Four Seasons Hotel Macao	136	10	7	33	—	186
Sands Macao	166	4	7	2	1	180
Ferry Operations and Other	—	—	—	—	42	42
	<u>1,673</u>	<u>172</u>	<u>71</u>	<u>121</u>	<u>81</u>	<u>2,118</u>
Marina Bay Sands	494	93	51	42	25	705
United States:						
Las Vegas Operating Properties	60	149	91	—	102	402
Sands Bethlehem <sup>(1)</sup>	119	4	6	1	6	136
	<u>179</u>	<u>153</u>	<u>97</u>	<u>1</u>	<u>108</u>	<u>538</u>
Intercompany eliminations <sup>(2)</sup>	—	—	—	—	(58)	(58)
Total net revenues	<u>\$ 2,346</u>	<u>\$ 418</u>	<u>\$ 219</u>	<u>\$ 164</u>	<u>\$ 156</u>	<u>\$ 3,303</u>
<b>Six Months Ended June 30, 2019</b>						
Macao:						
The Venetian Macao	\$ 1,438	\$ 110	\$ 39	\$ 118	\$ 46	\$ 1,751
Sands Cotai Central	803	161	50	32	14	1,060
The Parisian Macao	730	64	35	27	12	868
The Plaza Macao and Four Seasons Hotel Macao	335	20	16	62	2	435
Sands Macao	280	9	14	2	2	307
Ferry Operations and Other	—	—	—	—	60	60
	<u>3,586</u>	<u>364</u>	<u>154</u>	<u>241</u>	<u>136</u>	<u>4,481</u>
Marina Bay Sands	1,012	195	111	85	52	1,455
United States:						
Las Vegas Operating Properties	225	313	180	—	219	937
Sands Bethlehem <sup>(1)</sup>	199	7	11	1	9	227
	<u>424</u>	<u>320</u>	<u>191</u>	<u>1</u>	<u>228</u>	<u>1,164</u>
Intercompany eliminations <sup>(2)</sup>	—	—	—	(1)	(119)	(120)
Total net revenues	<u>\$ 5,022</u>	<u>\$ 879</u>	<u>\$ 456</u>	<u>\$ 326</u>	<u>\$ 297</u>	<u>\$ 6,980</u>



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	Casino	Rooms	Food and Beverage	Mall	Convention, Retail and Other	Net Revenues
<b>Six Months Ended June 30, 2018</b>						
Macao:						
The Venetian Macao	\$ 1,393	\$ 109	\$ 41	\$ 109	\$ 46	\$ 1,698
Sands Cotai Central	804	160	52	29	13	1,058
The Parisian Macao	599	61	31	30	9	730
The Plaza Macao and Four Seasons Hotel Macao	278	19	15	64	1	377
Sands Macao	308	8	14	2	2	334
Ferry Operations and Other	—	—	—	—	81	81
	<u>3,382</u>	<u>357</u>	<u>153</u>	<u>234</u>	<u>152</u>	<u>4,278</u>
Marina Bay Sands	1,146	193	103	84	51	1,577
United States:						
Las Vegas Operating Properties	180	305	179	—	215	879
Sands Bethlehem <sup>(1)</sup>	237	8	12	2	11	270
	<u>417</u>	<u>313</u>	<u>191</u>	<u>2</u>	<u>226</u>	<u>1,149</u>
Intercompany eliminations <sup>(2)</sup>	—	—	—	—	(122)	(122)
Total net revenues	<u>\$ 4,945</u>	<u>\$ 863</u>	<u>\$ 447</u>	<u>\$ 320</u>	<u>\$ 307</u>	<u>\$ 6,882</u>

(1) The Company completed the sale of Sands Bethlehem on May 31, 2019 (see "Note 1 — Organization and Business of Company"). Results of operations include Sands Bethlehem through May 30, 2019.

(2) Intercompany eliminations include royalties and other intercompany services.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(In millions)				
<b>Intersegment Revenues</b>				
Macao:				
The Venetian Macao	\$ 1	\$ 1	\$ 2	\$ 2
Ferry Operations and Other	7	6	13	12
	<u>8</u>	<u>7</u>	<u>15</u>	<u>14</u>
Marina Bay Sands	1	3	2	5
Las Vegas Operating Properties <sup>(1)</sup>	48	48	103	103
Total intersegment revenues	<u>\$ 57</u>	<u>\$ 58</u>	<u>\$ 120</u>	<u>\$ 122</u>

(1) Primarily consists of royalties from the Company's international operations.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(In millions)				
<b>Adjusted Property EBITDA</b>				
Macao:				
The Venetian Macao	\$ 336	\$ 331	\$ 697	\$ 679
Sands Cotai Central	165	176	377	377
The Parisian Macao	139	114	302	230
The Plaza Macao and Four Seasons Hotel Macao	83	72	168	145
Sands Macao	43	52	83	99
Ferry Operations and Other	(1)	5	(4)	9
	<u>765</u>	<u>750</u>	<u>1,623</u>	<u>1,539</u>
Marina Bay Sands	346	368	769	909
United States:				
Las Vegas Operating Properties	136	77	274	218
Sands Bethlehem <sup>(1)</sup>	19	30	52	59
	<u>155</u>	<u>107</u>	<u>326</u>	<u>277</u>
Consolidated adjusted property EBITDA <sup>(2)</sup>	1,266	1,225	2,718	2,725
<b>Other Operating Costs and Expenses</b>				
Stock-based compensation <sup>(3)</sup>	(4)	(3)	(7)	(7)
Corporate	(51)	(33)	(203)	(89)
Pre-opening	(10)	(2)	(14)	(3)
Development	(4)	(2)	(9)	(5)
Depreciation and amortization	(289)	(274)	(590)	(538)
Amortization of leasehold interests in land	(14)	(9)	(23)	(18)
Loss on disposal or impairment of assets	—	(105)	(7)	(110)
Operating income	<u>894</u>	<u>797</u>	<u>1,865</u>	<u>1,955</u>
<b>Other Non-Operating Costs and Expenses</b>				
Interest income	17	9	37	14
Interest expense, net of amounts capitalized	(143)	(93)	(284)	(182)
Other income (expense)	20	44	(1)	18
Gain on sale of Sands Bethlehem	556	—	556	—
Loss on modification or early retirement of debt	—	—	—	(3)
Income tax (expense) benefit	(236)	(81)	(321)	490
Net income	<u>\$ 1,108</u>	<u>\$ 676</u>	<u>\$ 1,852</u>	<u>\$ 2,292</u>

(1) The Company completed the sale of Sands Bethlehem on May 31, 2019 (see "Note 1 — Organization and Business of Company"). Results of operations include Sands Bethlehem through May 30, 2019.

(2) Consolidated adjusted property EBITDA, which is a non-GAAP financial measure, is net income before stock-based compensation expense, corporate expense, pre-opening expense, development expense, depreciation and amortization, amortization of leasehold interests in land, gain or loss on disposal or impairment of assets, interest, other income or expense, gain or loss on modification or early retirement of debt and income taxes. Consolidated adjusted property EBITDA is a supplemental non-GAAP financial measure used by management, as well as industry analysts, to evaluate operations and operating performance. In particular, management utilizes consolidated adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated Resort companies have historically reported adjusted property EBITDA as a supplemental performance measure to GAAP financial measures. In order to view the operations of their properties on a more stand-alone basis, Integrated

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Resort companies, including Las Vegas Sands Corp., have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense, development expense and corporate expense, from their adjusted property EBITDA calculations. Consolidated adjusted property EBITDA should not be interpreted as an alternative to income from operations (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with GAAP. The Company has significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in consolidated adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, consolidated adjusted property EBITDA as presented by the Company may not be directly comparable to similarly titled measures presented by other companies.

- (3) During the three months ended June 30, 2019 and 2018, the Company recorded stock-based compensation expense of \$9 million and \$7 million, respectively, of which \$5 million and \$4 million, respectively, was included in corporate expense in the accompanying condensed consolidated statements of operations. During the six months ended June 30, 2019 and 2018, the Company recorded stock-based compensation expense of \$18 million and \$16 million, respectively, of which \$11 million and \$9 million, respectively, was included in corporate expense in the accompanying condensed consolidated statements of operations.

	Six Months Ended June 30,	
	2019	2018
(In millions)		
<b>Capital Expenditures</b>		
Corporate and Other	\$ 49	\$ 54
Macao:		
The Venetian Macao	38	69
Sands Cotai Central	109	53
The Parisian Macao	14	68
The Plaza Macao and Four Seasons Hotel Macao	60	22
Sands Macao	6	8
	227	220
Marina Bay Sands	98	72
United States:		
Las Vegas Operating Properties	77	58
Sands Bethlehem <sup>(1)</sup>	2	12
	79	70
<b>Total capital expenditures</b>	<b>\$ 453</b>	<b>\$ 416</b>

- (1) The Company completed the sale of Sands Bethlehem on May 31, 2019 (see "Note 1 — Organization and Business of Company"). Capital expenditures for Sands Bethlehem are through May 30, 2019.

**Note 8 — Leases**

Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Company's leases, management uses the Company's incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain the Company will exercise such option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term.

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The Company's lease arrangements have lease and non-lease components. For leases in which the Company is the lessee, the Company accounts for the lease components and non-lease components as a single lease component for all classes of underlying assets (primarily real estate). Leases, in which the Company is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately. Leases with an expected term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

**Lessee**

The Company has operating and finance leases for various real estate (including the Macao and Singapore leasehold interests in land) and equipment. Certain of our lease agreements include rental payments based on a percentage of sales over specified contractual amounts, rental payments adjusted periodically for inflation and rental payments based on usage. The Company's leases include options to extend the lease term one month to 40 years. Land concessions in Macao generally have an initial term of 25 years with automatic extensions of 10 years thereafter in accordance with Macao law. The Company anticipates a useful life of 50 years related to the land concessions in Macao. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases recorded on the balance sheet consist of the following (excluding the Macao and Singapore leasehold interests in land assets):

Leases	Classification on the Balance Sheet	June 30, 2019
		(In millions)
<b>Assets</b>		
Operating lease ROU assets	Other assets, net	\$ 190
Finance lease ROU assets	Property and equipment, net <sup>(1)</sup>	\$ 28
<b>Liabilities</b>		
<b>Current</b>		
Operating	Other accrued liabilities	\$ 26
Finance	Current maturities of long-term debt	\$ 17
<b>Noncurrent</b>		
Operating	Other long-term liabilities	\$ 302
Finance	Long-term debt	\$ 11

(1) Finance lease ROU assets are recorded net of accumulated depreciation of \$18 million as of June 30, 2019.

Other information related to lease term and discount rate is as follows:

	June 30, 2019
<b>Weighted Average Remaining Lease Term</b>	
Operating leases	32.1 years
Finance leases	1.8 years
<b>Weighted Average Discount Rate</b>	
Operating leases <sup>(1)</sup>	4.6%
Finance leases	5.1%

(1) Upon adoption of the new lease standard, discount rates used for existing operating leases were established on January 1, 2019.

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

The components of lease expense are as follows:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
(In millions)		
<b>Operating lease cost:</b>		
Amortization of leasehold interests in land	\$ 14	\$ 23
Operating lease cost	8	15
Short-term lease cost	7	10
Variable lease cost	1	2
<b>Finance lease cost:</b>		
Amortization of ROU assets	1	2
Total lease cost	<u>\$ 31</u>	<u>\$ 52</u>

Supplemental cash flow information related to leases is as follows :

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
(In millions)		
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating cash flows for operating leases	\$ 12	\$ 19
Financing cash flows for finance leases	\$ 1	\$ 2

Maturities of lease liabilities are summarized as follows:

	Operating Leases	Finance Leases
(In millions)		
<b>Year ending December 31,</b>		
2019 (excluding the six months ended June 30, 2019)	\$ 17	\$ 14
2020	28	7
2021	25	6
2022	24	2
2023	24	—
Thereafter	558	—
Total future minimum lease payments	676	29
Less — amount representing interest	(348)	(1)
Present value of future minimum lease payments	328	28
Less — current lease obligations	(26)	(17)
Long-term lease obligations	<u>\$ 302</u>	<u>\$ 11</u>

**LAS VEGAS SANDS CORP. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**(UNAUDITED)**

**Lessor**

The Company leases space at several of its Integrated Resorts to various third parties as part of its mall operations, as well as retail and office space that are recorded within convention, retail and other revenues. These leases are non-cancelable operating leases with remaining lease periods that vary from one month to 15 years. The leases include minimum base rents with escalated contingent rent clauses.

Lease revenue consists of the following:

	Three Months Ended June 30, 2019		Six Months Ended June 30, 2019	
	Mall	Other	Mall	Other
	(In millions)			
Minimum rents	\$ 130	\$ 3	\$ 258	\$ 7
Overage rents	12	—	19	1
	\$ 142	\$ 3	\$ 277	\$ 8

Future minimum rentals on non-cancelable leases are as follows:

Year ending December 31,	Mall		Other	
	(In millions)			
2019 (excluding the six months ended June 30, 2019)	\$	243	\$	8
2020		417		9
2021		320		9
2022		227		5
2023		107		4
Thereafter		153		8
Total minimum future rentals	\$	1,467	\$	43

The total minimum future rentals do not include the escalated contingent rent clauses.

The cost and accumulated depreciation of property and equipment the Company is leasing to third parties is as follows:

	June 30, 2019	
	(In millions)	
Property and equipment, at cost	\$	1,309
Accumulated depreciation		(494)
Property and equipment, net	\$	815

LAS VEGAS SANDS CORP. AND SUBSIDIARIES

ITEM 2 — *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

The following discussion should be read in conjunction with, and is qualified in its entirety by, the condensed consolidated financial statements and the notes thereto, and other financial information included in this Form 10-Q. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are forward-looking statements. See "Special Note Regarding Forward-Looking Statements."

**Operations**

We view each of our Integrated Resort properties as an operating segment. Our operating segments in the Macao Special Administrative Region ("Macao") of the People's Republic of China consist of The Venetian Macao; Sands Cotai Central; The Parisian Macao; The Plaza Macao and Four Seasons Hotel Macao; and the Sands Macao. Our operating segment in Singapore is Marina Bay Sands. Our operating segments in the U.S. consist of the Las Vegas Operating Properties, which includes The Venetian Resort Las Vegas and the Sands Expo Center, and Sands Bethlehem.

On May 31, 2019, we closed the sale of Sands Bethlehem in Pennsylvania. At closing, we received \$1.16 billion in net cash proceeds and recorded a gain on the sale of \$556 million.

In April 2019, our wholly owned subsidiary, Marina Bay Sands Pte. Ltd. ("MBS"), and the Singapore Tourism Board (the "STB") entered into a development agreement (the "Development Agreement") pursuant to which MBS will construct a development, which will include a hotel tower with a rooftop attraction, convention and meeting facilities and a state-of-the-art live entertainment arena with a seating capacity of at least 15,000 persons (the "MBS Expansion Project"). The Development Agreement provides for a total project cost of approximately 4.5 billion Singapore dollars ("SGD," approximately \$3.3 billion at exchange rates in effect at the time of the transaction). The amount of the total project cost will be finalized as we complete design and development and begin construction. In connection with the Development Agreement, MBS entered into a lease with the STB for the parcels of land underlying the project. In April 2019 and in connection with the lease, MBS provided various governmental agencies in Singapore the required premiums, deposits, stamp duty, goods and services tax and other fees in an aggregate amount of approximately SGD 1.54 billion (approximately \$1.14 billion at exchange rates in effect at the time of the transaction).

We are currently conducting a process to amend, extend and upsize our 2012 Singapore Credit Facility to provide for the financing of the development and construction costs, fees and other expenses related to the MBS Expansion Project pursuant to the Development Agreement. We anticipate entering into a new delayed draw term loan facility with an estimated size of approximately \$2.77 billion as well as obtaining an increase in commitments under the existing revolving credit facility of up to an estimated \$185 million, subject to market conditions. We currently expect that drawings under the new delayed draw term loan facility would be made from time to time through December 31, 2024, depending on the timing of construction. While we currently estimate that we will be able to complete this process in the next three months, there is no assurance that we will be able to do so within our anticipated timeframe, if at all. In addition, our current estimates with respect to the anticipated size of the facilities and the timing and amounts of drawings under the facilities are subject to change and will depend on a variety of factors, some of which are outside of our control.

In April 2019, we paid SGD 72 million (approximately \$53 million at exchange rates in effect at the time of the transaction) to the Singapore Casino Regulatory Authority as part of the process to renew our gaming license at Marina Bay Sands, which gaming license now expires in April 2022.

**Critical Accounting Policies and Estimates**

For a discussion of our significant accounting policies and estimates, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented in our 2018 [Annual Report on Form 10-K](#) filed on February 22, 2019.

There were no newly identified significant accounting estimates during the six months ended June 30, 2019, nor were there any material changes to the critical accounting policies and estimates discussed in our 2018 Annual Report.

## Recent Accounting Pronouncements

See related disclosure at "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 1 — Organization and Business of Company — Recent Accounting Pronouncements."

## Operating Results

### *Key Operating Revenue Measurements*

Operating revenues at The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Four Seasons Hotel Macao, Marina Bay Sands and our Las Vegas Operating Properties are dependent upon the volume of customers who stay at the hotel, which affects the price charged for hotel rooms and our gaming volume. Operating revenues at Sands Macao and Sands Bethlehem are principally driven by gaming patrons who visit the properties on a daily basis.

The following are the key measurements we use to evaluate operating revenues:

*Casino revenue measurements for Macao and Singapore:* Macao and Singapore table games are segregated into two groups: Rolling Chip play (composed of VIP players) and Non-Rolling Chip play (mostly non-VIP players). The volume measurement for Rolling Chip play is non-negotiable gaming chips wagered and lost. The volume measurement for Non-Rolling Chip play is table games drop ("drop"), which is net markers issued (credit instruments), cash deposited in the table drop boxes and gaming chips purchased and exchanged at the cage. Rolling Chip and Non-Rolling Chip volume measurements are not comparable as they are two distinct measures of volume. The amounts wagered and lost for Rolling Chip play are substantially higher than the amounts dropped for Non-Rolling Chip play. Slot handle ("handle"), also a volume measurement, is the gross amount wagered for the period cited.

We view Rolling Chip win as a percentage of Rolling Chip volume, Non-Rolling Chip win as a percentage of drop and slot hold (amount won by the casino) as a percentage of slot handle. Win or hold percentage represents the percentage of Rolling Chip volume, Non-Rolling Chip drop or slot handle that is won by the casino and recorded as casino revenue. Our win and hold percentages are calculated before discounts, commissions, deferring revenue associated with our loyalty programs and allocating casino revenues related to goods and services provided to patrons on a complimentary basis. Our Rolling Chip win percentage is expected to be 3.0% to 3.3% in Macao and Singapore, and our Non-Rolling Chip table games have produced a trailing 12-month win percentage of 25.8% , 22.2% , 22.6% , 24.7% , 18.0% and 21.1% at The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Four Seasons Hotel Macao, Sands Macao and Marina Bay Sands, respectively. Our slot machines have produced a trailing 12-month hold percentage of 4.5% , 4.0% , 3.3% , 5.6% , 3.2% and 4.5% at The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Four Seasons Hotel Macao, Sands Macao and Marina Bay Sands, respectively. Actual win and hold percentages may vary from our expected win percentage and the trailing 12-month win and hold percentages. Generally, slot machine play is conducted on a cash basis. In Macao and Singapore, 14.7% and 22.3% , respectively, of our table games play was conducted on a credit basis for the six months ended June 30, 2019 .

*Casino revenue measurements for the U.S.:* The volume measurements in the U.S. are slot handle, as previously described, and table games drop, which is the total amount of cash and net markers issued deposited in the table drop box. We view table games win as a percentage of drop and slot hold as a percentage of handle. Our win and hold percentages are calculated before discounts, commissions, deferring revenue associated with our loyalty programs and allocating casino revenues related to goods and services provided to patrons on a complimentary basis. Based upon our mix of table games, our table games are expected to produce a win percentage of 18% to 26% for Baccarat and 16% to 24% for non-Baccarat. Table games at Sands Bethlehem produced a trailing 12-month win percentage of 18.9% . Our slot machines have produced a trailing 12-month hold percentage of 8.3% and 6.3% at our Las Vegas Operating Properties and at Sands Bethlehem, respectively. Actual win and hold percentages may vary from our expected win percentage and the trailing 12-month win and hold percentages. Similar to Macao and Singapore, slot machine play is generally conducted on a cash basis. Approximately 64.9% of our table games play at our Las Vegas Operating Properties, for the six months ended June 30, 2019 , was conducted on a credit basis, while our table games play in Pennsylvania was primarily conducted on a cash basis.

*Hotel revenue measurements:* Performance indicators used are occupancy rate (a volume indicator), which is the average percentage of available hotel rooms occupied during a period and average daily room rate ("ADR," a price indicator), which is the average price of occupied rooms per day. Available rooms exclude those rooms unavailable for occupancy during the period due to renovation, development or other requirements. The calculations of the occupancy



rate and ADR include the impact of rooms provided on a complimentary basis. Revenue per available room ("RevPAR") represents a summary of hotel ADR and occupancy. Because not all available rooms are occupied, ADR is normally higher than RevPAR. Reserved rooms where the guests do not show up for their stay and lose their deposit, or where guests check out early, may be re-sold to walk-in guests.

*Mall revenue measurements:* Occupancy, base rent per square foot and tenant sales per square foot are used as performance indicators. Occupancy represents gross leasable occupied area ("GLOA") divided by gross leasable area ("GLA") at the end of the reporting period. GLOA is the sum of: (1) tenant occupied space under lease and (2) tenants no longer occupying space, but paying rent. GLA does not include space currently under development or not on the market for lease. Base rent per square foot is the weighted average base or minimum rent charge in effect at the end of the reporting period for all tenants that would qualify to be included in occupancy. Tenant sales per square foot is the sum of reported comparable sales for the trailing 12 months divided by the comparable square footage for the same period. Only tenants that have been open for a minimum of 12 months are included in the tenant sales per square foot calculation.

### Three Months Ended June 30, 2019 Compared to the Three Months Ended June 30, 2018

#### Summary Financial Results

Net revenues for the three months ended June 30, 2019, increased 0.9% to \$3.33 billion, compared to \$3.30 billion for the three months ended June 30, 2018, and operating income increased 12.2% to \$894 million compared to \$797 million for the three months ended June 30, 2018. The increase in net revenues resulted from stronger operating performance at our Las Vegas Operating Properties due to a 15.9% increase in revenues and the increase in operating income due to a loss on disposal of assets in the prior year period. Net income increased 63.9% to \$1.11 billion for the three months ended June 30, 2019, compared to \$676 million for the three months ended June 30, 2018. The increase resulted primarily from the gain on sale of Sands Bethlehem of \$556 million. Adjusted property EBITDA for the three months ended June 30, 2019, increased 3.3% to \$1.27 billion, compared to \$1.23 billion for the three months ended June 30, 2018.

#### Operating Revenues

Our net revenues consisted of the following:

	Three Months Ended June 30,		Percent Change
	2019	2018	
	(Dollars in millions)		
Casino	\$ 2,361	\$ 2,346	0.6 %
Rooms	429	418	2.6 %
Food and beverage	224	219	2.3 %
Mall	166	164	1.2 %
Convention, retail and other	154	156	(1.3)%
Total net revenues	<u>\$ 3,334</u>	<u>\$ 3,303</u>	0.9 %

Consolidated net revenues were \$3.33 billion for the three months ended June 30, 2019, an increase of \$31 million compared to \$3.30 billion for the three months ended June 30, 2018. The increase was primarily driven by increases of \$64 million and \$29 million at our Las Vegas Operating Properties and our Macao operations, respectively, primarily due to increased casino revenues. The increase was partially offset by a \$46 million decrease in revenues due to the sale of Sands Bethlehem in May 2019 and a \$17 million decrease at Marina Bay Sands, primarily due to decreased casino revenues.

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Net casino revenues increased \$15 million compared to the three months ended June 30, 2018. The increase was primarily attributable to a \$52 million increase at our Las Vegas Operating Properties, primarily driven by increases in table games drop and win percentage, and a \$29 million increase at our Macao properties, primarily driven by an increase in Non-Rolling Chip win. This was partially offset by a \$40 million decrease at Sands Bethlehem due to the sale closing on May 31, 2019, and a \$26 million decrease at Marina Bay Sands, driven by decreases in Non-Rolling Chip win and Rolling Chip win percentage. The following table summarizes the results of our casino activity:

	Three Months Ended June 30,		
	2019	2018	Change
(Dollars in millions)			
<b>Macao Operations:</b>			
<b><i>The Venetian Macao</i></b>			
Total net casino revenues	\$ 698	\$ 677	3.1 %
Non-Rolling Chip drop	\$ 2,346	\$ 2,245	4.5 %
Non-Rolling Chip win percentage	24.7%	25.1%	(0.4)pts
Rolling Chip volume	\$ 6,444	\$ 7,464	(13.7)%
Rolling Chip win percentage	3.53%	3.10%	0.43 pts
Slot handle	\$ 1,021	\$ 819	24.7 %
Slot hold percentage	4.4%	4.5%	(0.1)pts
<b><i>Sands Cotai Central</i></b>			
Total net casino revenues	\$ 358	\$ 386	(7.3)%
Non-Rolling Chip drop	\$ 1,627	\$ 1,635	(0.5)%
Non-Rolling Chip win percentage	21.7%	21.0%	0.7 pts
Rolling Chip volume	\$ 1,272	\$ 2,592	(50.9)%
Rolling Chip win percentage	2.56%	3.24%	(0.68)pts
Slot handle	\$ 1,014	\$ 1,236	(18.0)%
Slot hold percentage	4.4%	4.1%	0.3 pts
<b><i>The Parisian Macao</i></b>			
Total net casino revenues	\$ 343	\$ 308	11.4 %
Non-Rolling Chip drop	\$ 1,136	\$ 1,057	7.5 %
Non-Rolling Chip win percentage	22.9%	19.6%	3.3 pts
Rolling Chip volume	\$ 4,146	\$ 4,479	(7.4)%
Rolling Chip win percentage	3.39%	3.76%	(0.37)pts
Slot handle	\$ 1,016	\$ 1,173	(13.4)%
Slot hold percentage	3.9%	2.4%	1.5 pts
<b><i>The Plaza Macao and Four Seasons Hotel Macao</i></b>			
Total net casino revenues	\$ 162	\$ 136	19.1 %
Non-Rolling Chip drop	\$ 331	\$ 318	4.1 %
Non-Rolling Chip win percentage	23.5%	27.0%	(3.5)pts
Rolling Chip volume	\$ 3,238	\$ 2,649	22.2 %
Rolling Chip win percentage	4.19%	3.75%	0.44 pts
Slot handle	\$ 132	\$ 135	(2.2)%
Slot hold percentage	7.7%	7.8%	(0.1)pts
<b><i>Sands Macao</i></b>			
Total net casino revenues	\$ 141	\$ 166	(15.1)%
Non-Rolling Chip drop	\$ 699	\$ 659	6.1 %
Non-Rolling Chip win percentage	17.3%	18.6%	(1.3)pts
Rolling Chip volume	\$ 1,261	\$ 1,374	(8.2)%
Rolling Chip win percentage	1.90%	4.48%	(2.58)pts
Slot handle	\$ 691	\$ 641	7.8 %
Slot hold percentage	3.1%	3.3%	(0.2)pts

	Three Months Ended June 30,		
	2019	2018	Change
(Dollars in millions)			
<b>Singapore Operations:</b>			
<b><i>Marina Bay Sands</i></b>			
Total net casino revenues	\$ 468	\$ 494	(5.3)%
Non-Rolling Chip drop	\$ 1,201	\$ 1,337	(10.2)%
Non-Rolling Chip win percentage	22.0%	20.5%	1.5 pts
Rolling Chip volume	\$ 7,195	\$ 5,870	22.6 %
Rolling Chip win percentage	2.49%	2.84%	(0.35)pts
Slot handle	\$ 3,675	\$ 3,619	1.5 %
Slot hold percentage	4.4%	4.6%	(0.2)pts
<b>U.S. Operations:</b>			
<b><i>Las Vegas Operating Properties</i></b>			
Total net casino revenues	\$ 112	\$ 60	86.7 %
Table games drop	\$ 514	\$ 342	50.3 %
Table games win percentage	17.8%	7.7%	10.1 pts
Slot handle	\$ 712	\$ 683	4.2 %
Slot hold percentage	8.4%	8.4%	—
<b><i>Sands Bethlehem <sup>(1)</sup></i></b>			
Total net casino revenues	\$ 79	\$ 119	(33.6)%
Table games drop	\$ 179	\$ 290	(38.3)%
Table games win percentage	20.2%	17.7%	2.5 pts
Slot handle	\$ 813	\$ 1,224	(33.6)%
Slot hold percentage	6.3%	6.5%	(0.2)pts

(1) We completed the sale of Sands Bethlehem on May 31, 2019. Results of operations include Sands Bethlehem through May 30, 2019.

In our experience, average win percentages remain fairly consistent when measured over extended periods of time with a significant volume of wagers, but can vary considerably within shorter time periods as a result of the statistical variances associated with games of chance in which large amounts are wagered.

Room revenues increased \$11 million compared to the three months ended June 30, 2018. The increase was primarily due to increases of \$7 million and \$4 million at our Las Vegas Operating Properties and The Parisian Macao, respectively, driven by an increase in ADR. The following table summarizes the results of our room activity:

	Three Months Ended June 30,		
	2019	2018	Change
(Room revenues in millions)			
<b>Macao Operations:</b>			
<b><i>The Venetian Macao</i></b>			
Total room revenues	\$ 53	\$ 52	1.9 %
Occupancy rate	93.9%	95.6%	(1.7)pts
Average daily room rate (ADR)	\$ 221	\$ 217	1.8 %
Revenue per available room (RevPAR)	\$ 208	\$ 208	—
<b><i>Sands Cotai Central</i></b>			
Total room revenues	\$ 77	\$ 78	(1.3)%
Occupancy rate	94.8%	93.0%	1.8 pts
Average daily room rate (ADR)	\$ 155	\$ 150	3.3 %
Revenue per available room (RevPAR)	\$ 147	\$ 140	5.0 %
<b><i>The Parisian Macao</i></b>			
Total room revenues	\$ 32	\$ 28	14.3 %
Occupancy rate	95.8%	96.4%	(0.6)pts
Average daily room rate (ADR)	\$ 157	\$ 149	5.4 %
Revenue per available room (RevPAR)	\$ 150	\$ 143	4.9 %



	Three Months Ended June 30,		
	2019	2018	Change
(Room revenues in millions)			
<b><i>The Plaza Macao and Four Seasons Hotel Macao</i></b>			
Total room revenues	\$ 10	\$ 10	—
Occupancy rate	89.9%	86.8%	3.1 pts
Average daily room rate (ADR)	\$ 335	\$ 310	8.1 %
Revenue per available room (RevPAR)	\$ 301	\$ 269	11.9 %
<b><i>Sands Macao</i></b>			
Total room revenues	\$ 5	\$ 4	25.0 %
Occupancy rate	99.5%	99.0%	0.5 pts
Average daily room rate (ADR)	\$ 170	\$ 159	6.9 %
Revenue per available room (RevPAR)	\$ 169	\$ 158	7.0 %
<b>Singapore Operations:</b>			
<b><i>Marina Bay Sands</i></b>			
Total room revenues	\$ 93	\$ 93	—
Occupancy rate	97.2%	96.9%	0.3 pts
Average daily room rate (ADR)	\$ 420	\$ 418	0.5 %
Revenue per available room (RevPAR)	\$ 408	\$ 405	0.7 %
<b>U.S. Operations:</b>			
<b><i>Las Vegas Operating Properties</i></b>			
Total room revenues	\$ 156	\$ 149	4.7 %
Occupancy rate	97.2%	97.3%	(0.1)pts
Average daily room rate (ADR)	\$ 251	\$ 241	4.1 %
Revenue per available room (RevPAR)	\$ 244	\$ 235	3.8 %
<b><i>Sands Bethlehem <sup>(1)</sup></i></b>			
Total room revenues	\$ 3	\$ 4	(25.0)%
Occupancy rate	93.2%	94.4%	(1.2)pts
Average daily room rate (ADR)	\$ 160	\$ 163	(1.8)%
Revenue per available room (RevPAR)	\$ 149	\$ 154	(3.2)%

(1) We completed the sale of Sands Bethlehem on May 31, 2019. Results of operations include Sands Bethlehem through May 30, 2019.

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Food and beverage revenues increased \$5 million compared to the three months ended June 30, 2018. The increase is primarily attributable to a \$7 million increase at Marina Bay Sands, driven by the opening of new night clubs and restaurants.

Mall revenues were relatively consistent with the three months ended June 30, 2018. For further information related to the financial performance of our malls, see "Additional Information Regarding our Retail Mall Operations." The following table summarizes the results of our malls on the Cotai Strip in Macao and in Singapore:

	Three Months Ended June 30,		
	2019	2018	Change
(Mall revenues in millions)			
<b>Macao Operations:</b>			
<b><i>Shoppes at Venetian</i></b>			
Total mall revenues	\$ 62	\$ 56	10.7 %
Mall gross leasable area (in square feet)	812,966	786,652	3.3 %
Occupancy	91.3%	91.4%	(0.1)pts
Base rent per square foot	\$ 270	\$ 262	3.1 %
Tenant sales per square foot	\$ 1,688	\$ 1,656	1.9 %
<b><i>Shoppes at Cotai Central <sup>(1)</sup></i></b>			
Total mall revenues	\$ 16	\$ 15	6.7 %
Mall gross leasable area (in square feet)	523,511	517,238	1.2 %
Occupancy	91.3%	90.9%	0.4 pts
Base rent per square foot	\$ 106	\$ 114	(7.0)%
Tenant sales per square foot	\$ 967	\$ 849	13.9 %
<b><i>Shoppes at Parisian</i></b>			
Total mall revenues	\$ 14	\$ 15	(6.7)%
Mall gross leasable area (in square feet)	295,915	295,896	—
Occupancy	89.9%	90.7%	(0.8)pts
Base rent per square foot	\$ 151	\$ 192	(21.4)%
Tenant sales per square foot	\$ 650	\$ 649	0.2 %
<b><i>Shoppes at Four Seasons</i></b>			
Total mall revenues	\$ 31	\$ 33	(6.1)%
Mall gross leasable area (in square feet)	241,548	258,264	(6.5)%
Occupancy	97.6%	98.8%	(1.2)pts
Base rent per square foot	\$ 465	\$ 460	1.1 %
Tenant sales per square foot	\$ 4,505	\$ 4,078	10.5 %
<b>Singapore Operations:</b>			
<b><i>The Shoppes at Marina Bay Sands</i></b>			
Total mall revenues	\$ 42	\$ 42	—
Mall gross leasable area (in square feet)	601,313	609,142	(1.3)%
Occupancy	94.7%	94.1%	0.6 pts
Base rent per square foot	\$ 265	\$ 260	1.9 %
Tenant sales per square foot	\$ 1,945	\$ 1,773	9.7 %

Note: This table excludes the results of mall operations at Sands Macao and Sands Bethlehem.

(1) The Shoppes at Cotai Central will feature up to approximately 600,000 square feet of gross leasable area upon completion of all phases of Sands Cotai Central's renovation, rebranding and expansion to The Londoner Macao.

### Operating Expenses

Our operating expenses consisted of the following:

	Three Months Ended June 30,			
	2019	2018		Percent Change
	(Dollars in millions)			
Casino	\$ 1,309	\$ 1,331		(1.7)%
Rooms	113	111		1.8 %
Food and beverage	174	168		3.6 %
Mall	18	18		— %
Convention, retail and other	75	78		(3.8)%
Provision for doubtful accounts	7	7		— %
General and administrative	376	368		2.2 %
Corporate	51	33		54.5 %
Pre-opening	10	2		400.0 %
Development	4	2		100.0 %
Depreciation and amortization	289	274		5.5 %
Amortization of leasehold interests in land	14	9		55.6 %
Loss on disposal or impairment of assets	—	105		(100.0)%
Total operating expenses	<u>\$ 2,440</u>	<u>\$ 2,506</u>		(2.6)%

Operating expenses were \$2.44 billion for the three months ended June 30, 2019, a decrease of \$66 million compared to \$2.51 billion for the three months ended June 30, 2018. The decrease in operating expenses was primarily driven by the loss on disposal or impairment of assets of \$105 million during the three months ended June 30, 2018. This was partially offset by increases in general and administrative expense, corporate expense and depreciation and amortization expense.

Casino expenses decreased \$22 million compared to the three months ended June 30, 2018. The decrease was primarily attributable to a \$27 million decrease at Sands Bethlehem due to the sale closing in May 2019.

The provision for doubtful accounts was consistent with the three months ended June 30, 2018. The amount of this provision can vary over short periods of time because of factors specific to the customers who owe us money from gaming activities. We believe the amount of our provision for doubtful accounts in the future will depend upon the state of the economy, our credit standards, our risk assessments and the judgment of our employees responsible for granting credit.

General and administrative expenses increased \$8 million compared to the three months ended June 30, 2018. The increase was primarily due to a \$6 million increase at Marina Bay Sands, resulting from increased property taxes and repairs and maintenance costs.

Corporate expenses increased \$18 million compared to the three months ended June 30, 2018. The increase was primarily due to legal fee insurance recoveries during the three months ended June 30, 2018.

Pre-opening expenses represent personnel and other costs incurred prior to the opening of new ventures, which are expensed as incurred. Pre-opening expenses increased \$8 million compared to the three months ended June 30, 2018, primarily due to the opening of new venues at Marina Bay Sands and our ongoing development projects in Macao. Development expenses include the costs associated with the Company's evaluation and pursuit of new business opportunities, which are also expensed as incurred.

Depreciation and amortization expense increased \$15 million compared to the three months ended June 30, 2018. The increase was driven by a \$10 million increase due to the acceleration of depreciation on certain assets to be replaced in conjunction with The Londoner Macao project.

The loss on disposal or impairment of assets of \$105 million during the three months ended June 30, 2018, consisted primarily of a \$92 million write-off of costs related to the Four Seasons Tower Suites Macao project.

**Segment Adjusted Property EBITDA**

The following table summarizes information related to our segments (see "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 7 — Segment Information" for discussion of our operating segments and a reconciliation of consolidated adjusted property EBITDA to net income):

	Three Months Ended June 30,		
	2019	2018	Percent Change
	(Dollars in millions)		
<b>Macao:</b>			
The Venetian Macao	\$ 336	\$ 331	1.5 %
Sands Cotai Central	165	176	(6.3)%
The Parisian Macao	139	114	21.9 %
The Plaza Macao and Four Seasons Hotel Macao	83	72	15.3 %
Sands Macao	43	52	(17.3)%
Ferry Operations and Other	(1)	5	(120.0)%
	<u>765</u>	<u>750</u>	2.0 %
Marina Bay Sands	346	368	(6.0)%
<b>United States:</b>			
Las Vegas Operating Properties	136	77	76.6 %
Sands Bethlehem <sup>(1)</sup>	19	30	(36.7)%
	<u>155</u>	<u>107</u>	44.9 %
Consolidated adjusted property EBITDA <sup>(2)</sup>	<u>\$ 1,266</u>	<u>\$ 1,225</u>	3.3 %

(1) We completed the sale of Sands Bethlehem on May 31, 2019. Results of operations include Sands Bethlehem through May 30, 2019.

(2) Consolidated adjusted property EBITDA, which is a non-GAAP financial measure, is used by management as the primary measure of the operating performance of our segments. Consolidated adjusted property EBITDA is net income before stock-based compensation expense, corporate expense, pre-opening expense, development expense, depreciation and amortization, amortization of leasehold interests in land, gain or loss on disposal or impairment of assets, interest, other income or expense, gain or loss on modification or early retirement of debt and income taxes. Consolidated adjusted property EBITDA is a supplemental non-GAAP financial measure used by management, as well as industry analysts, to evaluate operations and operating performance. In particular, management utilizes consolidated adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated Resort companies have historically reported adjusted property EBITDA as a supplemental performance measure to GAAP financial measures. In order to view the operations of their properties on a more stand-alone basis, Integrated Resort companies, including Las Vegas Sands Corp., have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense, development expense and corporate expense, from their adjusted property EBITDA calculations. Consolidated adjusted property EBITDA should not be interpreted as an alternative to income from operations (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with GAAP. We have significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in consolidated adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, our presentation of consolidated adjusted property EBITDA may not be directly comparable to similarly titled measures presented by other companies.

Adjusted property EBITDA at our Integrated Resorts is primarily driven by our casino and room operations.

Adjusted property EBITDA at our Macao operations increased \$15 million compared to the three months ended June 30, 2018. The increase was driven by a \$25 million increase at The Parisian Macao, due to an increase in Non-Rolling Chip win, an \$11 million increase at The Plaza Macao and Four Seasons Hotel Macao, driven by increases in



Rolling Chip volume and win percentage, and a \$5 million increase at The Venetian Macao, driven by increases in Rolling Chip win percentage and Non-Rolling Chip win. The increase was partially offset by an \$11 million decrease at Sands Cotai Central, primarily driven by decreases in Rolling Chip volume and win percentage, a \$9 million decrease at Sands Macao, driven by decreases in Rolling Chip volume and win percentage, and a \$6 million decrease in our ferry operations, resulting from a lower level of passengers due to the opening of the Hong Kong-Macao-Zhuhai bridge in October 2018.

Adjusted property EBITDA at Marina Bay Sands decreased \$22 million compared to the three months ended June 30, 2018. As previously described, the decrease was primarily due to decreased casino revenues, driven by decreases in Non-Rolling Chip win and Rolling Chip win percentage, partially offset by increased food and beverage revenues.

Adjusted property EBITDA at our Las Vegas Operating Properties increased \$59 million compared to the three months ended June 30, 2018. As previously described, the increase was primarily driven by increases in table games drop and win percentage, and an increase in room revenues due to an increase in ADR.

Adjusted property EBITDA at Sands Bethlehem was \$19 million during the sixty days ended May 30, 2019.

**Interest Expense**

The following table summarizes information related to interest expense:

	Three Months Ended June 30,	
	2019	2018
	(Dollars in millions)	
Interest cost (which includes the amortization of deferred financing costs and original issue discount)	\$ 141	\$ 90
Add — imputed interest on deferred proceeds from sale of The Shoppes at The Palazzo	4	4
Less — capitalized interest	(2)	(1)
Interest expense, net	\$ 143	\$ 93
Weighted average total debt balance	\$ 12,053	\$ 10,179
Weighted average interest rate	4.7%	3.5%

Interest cost increased \$51 million compared to the three months ended June 30, 2018, resulting primarily from increases in our weighted average interest rate and weighted average total debt balance. The increase in our weighted average interest rate was due to the issuance of the SCL Senior Notes. Our weighted average total debt balance increased in connection with the issuance of the SCL Senior Notes in August 2018 and additional borrowings on our U.S. Credit Facility in June 2018.

**Other Factors Affecting Earnings**

Other income was \$20 million for the three months ended June 30, 2019, compared to \$44 million for the three months ended June 30, 2018. Other income during the three months ended June 30, 2019, was attributable to \$21 million of foreign currency transaction gains, driven by U.S. dollar denominated debt held by SCL and Singapore dollar denominated intercompany debt reported in U.S. dollars, resulting from the appreciation of the U.S. dollar versus the Singapore dollar during the period.

During the three months ended June 30, 2019, we recorded a gain of \$556 million in connection with the sale of Sands Bethlehem on May 31, 2019. The gain resulted in income tax expense of \$161 million.

Our effective income tax rate was 17.6% for the three months ended June 30, 2019, compared to 10.7% for the three months ended June 30, 2018. The effective income tax rate for the three months ended June 30, 2019, reflects a 17% statutory tax rate on our Singapore operations, a 21% corporate income tax for our domestic operations, a zero percent tax rate on our Macao gaming operations due to our income tax exemption in Macao and the income tax expense associated with the sale of Sands Bethlehem. The effective income tax rate for the three months ended June 30, 2019 would have been 9.6% without the discrete income tax expense of \$161 million resulting from the sale of Sands Bethlehem.

The net income attributable to our noncontrolling interests was \$154 million for the three months ended June 30, 2019, compared to \$120 million for the three months ended June 30, 2018. These amounts are primarily related to the noncontrolling interest of SCL.

**Six Months Ended June 30, 2019 Compared to the Six Months Ended June 30, 2018**

**Summary Financial Results**

Net revenues for the six months ended June 30, 2019, increased 1.4% to \$6.98 billion, compared to \$6.88 billion for the six months ended June 30, 2018, and operating income decreased 4.6% to \$1.87 billion compared to \$1.96 billion for the six months ended June 30, 2018. The increase in net revenues resulted from increases of 6.6% and 4.7% at our Las Vegas Operating Properties and our Macao operations, respectively, due to stronger overall operating performances. The decrease in operating income was primarily driven by lower Rolling Chip win percentage in Singapore, a nonrecurring legal settlement and an increase in depreciation and amortization. Net income decreased 19.2% to \$1.85 billion for the six months ended June 30, 2019, compared to \$2.29 billion for the six months ended June 30, 2018. The decrease resulted from the decrease in operating income, income tax expense of \$321 million compared to an income tax benefit of \$490 million for the six months ended June 30, 2018, a \$102 million increase in interest expense, net of amounts capitalized, partially offset by the gain on sale of Sands Bethlehem of \$556 million. Adjusted property EBITDA for the six months ended June 30, 2019, decreased 0.3% to \$2.72 billion, compared to \$2.73 billion for the six months ended June 30, 2018.

**Operating Revenues**

Our net revenues consisted of the following:

	Six Months Ended June 30,		Percent Change
	2019	2018	
	(Dollars in millions)		
Casino	\$ 5,022	\$ 4,945	1.6 %
Rooms	879	863	1.9 %
Food and beverage	456	447	2.0 %
Mall	326	320	1.9 %
Convention, retail and other	297	307	(3.3)%
Total net revenues	<u>\$ 6,980</u>	<u>\$ 6,882</u>	1.4 %

Consolidated net revenues were \$6.98 billion for the six months ended June 30, 2019, an increase of \$98 million compared to \$6.88 billion for the six months ended June 30, 2018. The increase was primarily driven by a \$203 million increase from our Macao operations, primarily due to increased casino revenues and a \$58 million increase from our Las Vegas Operating Properties, driven by increased casino and room revenues. This was partially offset by a \$122 million decrease at Marina Bay Sands, primarily driven by decreased casino revenues, and a \$43 million decrease at Sands Bethlehem due to the sale closing on May 31, 2019.

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Net casino revenues increased \$77 million compared to the six months ended June 30, 2018. The increase is primarily attributable to a \$204 million increase at our Macao operating properties, driven by an increase in Non-Rolling Chip win, and a \$45 million increase at our Las Vegas Operating Properties, primarily driven by increases in table games drop and win percentage. The increase was partially offset by a \$134 million decrease at Marina Bay Sands, driven by decreases in Rolling win percentage and Non-Rolling Chip win, and a \$38 million decrease at Sands Bethlehem due to the sale closing on May 31, 2019. The following table summarizes the results of our casino activity:

	Six Months Ended June 30,		
	2019	2018	Change
(Dollars in millions)			
<b>Macao Operations:</b>			
<b><i>The Venetian Macao</i></b>			
Total net casino revenues	\$ 1,438	\$ 1,393	3.2 %
Non-Rolling Chip drop	\$ 4,612	\$ 4,489	2.7 %
Non-Rolling Chip win percentage	26.6%	24.4%	2.2 pts
Rolling Chip volume	\$ 13,945	\$ 15,329	(9.0)%
Rolling Chip win percentage	3.18%	3.66%	(0.48)pts
Slot handle	\$ 1,912	\$ 1,656	15.5 %
Slot hold percentage	4.7%	4.8%	(0.1)pts
<b><i>Sands Cotai Central</i></b>			
Total net casino revenues	\$ 803	\$ 804	(0.1)%
Non-Rolling Chip drop	\$ 3,326	\$ 3,395	(2.0)%
Non-Rolling Chip win percentage	22.7%	21.2%	1.5 pts
Rolling Chip volume	\$ 3,216	\$ 5,000	(35.7)%
Rolling Chip win percentage	3.85%	3.33%	0.52 pts
Slot handle	\$ 2,077	\$ 2,512	(17.3)%
Slot hold percentage	4.2%	4.0%	0.2 pts
<b><i>The Parisian Macao</i></b>			
Total net casino revenues	\$ 730	\$ 599	21.9 %
Non-Rolling Chip drop	\$ 2,276	\$ 2,143	6.2 %
Non-Rolling Chip win percentage	23.0%	19.9%	3.1 pts
Rolling Chip volume	\$ 8,063	\$ 9,077	(11.2)%
Rolling Chip win percentage	3.99%	3.26%	0.73 pts
Slot handle	\$ 2,141	\$ 2,217	(3.4)%
Slot hold percentage	3.6%	2.5%	1.1 pts
<b><i>The Plaza Macao and Four Seasons Hotel Macao</i></b>			
Total net casino revenues	\$ 335	\$ 278	20.5 %
Non-Rolling Chip drop	\$ 688	\$ 734	(6.3)%
Non-Rolling Chip win percentage	24.3%	24.8%	(0.5)pts
Rolling Chip volume	\$ 7,726	\$ 5,704	35.4 %
Rolling Chip win percentage	3.71%	3.49%	0.22 pts
Slot handle	\$ 280	\$ 270	3.7 %
Slot hold percentage	6.2%	7.3%	(1.1)pts
<b><i>Sands Macao</i></b>			
Total net casino revenues	\$ 280	\$ 308	(9.1)%
Non-Rolling Chip drop	\$ 1,362	\$ 1,316	3.5 %
Non-Rolling Chip win percentage	17.5%	18.4%	(0.9)pts
Rolling Chip volume	\$ 2,462	\$ 2,271	8.4 %
Rolling Chip win percentage	1.88%	3.80%	(1.92)pts
Slot handle	\$ 1,306	\$ 1,281	2.0 %
Slot hold percentage	3.3%	3.2%	0.1 pts

	Six Months Ended June 30,		
	2019	2018	Change
(Dollars in millions)			
<b>Singapore Operations:</b>			
<b><i>Marina Bay Sands</i></b>			
Total net casino revenues	\$ 1,012	\$ 1,146	(11.7)%
Non-Rolling Chip drop	\$ 2,544	\$ 2,735	(7.0)%
Non-Rolling Chip win percentage	21.6%	19.4%	2.2 pts
Rolling Chip volume	\$ 14,323	\$ 13,246	8.1 %
Rolling Chip win percentage	2.81%	3.91%	(1.10)pts
Slot handle	\$ 7,235	\$ 7,504	(3.6)%
Slot hold percentage	4.5%	4.5%	—
<b>U.S. Operations:</b>			
<b><i>Las Vegas Operating Properties</i></b>			
Total net casino revenues	\$ 225	\$ 180	25.0 %
Table games drop	\$ 932	\$ 833	11.9 %
Table games win percentage	20.0%	16.6%	3.4 pts
Slot handle	\$ 1,380	\$ 1,301	6.1 %
Slot hold percentage	8.4%	8.4%	—
<b><i>Sands Bethlehem <sup>(1)</sup></i></b>			
Total net casino revenues	\$ 199	\$ 237	(16.0)%
Table games drop	\$ 453	\$ 571	(20.7)%
Table games win percentage	20.2%	17.9%	2.3 pts
Slot handle	\$ 2,007	\$ 2,395	(16.2)%
Slot hold percentage	6.3%	6.6%	(0.3)pts

(1) We completed the sale of Sands Bethlehem on May 31, 2019. Results of operations include Sands Bethlehem through May 30, 2019.

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Room revenues increased \$16 million compared to the six months ended June 30, 2018. The increase is primarily due to increases of \$8 million at our Las Vegas Operating Properties, driven by an increase in ADR, and \$7 million at our Macao operating properties, driven by increased occupancy and ADR. The following table summarizes the results of our room activity:

	Six Months Ended June 30,		
	2019	2018	Change
(Room revenues in millions)			
<b>Macao Operations:</b>			
<i>The Venetian Macao</i>			
Total room revenues	\$ 110	\$ 109	0.9 %
Occupancy rate	95.3%	95.8%	(0.5)pts
Average daily room rate (ADR)	\$ 225	\$ 225	—
Revenue per available room (RevPAR)	\$ 214	\$ 215	(0.5)%
<i>Sands Cotai Central</i>			
Total room revenues	\$ 161	\$ 160	0.6 %
Occupancy rate	96.1%	93.2%	2.9 pts
Average daily room rate (ADR)	\$ 156	\$ 154	1.3 %
Revenue per available room (RevPAR)	\$ 150	\$ 144	4.2 %
<i>The Parisian Macao</i>			
Total room revenues	\$ 64	\$ 61	4.9 %
Occupancy rate	97.2%	95.4%	1.8 pts
Average daily room rate (ADR)	\$ 158	\$ 150	5.3 %
Revenue per available room (RevPAR)	\$ 153	\$ 143	7.0 %
<i>The Plaza Macao and Four Seasons Hotel Macao</i>			
Total room revenues	\$ 20	\$ 19	5.3 %
Occupancy rate	89.8%	87.8%	2.0 pts
Average daily room rate (ADR)	\$ 335	\$ 316	6.0 %
Revenue per available room (RevPAR)	\$ 301	\$ 277	8.7 %
<i>Sands Macao</i>			
Total room revenues	\$ 9	\$ 8	12.5 %
Occupancy rate	99.7%	98.9%	0.8 pts
Average daily room rate (ADR)	\$ 174	\$ 162	7.4 %
Revenue per available room (RevPAR)	\$ 173	\$ 161	7.5 %
<b>Singapore Operations:</b>			
<i>Marina Bay Sands</i>			
Total room revenues	\$ 195	\$ 193	1.0 %
Occupancy rate	97.6%	96.8%	0.8 pts
Average daily room rate (ADR)	\$ 437	\$ 436	0.2 %
Revenue per available room (RevPAR)	\$ 427	\$ 423	0.9 %
<b>U.S. Operations:</b>			
<i>Las Vegas Operating Properties</i>			
Total room revenues	\$ 313	\$ 305	2.6 %
Occupancy rate	96.1%	96.6%	(0.5)pts
Average daily room rate (ADR)	\$ 257	\$ 249	3.2 %
Revenue per available room (RevPAR)	\$ 247	\$ 241	2.5 %
<i>Sands Bethlehem <sup>(1)</sup></i>			
Total room revenues	\$ 7	\$ 8	(12.5)%
Occupancy rate	92.6%	91.3%	1.3 pts
Average daily room rate (ADR)	\$ 159	\$ 161	(1.2)%
Revenue per available room (RevPAR)	\$ 147	\$ 147	—

(1) We completed the sale of Sands Bethlehem on May 31, 2019. Results of operations include Sands Bethlehem through May 30, 2019.

Food and beverage revenues increased \$9 million compared to the six months ended June 30, 2018. The increase is primarily attributable to an \$8 million increase at Marina Bay Sands, driven by the opening of new restaurants and a night club.

Mall revenues increased \$6 million compared to the six months ended June 30, 2018. The increase was primarily due to increases of \$9 million at the Shoppes at Venetian and \$3 million at the Shoppes at Cotai Central, driven by increases in base rent and management fees, as well as additional retail space available at Sands Cotai Central. The increase was partially offset by a \$4 million decrease at the Shoppes at Parisian, driven by a decrease in base rent. For further information related to the financial performance of our malls, see "Additional Information Regarding our Retail Mall Operations." The following table summarizes the results of our malls on the Cotai Strip in Macao and in Singapore:

	Six Months Ended June 30, <sup>(1)</sup>		
	2019	2018	Change
(Mall revenues in millions)			
<b>Macao Operations:</b>			
<b><i>Shoppes at Venetian</i></b>			
Total mall revenues	\$ 118	\$ 109	8.3 %
Mall gross leasable area (in square feet)	812,966	786,652	3.3 %
Occupancy	91.3%	91.4%	(0.1)pts
Base rent per square foot	\$ 270	\$ 262	3.1 %
Tenant sales per square foot	\$ 1,688	\$ 1,656	1.9 %
<b><i>Shoppes at Cotai Central <sup>(2)</sup></i></b>			
Total mall revenues	\$ 32	\$ 29	10.3 %
Mall gross leasable area (in square feet)	523,511	517,238	1.2 %
Occupancy	91.3%	90.9%	0.4 pts
Base rent per square foot	\$ 106	\$ 114	(7.0)%
Tenant sales per square foot	\$ 967	\$ 849	13.9 %
<b><i>Shoppes at Parisian</i></b>			
Total mall revenues	\$ 26	\$ 30	(13.3)%
Mall gross leasable area (in square feet)	295,915	295,896	—
Occupancy	89.9%	90.7%	(0.8)pts
Base rent per square foot	\$ 151	\$ 192	(21.4)%
Tenant sales per square foot	\$ 650	649	0.2 %
<b><i>Shoppes at Four Seasons</i></b>			
Total mall revenues	\$ 62	\$ 64	(3.1)%
Mall gross leasable area (in square feet)	241,548	258,264	(6.5)%
Occupancy	97.6%	98.8%	(1.2)pts
Base rent per square foot	\$ 465	\$ 460	1.1 %
Tenant sales per square foot	\$ 4,505	\$ 4,078	10.5 %
<b>Singapore Operations:</b>			
<b><i>The Shoppes at Marina Bay Sands</i></b>			
Total mall revenues	\$ 85	\$ 84	1.2 %
Mall gross leasable area (in square feet)	601,313	609,142	(1.3)%
Occupancy	94.7%	94.1%	0.6 pts
Base rent per square foot	\$ 265	\$ 260	1.9 %
Tenant sales per square foot	\$ 1,945	\$ 1,773	9.7 %

Note: This table excludes the results of our mall operations at Sands Macao and Sands Bethlehem.

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- (1) As GLA, occupancy, base rent per square foot and tenant sales per square foot are calculated as of June 30, 2019 and 2018, they are identical to the summary presented herein for the three months ended June 30, 2019 and 2018, respectively.
- (2) The Shoppes at Cotai Central will feature up to approximately 600,000 square feet of gross leasable area upon completion of all phases of Sands Cotai Central's renovation, rebranding and expansion to The Londoner Macao.

Convention, retail and other revenues decreased \$10 million compared to the six months ended June 30, 2018. The decrease is primarily driven by a decrease in our ferry operations, resulting from a lower level of ferry passengers due to the opening of the Hong Kong-Macao-Zhuhai bridge in October 2018.

**Operating Expenses**

Our operating expenses consisted of the following:

	Six Months Ended June 30,		
	2019	2018	Percent Change
	(Dollars in millions)		
Casino	\$ 2,748	\$ 2,702	1.7 %
Rooms	223	221	0.9 %
Food and beverage	352	340	3.5 %
Mall	35	35	— %
Convention, retail and other	155	162	(4.3)%
Provision for (recovery of) doubtful accounts	11	(9)	(222.2)%
General and administrative	745	713	4.5 %
Corporate	203	89	128.1 %
Pre-opening	14	3	366.7 %
Development	9	5	80.0 %
Depreciation and amortization	590	538	9.7 %
Amortization of leasehold interests in land	23	18	27.8 %
Loss on disposal or impairment of assets	7	110	(93.6)%
Total operating expenses	<u>\$ 5,115</u>	<u>\$ 4,927</u>	3.8 %

Operating expenses were \$5.12 billion for the six months ended June 30, 2019, an increase of \$188 million compared to \$4.93 billion for the six months ended June 30, 2018. The increase in operating expenses was primarily driven by a nonrecurring legal settlement and an increase in casino expenses at our Macao operating properties due to increased casino revenues.

Casino expenses increased \$46 million compared to the six months ended June 30, 2018. The increase was primarily attributable to a \$78 million increase at our Macao operating properties, driven by an increase in gaming taxes due to increased casino revenues, partially offset by a \$28 million decrease at Sands Bethlehem due to the sale closing on May 31, 2019.

The provision for doubtful accounts was \$11 million for the six months ended June 30, 2019, compared to the recovery of doubtful accounts of \$9 million for the six months ended June 30, 2018. The increase resulted from increased collections of previously reserved customer balances during the six months ended June 30, 2018. The amount of this provision can vary over short periods of time because of factors specific to the customers who owe us money from gaming activities at any given time. We believe the amount of our provision for doubtful accounts in the future will depend upon the state of the economy, our credit standards, our risk assessments and the judgment of our employees responsible for granting credit.

Corporate expenses increased \$114 million compared to the six months ended June 30, 2018. The increase was primarily due to a nonrecurring legal settlement.

Pre-opening expenses represent personnel and other costs incurred prior to the opening of new ventures, which are expensed as incurred. Pre-opening expenses increased \$11 million compared to the six months ended June 30, 2018, primarily due to the opening of new venues at Marina Bay Sands and our ongoing development projects in Macao.

Development expenses include the costs associated with the Company's evaluation and pursuit of new business opportunities, which are also expensed as incurred.

Depreciation and amortization expense increased \$52 million compared to the six months ended June 30, 2018. The increase was driven by a \$45 million increase due to the acceleration of depreciation on certain assets to be disposed of in conjunction with The Londoner Macao project.

The loss on disposal or impairment of assets of \$110 million during the six months ended June 30, 2018, consisted primarily of a \$92 million write-off of costs related to the Four Seasons Tower Suites Macao project.

#### **Segment Adjusted Property EBITDA**

The following table summarizes information related to our segments (see "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 7 — Segment Information" for discussion of our operating segments and a reconciliation of consolidated adjusted property EBITDA to net income):

	Six Months Ended June 30,		Percent Change
	2019	2018	
(Dollars in millions)			
<b>Macao:</b>			
The Venetian Macao	\$ 697	\$ 679	2.7 %
Sands Cotai Central	377	377	— %
The Parisian Macao	302	230	31.3 %
The Plaza Macao and Four Seasons Hotel Macao	168	145	15.9 %
Sands Macao	83	99	(16.2)%
Ferry Operations and Other	(4)	9	(144.44)%
	1,623	1,539	5.5 %
Marina Bay Sands	769	909	(15.4)%
<b>United States:</b>			
Las Vegas Operating Properties	274	218	25.7 %
Sands Bethlehem <sup>(1)</sup>	52	59	(11.9)%
	326	277	17.7 %
Consolidated adjusted property EBITDA	\$ 2,718	\$ 2,725	(0.3)%

(1) We completed the sale of Sands Bethlehem on May 31, 2019. Results of operations include Sands Bethlehem through May 30, 2019.

Adjusted property EBITDA at our Integrated Resorts is primarily driven by our casino and room operations, as previously discussed.

Adjusted property EBITDA at our Macao operations increased \$84 million compared to the six months ended June 30, 2018. The increase was driven by a \$72 million increase at The Parisian Macao, due to increases in Non-Rolling Chip win and Rolling Chip win percentage, a \$23 million increase at The Plaza Macao and Four Seasons Hotel Macao, driven by increases in Rolling Chip volume and win percentage and an \$18 million increase at The Venetian Macao, resulting from an increase in Non-Rolling Chip win. The increase was partially offset by a \$16 million decrease at Sands Macao, driven by decreases in Rolling Chip win percentage and Non-Rolling Chip win percentage, and a \$13 million decrease in our ferry operations, resulting from a lower level of ferry passengers due to the opening of the Hong Kong-Macao-Zhuhai bridge in October 2018.

Adjusted property EBITDA at Marina Bay Sands decreased \$140 million compared to the six months ended June 30, 2018. The decrease was primarily due to decreased casino revenues, driven by decreases in Rolling Chip win percentage and Non-Rolling Chip win, and an increase in the provision for doubtful accounts, driven by collections on previously reserved customer balances during the six months ended June 30, 2018.

Adjusted property EBITDA at our Las Vegas Operating Properties increased \$56 million compared to the six months ended June 30, 2018. As previously described, the increase was primarily due to increased casino revenues,



primarily driven by increases in table games drop and win percentage, and increased room revenues, resulting from an increase in ADR.

Adjusted property EBITDA at Sands Bethlehem decreased \$7 million compared to the six months ended June 30, 2018, resulting from the sale of the property closing on May 31, 2019.

**Interest Expense**

The following table summarizes information related to interest expense:

	<b>Six Months Ended June 30,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Dollars in millions)</b>	
Interest cost (which includes the amortization of deferred financing costs and original issue discounts)	\$ 280	\$ 176
Add — imputed interest on deferred proceeds from sale of The Shoppes at The Palazzo	7	7
Less — capitalized interest	(3)	(1)
Interest expense, net	\$ 284	\$ 182
Weighted average total debt balance	\$ 12,078	\$ 10,011
Weighted average interest rate	4.6%	3.5%

Interest cost increased \$104 million compared to the six months ended June 30, 2018, resulting primarily from increases in our weighted average interest rate and weighted average total debt balance. The increase in our weighted average interest rate was due to the issuance of the SCL Senior Notes. Our weighted average total debt balance increased in connection with the issuance of the SCL Senior Notes in August 2018 and additional borrowings on our U.S. Credit Facility in June 2018.

**Other Factors Affecting Earnings**

Other expense was \$1 million for the six months ended June 30, 2019, compared to other income of \$18 million for the six months ended June 30, 2018. Other expense during the six months ended June 30, 2019, included foreign currency transaction losses on Singapore dollar denominated intercompany debt reported in U.S. dollars, offset by foreign currency transaction gains, driven by U.S. dollar denominated debt held by SCL.

During the six months ended June 30, 2019, we recorded a gain of \$556 million in connection with the sale of Sands Bethlehem on May 31, 2019. The gain resulted in income tax expense of \$161 million.

Our effective income tax rate was 14.8% for the six months ended June 30, 2019, compared to (27.2)% for the six months ended June 30, 2018. The effective income tax rate for the six months ended June 30, 2019, reflects a 17% statutory tax rate on our Singapore operations, a 21% corporate income tax rate on our U.S. operations, a zero percent tax rate on our Macao gaming operations due to our income tax exemption in Macao and the impact of the gain in connection with the sale of Sands Bethlehem on May 31, 2019. The effective income tax rate for the six months ended June 30, 2019, would have been 9.9% without the discrete income tax expense of \$161 million resulting from the sale of Sands Bethlehem. The tax rate for the six months ended June 30, 2018, was primarily driven by a non-cash tax benefit of \$670 million due to the impact of the Tax Cuts and Jobs Act enacted in the U.S. in December 2017 on the valuation allowance related to certain of our tax attributes. The effective income tax rate for the six months ended June 30, 2018, would have been 10.0% without the discrete benefit of \$670 million (see "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 5 — Income Taxes").

The net income attributable to our noncontrolling interests was \$316 million for the six months ended June 30, 2019, compared to \$280 million for the six months ended June 30, 2018. These amounts are primarily related to the noncontrolling interest of SCL.

**Additional Information Regarding our Retail Mall Operations**

We own and operate retail malls at our Integrated Resorts at The Venetian Macao, The Plaza Macao and Four Seasons Hotel Macao, Sands Cotai Central, The Parisian Macao, Sands Macao, Marina Bay Sands and Sands Bethlehem

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(which was sold in May 2019). Management believes being in the retail mall business and, specifically, owning some of the largest retail properties in Asia will provide meaningful value for us, particularly as the retail market in Asia continues to grow.

Our malls are designed to complement our other unique amenities and service offerings provided by our Integrated Resorts. Our strategy is to seek out desirable tenants that appeal to our customers and provide a wide variety of shopping options. We generate our mall revenues primarily from leases with tenants through minimum base rents, overage rents, and reimbursements for common area maintenance ("CAM") and other expenditures.

The following tables summarize the results of our mall operations on the Cotai Strip and at Marina Bay Sands for the three and six months ended June 30, 2019 and 2018 :

	Shoppes at Venetian	Shoppes at Four Seasons	Shoppes at Cotai Central	Shoppes at Parisian	The Shoppes at Marina Bay Sands	Total
(In millions)						
<b>For the three months ended June 30, 2019</b>						
Mall revenues:						
Minimum rents <sup>(1)</sup>	\$ 49	\$ 28	\$ 9	\$ 11	\$ 32	\$ 129
Overage rents	4	1	2	—	4	11
CAM, levies and direct recoveries	9	2	5	3	6	25
Total mall revenues	62	31	16	14	42	165
Mall operating expenses:						
Common area maintenance	4	2	2	2	4	14
Marketing and other direct operating expenses	2	—	1	1	1	5
Mall operating expenses	6	2	3	3	5	19
Property taxes <sup>(2)</sup>	—	—	—	—	2	2
Provision for (recovery of) doubtful accounts	—	—	—	(1)	—	(1)
Mall-related expenses <sup>(3)</sup>	\$ 6	\$ 2	\$ 3	\$ 2	\$ 7	\$ 20
<b>For the three months ended June 30, 2018</b>						
Mall revenues:						
Minimum rents <sup>(1)</sup>	\$ 46	\$ 28	\$ 9	\$ 11	\$ 33	\$ 127
Overage rents	3	2	2	1	3	11
CAM, levies and direct recoveries	7	3	4	3	6	23
Total mall revenues	56	33	15	15	42	161
Mall operating expenses:						
Common area maintenance	4	2	2	2	4	14
Marketing and other direct operating expenses	1	—	—	1	1	3
Mall operating expenses	5	2	2	3	5	17
Property taxes <sup>(2)</sup>	—	—	—	—	1	1
Provision for doubtful accounts	—	—	1	—	—	1
Mall-related expenses <sup>(3)</sup>	\$ 5	\$ 2	\$ 3	\$ 3	\$ 6	\$ 19

	Shoppes at Venetian	Shoppes at Four Seasons	Shoppes at Cotai Central	Shoppes at Parisian	The Shoppes at Marina Bay Sands	Total
(In millions)						
<b>For the six months ended June 30, 2019</b>						
Mall revenues:						
Minimum rents <sup>(1)</sup>	\$ 96	\$ 55	\$ 19	\$ 20	\$ 66	\$ 256
Overage rents	5	2	4	—	7	18
CAM, levies and direct recoveries	17	5	9	6	12	49
<b>Total mall revenues</b>	<b>118</b>	<b>62</b>	<b>32</b>	<b>26</b>	<b>85</b>	<b>323</b>
Mall operating expenses:						
Common area maintenance	8	3	4	3	8	26
Marketing and other direct operating expenses	3	1	1	2	2	9
<b>Mall operating expenses</b>	<b>11</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>35</b>
Property taxes <sup>(2)</sup>	—	—	—	—	3	3
Provision for (recovery of) doubtful accounts	—	—	—	(1)	—	(1)
<b>Mall-related expenses <sup>(3)</sup></b>	<b>\$ 11</b>	<b>\$ 4</b>	<b>\$ 5</b>	<b>\$ 4</b>	<b>\$ 13</b>	<b>\$ 37</b>
<b>For the six months ended June 30, 2018</b>						
Mall revenues:						
Minimum rents <sup>(1)</sup>	\$ 90	\$ 56	\$ 18	\$ 23	\$ 64	\$ 251
Overage rents	4	3	3	1	7	18
CAM, levies and direct recoveries	15	5	8	6	13	47
<b>Total mall revenues</b>	<b>109</b>	<b>64</b>	<b>29</b>	<b>30</b>	<b>84</b>	<b>316</b>
Mall operating expenses:						
Common area maintenance	7	3	3	3	8	24
Marketing and other direct operating expenses	3	1	1	2	3	10
<b>Mall operating expenses</b>	<b>10</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>11</b>	<b>34</b>
Property taxes <sup>(2)</sup>	—	—	—	—	2	2
Provision for doubtful accounts	—	—	1	—	—	1
<b>Mall-related expenses <sup>(3)</sup></b>	<b>\$ 10</b>	<b>\$ 4</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 13</b>	<b>\$ 37</b>

Note: This table excludes the results of our mall operations at Sands Macao and Sands Bethlehem.

- (1) Minimum rents include base rents and straight-line adjustments of base rents.
- (2) Commercial property that generates rental income is exempt from property tax for the first six years for newly constructed buildings in Cotai. Each property is also eligible to obtain an additional six-year exemption, provided certain qualifications are met. To date, The Venetian Macao, The Plaza Macao and Four Seasons Hotel Macao and The Parisian Macao have obtained a second exemption, extending the property tax exemption to July 2019, July 2020 and August 2028, respectively. Under the initial exemption, Sands Cotai Central has a distinct exemption for each hotel tower with expiration dates that range from March 2018 to November 2021. The Company is currently working on obtaining the second exemption for Sands Cotai Central.
- (3) Mall-related expenses consist of CAM, marketing fees and other direct operating expenses, property taxes and provision for doubtful accounts, but excludes depreciation and amortization and general and administrative costs.

It is common in the mall operating industry for companies to disclose mall net operating income ("NOI") as a useful supplemental measure of a mall's operating performance. Because NOI excludes general and administrative expenses, interest expense, impairment losses, depreciation and amortization, gains and losses from property dispositions, allocations to noncontrolling interests and provision for income taxes, it provides a performance measure

that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate properties and the impact on operations from trends in occupancy rates, rental rates and operating costs.

In the tables above, we believe taking total mall revenues less mall-related expenses provides an operating performance measure for our malls. Other mall operating companies may use different methodologies for deriving mall-related expenses. As such, this calculation may not be comparable to the NOI of other mall operating companies.

### **Development Projects**

We are constantly evaluating opportunities to improve our product offerings, such as refreshing our meeting and convention facilities, suites and rooms, retail malls, restaurant and nightlife mix and our gaming areas, as well as other anticipated revenue generating additions to our Integrated Resorts.

#### ***Macao***

We previously announced the renovation, expansion and rebranding of Sands Cotai Central into a new destination Integrated Resort, The Londoner Macao, by adding extensive thematic elements both externally and internally. The Londoner Macao will feature new attractions and features from London, including some of London's most recognizable landmarks, such as the Houses of Parliament and Big Ben. The expanded retail will be rebranded to the Shoppes at Londoner and we will add new food and beverage venues. We will add approximately 370 luxury suites within the tower also occupied by the St. Regis hotel. Design work is nearing completion and construction is being initiated and will be phased to minimize disruption during the property's peak periods. We expect the additional suites within the tower also occupied by the St. Regis hotel to be completed in late 2020 and The Londoner Macao project to be completed in phases throughout 2020 and 2021.

We also previously announced the Four Seasons Tower Suites Macao, which will feature approximately 290 additional premium quality suites. We have completed the structural work of the tower and have commenced preliminary build out of the suites. We expect the project to be completed in the first quarter of 2020.

We anticipate the total costs associated with these development projects to be approximately \$2.2 billion. The ultimate costs and completion dates for these projects are subject to change as we finalize our planning and design work and complete the projects.

#### ***Singapore***

In April 2019, our wholly owned subsidiary, MBS, and the STB entered into the Development Agreement pursuant to which MBS will construct a development, which will include a hotel tower with a rooftop attraction, convention and meeting facilities and a state-of-the-art live entertainment arena with a seating capacity of at least 15,000 persons. The Development Agreement provides for a total project cost of approximately SGD 4.5 billion (approximately \$3.3 billion at exchange rates in effect at the time of the transaction). The amount of the total project cost will be finalized as we complete design and development and begin construction. In connection with the Development Agreement, MBS entered into a lease with the STB for the parcels of land underlying the project. In April 2019 and in connection with the lease, MBS provided various governmental agencies in Singapore the required premiums, deposits, stamp duty, goods and services tax and other fees in an aggregate amount of approximately SGD 1.54 billion (approximately \$1.14 billion at exchange rates in effect at the time of the transaction).

We are currently conducting a process to amend, extend and upsize our 2012 Singapore Credit Facility to provide for the financing of the development and construction costs, fees and other expenses related to the MBS Expansion Project pursuant to the Development Agreement. We anticipate entering into a new delayed draw term loan facility with an estimated size of approximately \$2.77 billion as well as obtaining an increase in commitments under the existing revolving credit facility of up to an estimated \$185 million, subject to market conditions. We currently expect that drawings under the new delayed draw term loan facility would be made from time to time through December 31, 2024, depending on the timing of construction. While we currently estimate that we will be able to complete this process in the next three months, there is no assurance that we will be able to do so within our anticipated timeframe, if at all. In addition, our current estimates with respect to the anticipated size of the facilities and the timing and amounts of drawings under the facilities are subject to change and will depend on a variety of factors, some of which are outside of our control.

### Other

We continue to evaluate additional development projects in each of our market and pursue new development opportunities globally.

## Liquidity and Capital Resources

### Cash Flows — Summary

Our cash flows consisted of the following:

	Six Months Ended June 30,	
	2019	2018
	(In millions)	
Net cash generated from operating activities	\$ 896	\$ 2,504
Cash flows from investing activities:		
Net proceeds from sale of Sands Bethlehem	1,160	—
Capital expenditures	(453)	(416)
Proceeds from disposal of property and equipment	1	10
Acquisition of intangible assets	(53)	—
Net cash generated from (used in) investing activities	655	(406)
Cash flows from financing activities:		
Proceeds from exercise of stock options	39	70
Repurchase of common stock	(354)	(175)
Dividends paid and non-controlling interest payments	(1,821)	(1,804)
Proceeds from long-term debt	—	2,093
Repayments on long-term debt	(51)	(313)
Payments of financing costs	—	(39)
Net cash used in financing activities	(2,187)	(168)
Effect of exchange rate on cash, cash equivalents and restricted cash	6	2
Increase (decrease) in cash, cash equivalents and restricted cash	(630)	1,932
Cash, cash equivalents and restricted cash at beginning of period	4,661	2,430
Cash, cash equivalents and restricted cash at end of period	\$ 4,031	\$ 4,362

### Cash Flows — Operating Activities

Table games play at our properties is conducted on a cash and credit basis, while slot machine play is primarily conducted on a cash basis. Our rooms, food and beverage and other non-gaming revenues are conducted primarily on a cash basis or as a trade receivable, resulting in operating cash flows being generally affected by changes in operating income and accounts receivable. Net cash generated from operating activities for the six months ended June 30, 2019, decreased \$1.61 billion compared to the six months ended June 30, 2018. The factors driving the decrease in operating cash flows were the land lease payment made in Singapore in connection with the MBS Expansion Project, a nonrecurring legal settlement and increased interest costs as explained above, partially offset by an overall increase in revenues. Other impacts versus the prior year was a decrease in our working capital due to increased patron receivables and lower levels of deposits from gaming customers and outstanding chips.

### Cash Flows — Investing Activities

Capital expenditures for the six months ended June 30, 2019, totaled \$453 million, including \$227 million for construction and development activities in Macao, which consisted primarily of \$109 million for Sands Cotai Central related primarily to the The Londoner Macao, \$60 million for The Plaza Macao and Four Seasons Hotel Macao related primarily to the Four Seasons Tower Suites Macao, \$38 million for The Venetian Macao and \$14 million for The Parisian Macao; \$98 million at Marina Bay Sands in Singapore; \$77 million at our Las Vegas Operating Properties; and \$49 million for corporate and other.

Capital expenditures for the six months ended June 30, 2018, totaled \$416 million, including \$220 million for construction and development activities in Macao, which consisted primarily of \$69 million for The Venetian Macao, \$68 million for The Parisian Macao and \$53 million for Sands Cotai Central; \$72 million at Marina Bay Sands in Singapore; \$58 million at our Las Vegas Operating Properties; and \$54 million for corporate and other.

Additionally, for the six months ended June 30, 2019, the Company received \$1.16 billion in net cash proceeds from the sale of Sands Bethlehem in Pennsylvania and paid approximately \$53 million as part of the process to renew our Singapore gaming license.

#### ***Cash Flows — Financing Activities***

Net cash flows used in financing activities were \$2.19 billion for the six months ended June 30, 2019, which was primarily attributable to \$1.82 billion in dividend payments, \$354 million in common stock repurchases and net repayments of \$51 million on our various credit facilities.

Net cash flows used in financing activities were \$168 million for the six months ended June 30, 2018, which was primarily attributable to \$1.80 billion in dividend payments and \$175 million in common stock repurchases, partially offset by net proceeds of \$1.78 billion on our various credit facilities, and proceeds of \$70 million from the exercise of stock options.

#### ***Capital Financing Overview***

We fund our development projects primarily through borrowings from our debt instruments (see, "Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 2 — Long-Term Debt") and operating cash flows.

Our U.S., SCL and Singapore credit facilities, as amended, contain various financial covenants, which include maintaining a maximum leverage ratio or net debt, as defined, to trailing twelve-month adjusted earnings before interest, income taxes, depreciation and amortization, as defined. As of June 30, 2019, our U.S., SCL and Singapore leverage ratios, as defined per the respective credit facility agreements, were 1.1 x, 1.8 x and 2.1 x, respectively, compared to the maximum leverage ratios allowed of 5.5x, 4.0x and 4.0x, respectively.

We held unrestricted cash and cash equivalents of approximately \$4.02 billion and restricted cash of approximately \$14 million as of June 30, 2019, of which approximately \$2.85 billion of the unrestricted amount is held by non-U.S. subsidiaries. Of the \$2.85 billion, approximately \$2.32 billion is available to be repatriated to the U.S. and we do not expect withholding taxes or other foreign income taxes to apply should these earnings be distributed in the form of dividends or otherwise. The remaining unrestricted amounts held by non-U.S. subsidiaries are not available for repatriation primarily due to dividend requirements to third-party public shareholders in the case of funds being repatriated from SCL. We believe the cash on hand and cash flow generated from operations, as well as the \$3.41 billion available for borrowing under our U.S., SCL and Singapore credit facilities, net of outstanding letters of credit, as of June 30, 2019, will be sufficient to maintain compliance with the financial covenants of our credit facilities and fund our working capital needs, committed and planned capital expenditures, development opportunities, debt obligations and dividend commitments. In the normal course of our activities, we will continue to evaluate global capital markets to consider future opportunities for enhancements of our capital structure.

On February 22, 2019, SCL paid a dividend of 0.99 Hong Kong dollars ("HKD") per share to SCL shareholders, and, on May 24, 2019, SCL shareholders approved a dividend of HKD 1.00 per share, which was paid on June 21, 2019 (a total of \$2.05 billion, of which we retained \$1.44 billion during the six months ended June 30, 2019).

On March 28 and June 27, 2019, we paid a quarterly dividend of \$0.77 per common share as part of a regular cash dividend program and, during the six months ended June 30, 2019, recorded \$1.19 billion as a distribution against retained earnings. In July 2019, our Board of Directors declared a quarterly dividend of \$0.77 per common share (a total estimated to be approximately \$593 million) to be paid on September 26, 2019, to shareholders of record on September 18, 2019.

During the six months ended June 30, 2019, we repurchased 6,052,531 shares of our common stock for \$354 million (including commissions) under this program. All share repurchases of our common stock are recorded as treasury stock. As of June 30, 2019, we have remaining authorization to repurchase \$1.32 billion of our outstanding common shares.

#### **Special Note Regarding Forward-Looking Statements**

This report contains forward-looking statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include the discussions of our business strategies and expectations concerning future operations, margins, profitability, liquidity and capital resources. In addition, in certain portions included in this report, the words: "anticipates," "believes," "estimates," "seeks," "expects,"

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"plans," "intends" and similar expressions, as they relate to our company or management, are intended to identify forward-looking statements. Although we believe these forward-looking statements are reasonable, we cannot assure you any forward-looking statements will prove to be correct. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These factors include, among others, the risks associated with:

- general economic and business conditions in the U.S. and internationally, which may impact levels of disposable income, consumer spending, group meeting business, pricing of hotel rooms and retail and mall sales;
- the uncertainty of consumer behavior related to discretionary spending and vacationing at our Integrated Resorts in Macao, Singapore and Las Vegas;
- the extensive regulations to which we are subject and the costs of compliance or failure to comply with such regulations;
- our ability to maintain our gaming licenses and subconcession in Macao, Singapore and Las Vegas;
- new developments, construction projects and ventures, including our Cotai Strip initiatives and MBS Expansion Project;
- fluctuations in currency exchange rates and interest rates;
- regulatory policies in mainland China or other countries in which our customers reside, or where we have operations, including visa restrictions limiting the number of visits or the length of stay for visitors from mainland China to Macao, restrictions on foreign currency exchange or importation of currency, and the judicial enforcement of gaming debts;
- our leverage, debt service and debt covenant compliance, including the pledge of our assets (other than our equity interests in our subsidiaries) as security for our indebtedness and ability to refinance our debt obligations as they come due or to obtain sufficient funding for our planned, or any future, development projects;
- increased competition for labor and materials due to planned construction projects in Macao and Singapore and quota limits on the hiring of foreign workers;
- our ability to obtain required visas and work permits for management and employees from outside countries to work in Macao, and our ability to compete for the managers and employees with the skills required to perform the services we offer at our properties;
- our dependence upon properties in Macao, Singapore and Las Vegas for all of our cash flow;
- the passage of new legislation and receipt of governmental approvals for our operations in Macao and Singapore and other jurisdictions where we are planning to operate;
- our insurance coverage, including the risk we have not obtained sufficient coverage, may not be able to obtain sufficient coverage in the future, or will only be able to obtain additional coverage at significantly increased rates;
- disruptions or reductions in travel, as well as disruptions in our operations, due to natural or man-made disasters, outbreaks of infectious diseases, terrorist activity or war;
- our ability to collect gaming receivables from our credit players;
- our relationship with gaming promoters in Macao;
- our dependence on chance and theoretical win rates;
- fraud and cheating;
- our ability to establish and protect our intellectual property rights;
- conflicts of interest that arise because certain of our directors and officers are also directors of SCL;
- government regulation of the casino industry (as well as new laws and regulations and changes to existing laws and regulations), including gaming license regulation, the requirement for certain beneficial owners of our

securities to be found suitable by gaming authorities, the legalization of gaming in other jurisdictions and regulation of gaming on the internet;

- increased competition in Macao and Las Vegas, including recent and upcoming increases in hotel rooms, meeting and convention space, retail space, potential additional gaming licenses and online gaming;
- the popularity of Macao, Singapore and Las Vegas as convention and trade show destinations;
- new taxes, changes to existing tax rates or proposed changes in tax legislation and the impact of U.S. tax reform;
- the continued services of our key management and personnel;
- any potential conflict between the interests of our principal stockholder and us;
- the ability of our subsidiaries to make distribution payments to us;
- labor actions and other labor problems;
- our failure to maintain the integrity of information systems that contain legally protected information about people and company data, including against past or future cybersecurity attacks, and any litigation or disruption to our operations resulting from such loss of data integrity;
- the completion of infrastructure projects in Macao;
- our relationship with GGP Limited Partnership or any successor owner of the Grand Canal Shoppes; and
- the outcome of any ongoing and future litigation.

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Readers are cautioned not to place undue reliance on these forward-looking statements. We assume no obligation to update any forward-looking statements after the date of this report as a result of new information, future events or developments, except as required by federal securities laws.

Investors and others should note we announce material financial information using our investor relations website (<https://investor.sands.com>), our company website, SEC filings, investor events, news and earnings releases, public conference calls and webcasts. We use these channels to communicate with our investors and the public about our company, our products and services, and other issues.

In addition, we post certain information regarding SCL, a subsidiary of Las Vegas Sands Corp. with ordinary shares listed on The Stock Exchange of Hong Kong Limited, from time to time on our company website and our investor relations website. It is possible the information we post regarding SCL could be deemed to be material information.

The contents of these websites are not intended to be incorporated by reference into this Quarterly Report on Form 10-Q or in any other report or document we file, and any reference to these websites are intended to be inactive textual references only.

### **ITEM 3 — *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposures to market risk are interest rate risk associated with our long-term debt and interest rate swap contracts and foreign currency exchange rate risk associated with our operations outside the United States, which we may manage through the use of futures, options, caps, forward contracts and similar instruments. We do not hold or issue financial instruments for trading purposes and do not enter into derivative transactions that would be considered speculative positions. Our derivative financial instruments currently consist of interest rate swap contracts on certain fixed-rate long-term debt, which have been designated as hedging instruments for accounting purposes.

As of June 30, 2019, the estimated fair value of our long-term debt was approximately \$12.42 billion, compared to its contractual value of \$12.10 billion. The estimated fair value of our long-term debt is based on level 2 inputs (quoted prices in markets that are not active). A hypothetical 100 basis point change in market rates would cause the fair value of our long-term debt to change by \$379 million, inclusive of the impact from the interest rate swaps. A



hypothetical 100 basis point change in LIBOR and SOR would cause our annual interest cost on our long-term debt to change by approximately \$121 million .

The total notional amount of our fixed-to-variable interest rate swaps was \$5.50 billion as of June 30, 2019 . The fair value of the interest rate swaps, on a stand-alone basis, as of June 30, 2019 , was an asset of \$94 million . A hypothetical 100 basis point change in LIBOR would cause the fair value of the interest rate swaps to change by approximately \$62 million .

We maintain a significant amount of our operating funds in the same currencies in which we have obligations thereby reducing our exposure to currency fluctuations. We may be vulnerable to changes in the U.S. dollar/SGD and U.S. dollar/pataca exchange rates. Based on balances as of June 30, 2019 , a hypothetical 10% weakening of the U.S. dollar/SGD exchange rate would cause a foreign currency transaction loss of approximately \$40 million , and a hypothetical 1% weakening of the U.S. dollar/pataca exchange rate would cause a foreign currency transaction loss of approximately \$47 million . The pataca is pegged to the Hong Kong dollar and the Hong Kong dollar is pegged to the U.S. dollar (within a range).

#### **ITEM 4 — CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to ensure information required to be disclosed in the reports the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. The Company's Chief Executive Officer and its Chief Financial Officer have evaluated the disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) of the Company as of June 30, 2019 , and have concluded they are effective at the reasonable assurance level.

It should be noted any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

##### **Changes in Internal Control over Financial Reporting**

There were no changes in the Company's internal control over financial reporting that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that had a material effect, or were reasonably likely to have a material effect, on the Company's internal control over financial reporting.

**PART II OTHER INFORMATION****ITEM 1 — LEGAL PROCEEDINGS**

The Company is party to litigation matters and claims related to its operations. For more information, see the Company's [Annual Report on Form 10-K](#) for the year ended December 31, 2018, [Quarterly Reports on Form 10-Q for the quarterly period ended March 31, 2019](#), and "Part I — Item 1 — Financial Statements — Notes to Condensed Consolidated Financial Statements — Note 6 — Commitments and Contingencies" of this Quarterly Report on Form 10-Q.

**ITEM 1A — RISK FACTORS**

There have been no material changes from the risk factors previously disclosed in the Company's [Annual Report on Form 10-K](#) for the year ended December 31, 2018.

**ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The following table provides information about share repurchases made by the Company of its common stock during the quarter ended June 30, 2019 :

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Weighted Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of a Publicly Announced Program</u>	<u>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions)<sup>(1)</sup></u>
April 1, 2019 — April 30, 2019	—	\$ —	—	\$ 1,496
May 1, 2019 — May 31, 2019	1,397,767	\$ 57.23	1,397,767	\$ 1,416
June 1, 2019 — June 30, 2019	1,794,800	\$ 55.71	1,794,800	\$ 1,316

(1) In November 2016, the Company's Board of Directors authorized the repurchase of \$1.56 billion of its outstanding common stock, which was to expire on November 2, 2018. In June 2018, the Company's Board of Directors authorized increasing the remaining repurchase amount of \$1.11 billion to \$2.50 billion and extending the expiration date to November 2, 2020. All repurchases under the stock repurchase program are made from time to time at the Company's discretion in accordance with applicable federal securities laws in the open market or otherwise. All share repurchases of the Company's common stock have been recorded as treasury stock.

ITEM 6 — EXHIBITS

**List of Exhibits**

<b><u>Exhibit No.</u></b>	<b><u>Description of Document</u></b>
10.1*	<a href="#">Development Agreement, dated April 3, 2019, between the Singapore Tourism Board and Marina Bay Sands Pte. Ltd.</a>
10.2	<a href="#">Second Amendment to Letter Agreement, dated June 21, 2019 between Lawrence A. Jacobs and Las Vegas Sands Corp. and Las Vegas Sands, LLC (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32373) filed on June 24, 2019).</a>
10.3	<a href="#">Las Vegas Sands Corp. Amended and Restated 2004 Equity Award Plan (incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-32373) filed on May 20, 2019).</a>
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1+	<a href="#">Certification of Chief Executive Officer of Las Vegas Sands Corp. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2+	<a href="#">Certification of Chief Financial Officer of Las Vegas Sands Corp. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the three and six months ended June 30, 2019, formatted in Inline Extensible Business Reporting Language ("iXBRL"): (i) Condensed Consolidated Balance Sheets as of June 30, 2019 and December 31, 2018, (ii) Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 and 2018, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2019 and 2018, (iv) Condensed Consolidated Statements of Equity for the three and six months ended June 30, 2019 and 2018, (v) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2019 and 2018, and (vi) Notes to Condensed Consolidated Financial Statements.

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\* Certain portions of this document that constitute confidential information have been redacted in accordance with Regulation S-K, Item 601(b)(10).

+ This exhibit will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

**LAS VEGAS SANDS CORP.**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

LAS VEGAS SANDS CORP.

July 24, 2019

By:           / S / S HELDON G. A DELSON          

Sheldon G. Adelson  
Chairman of the Board and  
Chief Executive Officer

July 24, 2019

By:           / S / P ATRICK D UMONT          

Patrick Dumont  
Executive Vice President and Chief Financial Officer

**Dated this 3<sup>rd</sup> day of April 2019**

Between

**SINGAPORE TOURISM BOARD**

And

**MARINA BAY SANDS PTE. LTD.**

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**DEVELOPMENT AGREEMENT**  
in respect of

**INTEGRATED RESORT  
AT MARINA BAY,  
SINGAPORE**

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**Certain identified information has been excluded from the exhibit because it both (i) is not material and (ii) would likely cause competitive harm to the Company if publicly disclosed. [\*\*\*] indicates that information has been redacted.**

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**THIS DEVELOPMENT AGREEMENT** is made the 3<sup>rd</sup> day of April Two thousand and nineteen (2019) between:

- (i) **SINGAPORE TOURISM BOARD**, a body corporate established under the Singapore Tourism Board Act (Cap. 305B) and having its principal office at No. 1 Orchard Spring Lane, Tourism Court, Singapore 247729 (the “**Lessor**”); and
- (ii) **MARINA BAY SANDS PTE. LTD.**, a company incorporated in the Republic of Singapore and having its registered office at 80 Robinson Road #02-00 Singapore 068898 (the “**Lessee**”).

**WHEREAS :**

1. Pursuant to Leases IE/259455V and IE/259470L, both made between the Lessor and the Lessee, the Lessor leased the Original Demised Land (as defined in Lease IE/259455V) and the Additional Demised Land (as defined in Lease IE/259470L) to the Lessee for respective lease terms ending on 21 August 2066 for *inter alia* the construction, development and establishment of the Integrated Resort 1 (as defined below).
2. Pursuant to an offer of alienation made by Singapore Land Authority, as agent for and on behalf of the head lessor, the President of the Republic of Singapore (the “**Head Lessor**” which expression shall include her successors in office), the Head Lessor offered to alienate to the Lessor, a lease of the Land (as defined below) for a leasehold estate commencing from the date full payment of the alienation premium is received by the Singapore Land Authority and ending on 22 August 2066, which is to be used strictly for the construction, development and establishment of the Integrated Resort 2 (as defined below) on the Land, and on the other terms, conditions and covenants contained in the letter of offer of alienation dated 3 April 2019 issued by the Singapore Land Authority to the Lessor (the “**Letter of Offer**”). The Land shall be comprised in State Lease/s to be hereafter issued by the Head Lessor in favour of the Lessor.
3. The Lessee has agreed at its own cost and expense to construct, develop and establish the IR2 (as defined below) on the Land in accordance with the Accepted Proposal (as defined below) in consideration of the following:
  - (i) the Lessor granting to the Lessee a lease of the Land for the Lease Term (as defined below) subject to the terms, covenants and conditions hereinafter appearing; and
  - (ii) the Lessee receiving certain entitlements, and the Lessor’s compensation to the Lessee in the event the Lessee does not receive these entitlements, as more fully set out in Clause 16 herein.
4. The total project cost for the IR2 project is approximately Singapore Dollars Four billion and five hundred million (S\$4,500,000,000) .

**NOW IT IS HEREBY AGREED** as follows:

**1. INTERPRETATION**

1.1 Definitions

In this Agreement, including the Recitals, unless the context otherwise requires:

“**Accepted Proposal**” means the concept proposals and documents listed in Annexure “**D**” and shall include, where applicable, such additions and amendments thereto as may be made by the Lessee with the approval of the Lessor and the Development Investment to be expended for the development submitted by the Lessee, pursuant to and in compliance with this Agreement relating to the construction, development and establishment of the IR2;



“ **Additional Gaming Area** ” has the meaning ascribed to it in Clause 16.2.1;

“ **Additional Gaming Machines** ” has the meaning ascribed to it in Clause 16.3.1;

“ **Approved Mortgagee** ” means any bank licensed under the Banking Act (Cap. 19) or any finance company licensed under the Finance Companies Act (Cap. 108), or such other mortgagee as may be approved by the Lessor in writing;

“ **Banker's Guarantee** ” means the unconditional guarantee(s) to be provided by the Lessee pursuant to Clause 5 of this Agreement from a bank(s) licensed with the Monetary Authority of Singapore and acceptable to the Lessor and in the format annexed hereto and marked as Annexure “ **B** ” and which shall be payable on demand in writing being made by the Lessor;

“**Banker's Guarantee Period**” has the meaning ascribed to it in Clause 5.2(i);

“ **Base Compensation for Gaming Machines** ” has the meaning ascribed to it in Clause 16.5.3(ii);

“ **Base Differential Amount** ” has the meaning ascribed to it in Clause 16.5.3(iii);

“ **Base Repayment Amount** ” has the meaning ascribed to it in paragraph 4(i) of Annexure “ **F** ”;

“ **Bayfront MRT Station** ” means the mass rapid transit station located in the Subterranean RTS Stratum together with the network or system of rails, tracks, grooves or other guide-ways on, under or above ground along which a train moves or runs and includes all tunnels, viaducts, bridges, crossings, vents, staircases, escalators, accesses and other structures within, under, above or leading to and from the Subterranean RTS Stratum;

“ **Business Day** ” means any of the days from Monday to Friday inclusive, other than a day which is a public holiday in Singapore;

“ **Casino** ” has the meaning ascribed to it in the Legislation;

“ **Casino Concession** ” means the privilege conferred on the Lessee to locate the Casino on the Designated Site subject to the Legislation;

“ **Casino Control Act** ” means the Casino Control Act (Cap. 33A) and all amendments, supplements, modification or re-enactment thereof from time to time;

“ **Casino Licence** ” means the licence granted by the Regulator for the Casino on the Designated Site pursuant to the Legislation and includes such renewal thereof from time to time;

“ **Casino Tax** ” means the casino tax referred to in Part IX of the Casino Control Act and in the Casino Control (Casino Tax) Regulations 2010;

“ **Casino Tax Period** ” means the period of not less than ten (10) years from the effective date of the Proposed Legislative Provisions relating to Casino Tax Rates, which effective date shall be no sooner than 1 March 2022;

“ **Casino Tax Rates** ” means the rates set out in Annexure “ **F** ”, which rates shall apply for the duration of the Casino Tax Period;

“ **Commence Construction** ” means:

- (i) the obtaining of the Permit to Commence Building Works; and

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(ii) the commencement of the building works on the Land;

“ **Competent Authority** ” means any government department, statutory board or body or any other government authority or person:

- (i) having jurisdiction over any of the parties to this Agreement in respect of the relevant subject matter; and/or
- (ii) from which a permit, licence or form of approval or sanction is required under any applicable Law in Singapore,

and “ **Competent Authorities** ” means all of such government departments, statutory boards or bodies or such other government authorities or persons together;

“ **Completion** ” of the IR2 or the Proposed GFA (as the case may be) means:

- (i) the completion of the construction of the IR2 on the Land with TOP issued for those parts of the IR2 which are required under the Building Control Act (Cap. 29) to be issued with TOP; and
- (ii) the application of all finishing material, furniture, fittings, furnishings and such other built-in and loose items for the purpose of bringing the IR2 to a state of operational readiness to receive visitors,

and where no TOP is required under the Building Control Act (Cap. 29) to be issued for any part of the IR2, completion of such part under Subclause (i) above shall mean the written confirmation of the relevant Competent Authority that it is completed in accordance with its requirements and to its satisfaction and where the Planning Parameters make specific provisions for the completion of any part of the IR2 or any item of works, completion of such part or item under Subclause (i) above shall mean completion in accordance with such specific provisions, and “ **Complete** ” and “ **Completed** ” in relation to the IR2 shall have corresponding meanings;

“ **Concession Period** ” means in relation to the Casino Concession, the period of thirty (30) years from 23 August 2006 and includes any renewal or extension thereof from time to time;

“ **Contaminants** ” has the meaning ascribed to it in Clause 28A.4;

“ **Corresponding Base Revenue** ” has the meaning ascribed to it in paragraph 1 of Annexure “ **F** ”;

“ **CRA** ” has the meaning ascribed to it in paragraph 1(i) of Annexure “ **G** ”;

“ **CSC** ” means the Certificate of Statutory Completion issued under Section 12(1) of the Building Control Act (Cap. 29) certifying that the new buildings to which the CSC relates have been completed in accordance with the provisions of the Building Control Act and the regulations made thereunder and that occupation of the buildings is permitted;

“ **CST** ” or “ **Common Services Tunnels** ” means the system of underground concrete structures within the Marina Bay area used or intended to be used for the purpose of housing and distribution of utility services (including, but not limited to utility services for or relating to electricity, gas, water, sewerage, telecommunication, draining of stormwater or surface water and pneumatic refuse removal) to land within and outside the Marina Bay area;

“ **CST Ancillary Structure** ” means:

- (i) any entrance to or exit from the CST;

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- (ii) any passage, corridor or stairway connecting an entrance to or exit from the CST;
- (iii) any ventilation opening, duct, shaft or pipe necessary for the operation or functioning of the CST; and
- (iv) any supporting physical structure necessary for the operation or functioning of the CST;

“ **DCS** ” means the whole of the facility known as “District Cooling System” used for or in connection with the provision of DC Services in the service area within which the Land is located comprising one or more district cooling plants, one or more chillers or similar cooling units, district cooling pipes and other apparatus including metering equipment but excluding the whole of the IR2’s own internal cooling system;

“ **DC Operator** ” means the person appointed by the Singapore Government from time to time to provide DC Services and who will be operating and maintaining the DCS;

“ **DC Services** ” means the sale by the DC Operator of coolant for space cooling in the service area within which the Land is located;

“ **Designated Site** ” means the parcels of land designated under the Legislation as the site upon which a casino may be located;

“ **Development Investment** ” means the amount as stated in Clause 7 of this Agreement (subject to Provisos 7.1(a) and (b)) to be paid or incurred by the Lessee in the development of the whole of the IR2 in:

- (i) fixed asset investment such as the construction, building and fitting-out costs; and
- (ii) tangible movable assets such as furniture and exhibits (e.g. art pieces) that are included in the IR2’s inventory list and are displayed or stored permanently within the IR2,

but excluding the Land Premium;

“ **Earlier Date** ” has the meaning ascribed to it in Clause 5.2(ii);

“ **Effective Date** ” means the date the Lessee pays all sums due and delivers all items required to be delivered in accordance with Clause 4.2 of this Agreement;

“ **Electrical Substation** ” or “ **ESS** ” means the 230/22kV electrical substation which is part of the infrastructure provisions for the Marina Bay area;

“ **Entry Levy** ” has the meaning ascribed to it in section 116(1) of the Casino Control Act;

“ **ESS Contribution** ” means the sum of Singapore Dollars Two million nine hundred and ten thousand (S\$2,910,000) being the Lessee’s contribution towards the costs of provision of the ESS;

“ **Event of Default** ” means any, each or all (as the context may require) of the events as provided in Clause 27 of this Agreement;

“ **Excluded Mines and Minerals** ” has the meaning ascribed to it in Clause 18.4;

“ **Exclusivity Period** ” means the period from the Effective Date up to and including 31 December 2030;

“ **Expanded IR** ” means, collectively, IR1 and IR2;

“ **Extended Completion Date** ” has the meaning ascribed to it in Clause 12.2(i);

“ **External Auditors** ” means the auditors appointed to undertake the auditing and certification of the Completion of the Proposed GFA and the expenditure by the Lessee towards the Development Investment;

“ **External Auditors' Confirmation** ” means the written confirmation of the External Auditors in relation to the amount of the Development Investment that the Lessee has paid or incurred and whether the Proposed GFA has been Completed;

“ **Force Majeure** ” means any event or occurrence which is outside the reasonable control of the party concerned and which causes or results in delay in the performance by a party of any of its obligations under this Agreement, and which is not attributable to any act or failure to take preventive action by the party concerned, including (but not limited to):

- (i) act of God, lightning, storm, flood, fire, earthquake, explosion, cyclone, tidal wave, landslide, adverse weather conditions;
- (ii) strike, lockout or other labour difficulty, but not any industrial action occurring within the Lessee's organisation or within any sub-contractor's organisation; or
- (iii) act of public enemy, war (declared or undeclared), terrorism, sabotage, blockade, revolution, riot, insurrection, civil commotion, epidemic;

“ **Gaming Area** ” has the meaning ascribed to it in the Casino Control (Casino Layout) Regulations 2009;

“ **Gaming Area Employee** ” means those Special Employees, as defined in the Legislation and employed by the Lessee, who are deployed in the Casino and interact with patrons as part of the operations of the Casino;

“ **Gaming Machine** ” has the meaning ascribed to it in the Casino Control Act;

“ **Goods and Services Tax** ” or “ **GST** ” means the goods and services tax payable under the Goods and Services Tax Act (Cap. 117A);

“ **Government** ” means the Government of the Republic of Singapore as a whole including all its Ministries, government departments, organs of State and shall include any officer or person authorised by the Government to act on its behalf;

“ **Grant of Written Permission** ” means the written approval of the Competent Authority under the Planning Act for the proposed development of the IR2 on the Land and includes any approval of the Competent Authority for any amendment or variation to the approved plans made with the prior written approval of the Lessor;

“ **Gross Floor Area** ” or “ **GFA** ” has the meaning ascribed to the term “floor area” under the Planning (Development Charges) Rules;

“ **Gross Gaming Revenue** ” has the meaning ascribed to it in the Casino Control Act;

“ **Gross Plot Ratio** ” refers to the ratio of the Gross Floor Area of a building(s) to its site area;

“ **Gross Revenue** ” means all payments, revenue or gross receipts from sales paid to or collected by the Lessee and the Lessee's tenants and sub-lessees, from the use of the public attractions and facilities on those parts of the IR2 and shall include but not be limited to:

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- (i) gross sales or revenue from orders or contracts of sales for supply of services which are entered into by the Lessee, whether or not the same are placed or concluded on such part of the IR2;
- (ii) sale of consumable goods like food, drinks and beverages;
- (iii) sale of any merchandise and souvenirs etc;
- (iv) sale of any gate charges, admission fees to attractions and gated commercial outlets whether operated by the Lessee or by third parties under sub-letting or any other arrangements by the Lessee as permitted under this Agreement;
- (v) membership fees;
- (vi) all deposits forfeited in favour of the Lessee;
- (vii) all or part of the selling price of gift certificates;
- (viii) any fee, taxes (except the GST payable) or commission included in the selling prices paid by or collected from customers; and
- (ix) any other consideration excluding any benefit in kind received by the Lessee monthly from the use and operations on any such part of the IR2;

“ **Guaranteed Sum** ” has the meaning ascribed to it in paragraph 2 of Annexure “ **B** ”;

“ **Head Lessor** ” has the meaning ascribed to it in Recital 2;

“ **Integrated Resort 1** ” or “ **IR1** ” means the large scale development constructed, developed and established on the Original Demised Land and the Additional Demised Land by the Lessee, as more particularly described in Leases IE/259455V and IE/259470L;

“ **Integrated Resort 2** ” or “ **IR2** ” means the large scale development to be constructed, developed and established on the Land by the Lessee in accordance with the terms and conditions of this Agreement with a comprehensive range of integrated and synergised amenities for recreation, entertainment and lifestyle uses to provide a total experience for visitors through creative programming, branding and marketing, which will include a hotel, the Key Attractions, and other amenities for visitors, but shall exclude any residential (including Serviced Apartments) or independent office use;

“ **IR1 Key Attractions** ” shall have the same meaning ascribed to the term “ **Key Attractions** ” in the IR1 Leases;

“ **IR1 Leases** ” means Leases IE/259455V and IE/259470L;

“ **Key Attractions** ” means all of the following attractions, facilities or buildings proposed by the Lessee in the Accepted Proposal to be developed and established on the Land during the Lease Term:

- (i) MICE facilities with a Net Floor Area of at least 18,500 square metres, comprising meeting rooms, function and exhibition halls, with an emphasis on exhibition halls to supplement the existing facilities in IR1, subject to changes due to site conditions;
- (ii) a unique rooftop attraction atop the hotel tower over one or more levels with a total developed area of at least 5,500 square metres, comprising both enclosed and unenclosed areas, which would include a swimming pool and supporting luxury amenities, such as restaurants and bars; and

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- (iii) a state-of-the-art live entertainment arena with the following characteristics:
- (a) seating capacity of at least 15,000 persons and GFA of approximately 40,000 square metres;
  - (b) designed and built for live entertainment and concerts, with the flexibility to be configured to accommodate a wide range of other event formats, and features that are comparable to the world's top entertainment venues, such as premium F&B offerings and hospitality offerings; and
  - (c) operated in collaboration with concert promoters from around the world to arrange market-leading programming for the arena, including but not limited to top-tier international and regional acts that might not have otherwise come to Singapore,

and the expression “ **Key Attractions** ” shall include the Key Attractions as improved/updated/modernised/refurbished/changed/revised from time to time pursuant to the provisions of Clause 10 or Clause 17.3 or Clause 17.4 (as the case may be);

“ **Land** ” means all those pieces or parcels of land at Marina Bay, along Bayfront Avenue:

- (i) Parcel 1 excluding the Subterranean Government CST Stratum and the Subterranean RTS Stratum;
- (ii) Parcel 2 Demised Land;
- (iii) Parcel 3 Demised Land;
- (iv) Parcel 4 Demised Land;
- (v) Parcel 5 Demised Land; and
- (vi) Parcel 6 Demised Land;

“ **Land Premium** ” means the sum of Singapore Dollars One billion two hundred and sixty-three million and five (S\$1,263,000,005.00) (exclusive of GST which shall be paid by the Lessee) paid by the Lessee to the Lessor for the Land;

“ **Law** ” means the provisions of all existing or future Acts of Parliament, ordinances, orders, byelaws, rules or regulations and includes the Legislation;

“ **Lease** ” means the instrument of lease in the format annexed hereto and marked as Annexure “ **C** ” (with such modifications (if any) as may be agreed upon between the parties to this Agreement) as may be granted by the Lessor to the Lessee for the lease of the Land for the Lease Term and for the development thereon of the IR2;

“ **Lease Term** ” means the period commencing from the Effective Date and ending on 21 August 2066;

“ **Legislation** ” means the law enacted or to be enacted by the Government relating to the establishment of the Regulator and gaming in casinos in Singapore and includes all subsidiary legislation, notifications, ordinances, orders, directives, guidelines, rules and regulations and all amendments, supplements, modification or re-enactment thereof from time to time;

“ **Lessee Responsible Gambling Initiatives** ” means the responsible gambling initiatives as set out in Annexure “ **G** ”;

“ **Letter of Offer** ” shall have the meaning ascribed to it in Recital 2;

“ **LTA** ” means the Land Transport Authority of Singapore, a body corporate established under the Land Transport Authority of Singapore Act (Cap. 158A);

“ **Management Agent** ” means the company appointed by the Lessee pursuant to a management agreement to manage and operate the Casino;

“ **MICE** ” means meetings, incentive travel, conventions and exhibitions;

“ **MSF** ” has the meaning ascribed to it in paragraph 1(i) of Annexure “ **G** ”;

“ **Net Floor Area** ” or “ **NFA** ” means the area of floor space (measured to the internal face of the perimeter walls at each floor level) which are available for MICE activities but excluding ancillary areas such as (but not limited to) the following:

- (i) areas used for back of house services;
- (ii) corridors and other circulation areas;
- (iii) restrooms, restroom lobbies, bathrooms, cleaners’ rooms, and the like;
- (iv) stairways, lift-wells and permanent lift lobbies;
- (v) areas under the control of service or other external authorities, including (but not limited to) metre cupboards;
- (vi) internal structural walls, walls enclosing excluded areas, columns, piers, chimney breasts, other projections, vertical ducts, and the like;
- (vii) space occupied by permanent air-conditioning heating or cooling apparatus, and ducting in so far as the space it occupies is rendered substantially unusable;
- (viii) mechanical rooms and closets (including but not limited to lift rooms, plant rooms, fuel stores, and the like); and
- (ix) vehicle parking areas;

“ **New Casino Area** ” has the meaning ascribed to it in Clause 16.4.1;

“ **Notice of Approval** ” means the written approval of the Commissioner of Building Control as the Competent Authority of the building plans for the proposed development of the IR2 on the Land and includes any approval of any amendment or variation to the approved plans made, with the prior written approval of the Lessor, by the Competent Authority supplemental thereto;

“ **Option** ” has the meaning ascribed to it in Clause 16.2.2;

“ **Option Period** ” has the meaning ascribed to it in Clause 16.2.2;

“ **Parcel 1** ” means the parcel of land known as State Land Lots 554A-PT, 485X-PT, and 440X of Town Subdivision 30 as shown delineated and marked as Parcel 1 on the plan in Annexure “ **A** ”;

“ **Parcel 2** ” means the stratum of subterranean space as shown delineated and marked as Parcel 2 on the plan in Annexure “ **A** ”;

“ **Parcel 3** ” means the stratum of subterranean space as shown delineated and marked as Parcel 3 on the plan in Annexure “ **A** ”;

“ **Parcel 4** ” means the stratum of air space as shown delineated and marked as Parcel 4 on the plan in Annexure “ **A** ”;

“ **Parcel 5** ” means the stratum of air space as shown delineated and marked as Parcel 5 on the plan in Annexure “ **A** ”;

“ **Parcel 6** ” means the stratum of subterranean space as shown delineated and marked as Parcel 6 on the plan in Annexure “ **A** ”;

“ **Parcel 2 Demised Land** ” means such parts of Parcel 2 within which the public underground pedestrian connection is constructed with approval of the Competent Authorities and in accordance with Clause 4.22 of the document marked “Annex E1” which forms part of Annexure “ **E** ”;

“ **Parcel 3 Demised Land** ” means such parts of Parcel 3 within which the public underground pedestrian connection is constructed with approval of the Competent Authorities and in accordance with Clause 4.22 of the document marked “Annex E1” which forms part of Annexure “ **E** ”;

“ **Parcel 4 Demised Land** ” means such parts of Parcel 4 within which the public elevated pedestrian connection is constructed with approval of the Competent Authorities and in accordance with Clause 4.23 of the document marked “Annex E1” which forms part of Annexure “ **E** ”;

“ **Parcel 5 Demised Land** ” means such parts of Parcel 5 within which the public elevated pedestrian connection is constructed with approval of the Competent Authorities and in accordance with Clause 4.23 of the document marked “Annex E1” which forms part of Annexure “ **E** ”;

“ **Parcel 6 Demised Land** ” means such parts of Parcel 6 within which the public underground pedestrian connection is constructed with approval of the Competent Authorities and in accordance with Clause 4.22 of the document marked “Annex E1” which forms part of Annexure “ **E** ”;

“ **Parcels AR1, AR2 and AR3** ” means the pieces of land fronting Bayfront Avenue and Sheares Avenue as shown delineated and marked respectively as Parcels AR1, AR2 and AR3 on the plan attached as Annexure “ **A** ” hereto;

“ **PCP** ” has the meaning ascribed to it in paragraph 3(iii) of Annexure “ **G** ”;

“ **Permissible GFA** ” means the GFA permitted for the Land which shall not exceed 242,408 square metres;

“ **Permit to Commence Building Works** ” means the permit to carry out structural works as provided for in Section 6 of the Building Control Act (Cap. 29) and granted by the Commissioner of Building Control in relation to the IR2 on the Land;

“ **Planning Parameters** ” means the guidelines to be complied with by the Lessee in all material respects on the planning, design, infrastructural and technical requirements applicable in relation to the construction and development of the IR2 at the Land and attached as Annexure “ **E** ” hereto or as may at any time after the Effective Date be amended, varied or changed by agreement between the Lessee and the Competent Authorities and, if required, approved by the Lessor;

“ **Planning Permission** ” means all the planning approvals granted to the Accepted Proposal by the Competent Authorities including the Grant of Written Permission, the Notice of Approval, the Permit to Commence Building Works and all such conditions and directives stipulated by the Competent Authorities in relation to the construction, development and operation of the IR2;

“ **Post-Works Tests** ” has the meaning ascribed to it in Clause 28A.1(ii)(b);



“ **President** ” means the President of the Republic of Singapore and her successors-in-office;

“ **Proposed GFA** ” means the GFA for the whole of the IR2 proposed by the Lessee in the Accepted Proposal and to be complied with, in the development, and which shall not be less than 242,408 square metres;

“ **Proposed Legislative Provisions** ” means: (i) the Proposed Legislative Provisions relating to Casino Tax Rates; (ii) the Proposed Legislative Provisions relating to Entry Levies; (iii) the Proposed Legislative Provisions relating to Exclusivity Period; (iv) the Proposed Legislative Provisions relating to Gaming Area; and (v) the Proposed Legislative Provisions relating to Gaming Machines, or any one or more of them;

“ **Proposed Legislative Provisions relating to Casino Tax Rates** ” means the Legislation or any other relevant Law to be enacted by the Government according the Casino Tax Rates to the Lessee;

“ **Proposed Legislative Provisions relating to Entry Levies** ” means the Legislation to be enacted by the Government providing that the Entry Levy payable to a casino operator by any person who is a citizen or permanent resident of Singapore to enter or remain on the casino premises at any time on any day shall, for a period of 5 years from the date of this Agreement be not more than: (i) S\$150 for every consecutive period of 24 hours; and (ii) S\$3,000 for a valid annual membership of the casino;

“ **Proposed Legislative Provisions relating to Exclusivity Period** ” means the Legislation to be enacted by the Government providing that there shall not be more than two (2) casino licences in force under the Legislation during the Exclusivity Period;

“ **Proposed Legislative Provisions relating to Gaming Area** ” means the Legislation to be enacted by the Government providing that the Lessee is permitted to develop, fit out and operate the Additional Gaming Area in the manner set out in Clause 16.2.4;

“ **Proposed Legislative Provisions relating to Gaming Machines** ” means the Legislation to be enacted by the Government providing that the Lessee is permitted to make available for gaming the Additional Gaming Machines in the manner set out in Clause 16.3.1;

“ **Rapid Transit System** ” or “ **RTS** ” means the comprehensive system of rail network running underground and above-ground connecting the city centre to the all other parts of Singapore;

“ **Registered Land Surveyor** ” has the meaning ascribed to it in Clause 20.1;

“ **Regulator** ” means the Casino Regulatory Authority of Singapore;

“ **Relevant Date** ” means, with respect to:

- (i) the Proposed Legislative Provisions relating to Entry Levies, the date of this Agreement or such other date which shall be no later than six (6) months from the Effective Date;
- (ii) the Proposed Legislative Provisions relating to Gaming Machines, the date on which the Additional Gaming Machines may be made available for gaming by the Lessee pursuant to Clause 16.3.1, being:
  - (a) in the case of the 500 Additional Gaming Machines that may be made available for gaming by the Lessee pursuant to Clause 16.3.1(i), the date which shall be no later than six (6) months from the Effective Date; and
  - (b) in the case of the remaining 500 Additional Gaming Machines that may be made available for gaming by the Lessee pursuant to Clause 16.3.1(ii), the date which shall be no later than the date of receipt of the External Auditors’

Confirmation that all the conditions prescribed in Clauses 5.4(iii) and 5.4(iv) have been met;

- (iii) the Proposed Legislative Provisions relating to Gaming Area, the date on which the Additional Gaming Area purchased by the Lessee under Clause 16.2 may be utilised for the conduct of gaming pursuant to Clause 16.2.4, being:
  - (a) in the case of the first 1,000 square metres of Additional Gaming Area that the Lessee may utilise for the conduct of gaming pursuant to Clause 16.2.4(i), the date which shall be no later than twelve (12) months from the Effective Date; and
  - (b) in the case of the remaining Additional Gaming Area that the Lessee may utilise for the conduct of gaming pursuant to Clause 16.2.4(ii), the date which shall be no later than the date of receipt of the External Auditors' Confirmation that all the conditions prescribed in Clauses 5.4(iii) and 5.4(iv) have been met; and
- (iv) the Proposed Legislative Provisions relating to Exclusivity Period and the Proposed Legislative Provisions relating to Casino Tax Rates, no later than 1 March 2022, and with respect to the Proposed Legislative Provisions relating to Casino Tax Rates, to be in effect no earlier than 1 March 2022;

“ **RG Requirements** ” has the meaning ascribed to it in Clause 16.4A.1;

“ **RGAs** ” has the meaning ascribed to it in paragraph 1(i) of Annexure “ **G** ”;

“ **Security Deposit** ” means the sum equivalent to five percent (5%) of the Development Investment payable by the Lessee pursuant to Clauses 4.1 and 5 of this Agreement in any of the following manner:

- (i) banker's cheque(s) or cashier's order(s);
- (ii) “On-Demand” Banker's Guarantee(s); or
- (iii) acceptable electronic means such as direct debit or telegraphic transfer;

“ **Serviced Apartments** ” means a block or blocks of flats comprising self-contained apartments with provision of kitchenettes /kitchens and support services for residents such as concierge, housekeeping and/or laundry that cater to short-term stays either on a weekly or monthly basis, with a high turnover of tenants and developed, owned and/or managed under one (1) single ownership, i.e. a non-strata sub-divisible entity;

“ **SIAC** ” has the meaning ascribed to it in Clause 16.6.1;

“ **SIAC Rules** ” has the meaning ascribed to it in Clause 16.6.1;

“ **SLA** ” means the Singapore Land Authority, a body corporate established under the Singapore Land Authority Act (Cap. 301);

“ **SOR** ” means the Singapore Swap Offer Rate, or, if such rate is not available, then the prevailing rate as may be prescribed in the Legislation, or if such prevailing rate is not available, then such rate as may be agreed between the parties;

“ **Stamp Duty** ” means the duty payable on legal documents and instruments on such transactions specified under the provisions of the Stamp Duties Act (Cap. 312);

“ **Subject Parcels** ” means, collectively, Parcel 2, Parcel 3, Parcel 4, Parcel 5 and Parcel 6;

“ **Subterranean/Air-space Lots** ” means, collectively, Parcel 2 Demised Land, Parcel 3 Demised Land, Parcel 4 Demised Land, Parcel 5 Demised Land and Parcel 6 Demised Land;

“ **Subterranean CST Stratum** ” means the part of subterranean State Land Lot 80038C of Town Subdivision 30 containing part of the CST as shown delineated in dotted lines and coloured green on the plan in Appendix 3.3 of the document marked “Annex E1” which forms part of Annexure “ **E** ”;

“ **Subterranean Government CST Stratum** ” means the whole of the Subterranean CST Stratum or such part of the Subterranean CST Stratum as determined by the Government or the Urban Redevelopment Authority under Clause 13D to be excluded from Parcel 1;

“ **Subterranean RTS Stratum** ” means that part of subterranean land Lot 80032T of Town Subdivision 30 occupied by part of the Bayfront MRT Station, as shown delineated and shaded in blue on the plan in Annexure “ **A** ”;

“ **Supporting Areas** ” has the meaning ascribed to it in Clause 16.2.1;

“ **Tax Differential Amount** ” has the meaning ascribed to it in Clause 16.5.3(iii);

“ **TOP** ” means the Temporary Occupation Permit issued under Section 12(3) of the Building Control Act (Cap. 29) permitting the temporary occupation of the buildings on the Land subject to the written directions to be issued thereafter;

“ **Total Compensation for Gaming Machines** ” has the meaning ascribed to it in Clause 16.5.3(ii);

“ **Trial Pit Tests** ” has the meaning ascribed to it in Clause 28A.1(i);

“ **URA** ” means the Chief Executive Officer of the Urban Redevelopment Authority as the Competent Authority under the Planning Act (Cap. 232);

“ **Urban Redevelopment Authority** ” means the body corporate established under the Urban Redevelopment Authority Act (Cap. 340); and

“ **year** ” means a consecutive period of twelve (12) calendar months.

1.2 In this Agreement, including the Recitals, unless the context otherwise requires:

- (i) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any statutory instrument issued under, that legislation or legislative provision;
- (ii) a word denoting the singular number includes the plural number and vice versa;
- (iii) a word denoting an individual or person includes a corporation, firm, authority, government or governmental authority and vice versa;
- (iv) a word denoting a gender includes all genders;
- (v) a reference to a “ **Recital** ”, “ **Subclause** ”, “ **Proviso** ” or “ **Annexure** ” is to a recital to, subclause of, proviso of or annexure to this Agreement;
- (vi) a reference to a “ **Clause** ” is to a clause of this Agreement unless otherwise stated;
- (vii) a reference to a “ **paragraph** ” is to a paragraph of the Annexure in which such reference appears unless otherwise stated;

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- (viii) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, supplemented or replaced from time to time;
- (ix) a reference to any party to this Agreement, or any other document or arrangement, includes that party's executors, administrators, substitutes, successors or permitted assigns; and
- (x) a reference to “ **Dollars** ” or “ **\$** ” is to an amount in Singaporean currency.

1.3 In this Agreement, including the Recitals:

- (i) headings are for convenience of reference only and do not affect interpretation; and
- (ii) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.

## 2. AGREEMENT TO LEASE

2.1 In consideration of the terms, covenants and conditions on the part of the Lessee hereinafter reserved and contained, the Lessor hereby agrees to grant to the Lessee a lease of the Land for the Lease Term subject to the payment of the Land Premium.

## 3. DELIVERY OF VACANT POSSESSION

3.1 Vacant possession of the Land on an 'as is where is' basis together with all existing structures, if any thereon or therein, shall be delivered or deemed to have been delivered to the Lessee on the Effective Date subject to the payment of all monies and the signing of all documents by the Lessee as required under this Agreement.

3.2 Possession of Parcel 1 excluding the Subterranean CST Stratum and the Subterranean RTS Stratum is to be delivered to the Lessee on the Effective Date subject to the payment of all monies and the signing of all required documents by the Lessee as mentioned in Clause 3.1. In the event of any determination by the Government and the Urban Redevelopment Authority pursuant to Clause 13D that only part of the Subterranean CST Stratum is to be excluded from Parcel 1, possession of such part of the Subterranean CST Stratum that is to be included as part of Parcel 1 as determined by the Government and the Urban Redevelopment Authority shall with effect from the date of such determination be deemed to have been delivered to the Lessee as from the Effective Date and the Lessee shall not raise any objection in relation thereto. The lease to be granted to the Lessee pursuant to Clause 2 of this Agreement shall with respect to Parcel 1, be for Parcel 1 excluding the Subterranean Government CST Stratum (as so determined by the Government and the Urban Redevelopment Authority) and the Subterranean RTS Stratum.

3.3 Possession of the Subject Parcels is to be delivered to the Lessee for purpose of the construction of the public underground or elevated pedestrian connections therein in accordance with the Planning Parameters but the lease to be granted to the Lessee pursuant to Clause 2 of this Agreement shall, with respect to the Subject Parcels, be for only the Subterranean/Air-space Lots.

3.4 Subject to Clause 3.3, the Lessee shall have no right or interest whatsoever in or with respect to the Subject Parcels save for the Subterranean/Air-space Lots, and upon completion (as part of the Completion of the IR2) of the subterranean or elevated pedestrian connections on or within each of the Subject Parcels:

- (i) save for the Subterranean/Air-space Lots, the Lessee shall vacate all other parts of the Subject Parcels; and
- (ii) possession of the Subject Parcels (excluding the Subterranean/Air-space Lots), shall be deemed to have been vacated by the Lessee and handed back to the Lessor

without the requirement for any action or notice on the part of either the Lessor or the Lessee.

#### 4. PAYMENT OBLIGATIONS

4.1 The Lessee shall on the date of this Agreement pay the sum of Singapore Dollars One hundred and fifty three million and one hundred thousand (S\$153,100,000.00) being the Security Deposit, by way of such Banker's Guarantee, banker's cheque(s) or cashier's order(s) or evidence of electronic means such as direct debit or telegraphic transfer to be made in favour of " **SINGAPORE TOURISM BOARD** ".

4.2 The Lessee shall on or before twelve (12) noon of 10 April 2019 pay or deliver to the Lessor the following:

- (i) the Land Premium together with GST of Singapore Dollars Eighty eight million four hundred and ten thousand and cents thirty five (S\$88,410,000.35), by way of such banker's cheque(s) or cashier's order(s) to be made in favour of " **COMMISSIONER OF LANDS, SINGAPORE LAND AUTHORITY** ";
- (ii) the ESS Contribution together with GST of Singapore Dollars Two hundred and three thousand and seven hundred (S\$203,700.00), by way of such banker's cheque(s) or cashier's order(s) to be made in favour of " **URBAN REDEVELOPMENT AUTHORITY** ";
- (iii) the written confirmation of the Lessee's solicitors confirming receipt from the Lessee of the sum of Singapore Dollars Thirty-seven million eight hundred and eighty-four thousand and six hundred (S\$37,884,600.00) by way of cashier's order(s) being the Stamp Duty on this Agreement payable by the Lessee pursuant to Clause 32.1 and undertaking to stamp this Agreement within fourteen (14) days from the date of this Agreement, and to forward to the Lessor or the Lessor's solicitors copies of the original and the duplicate Certificates of Stamp Duty;
- (iv) the sum of Singapore Dollars Two thousand two hundred and ninety-nine and cents seven (S\$2,299.07), together with GST of Singapore Dollars One hundred sixty and cents ninety-three (S\$160.93), for payment of the processing fee for surrender of land Lot 440X Town Subdivision 30 and part of Lot 80038C Town Subdivision 30 by Ministry of National Development to Singapore Land Authority, by way of such banker's cheque(s) or cashier's order(s) to be made in favour of " **SINGAPORE TOURISM BOARD** "; and
- (v) the sum of Singapore Dollars One thousand one hundred and thirty and cents eighty-four (S\$1,130.84), together with GST of Singapore Dollars Seventy-nine and cents sixteen (S\$79.16), for payment of the processing fee and fee for issuance of Certificate of Title to the Land, by way of such banker's cheque(s) or cashier's order(s) to be made in favour of " **COMMISSIONER OF LANDS, SINGAPORE LAND AUTHORITY** ".

#### 5. SECURITY DEPOSIT

5.1 The Security Deposit shall be security for the due performance and observance by the Lessee of the terms and conditions herein contained in relation to the development of the IR2 subject to the provisions hereinafter appearing and shall not be deemed or treated as payment of the Land Premium or other charges under this Agreement.

5.2 If the Security Deposit is provided by way of the Banker's Guarantee, then the Banker's Guarantee (or such consecutive renewals and/or replacements thereof) shall be valid for an aggregate period of either:

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- (i) at least eight (8) years and six (6) months after the Effective Date, including the period from the date of this Agreement to the Effective Date (the “ **Banker’s Guarantee Period** ”); or
- (ii) up to at least six (6) months from such earlier date (“ **Earlier Date** ”) as proposed in writing by the Lessee and accepted in writing by the Lessor for Completion.

For purposes of this Clause 5.2(ii), in the event that the Lessee shall be unable to Complete the IR2 by such Earlier Date, then the Lessee shall at least six (6) months before the expiry of the Earlier Date, apply to the Lessor in writing for an extension of time for Completion. Immediately upon the Lessor’s acceptance of the Lessee’s request for the extension of time, the Lessee shall renew the Banker’s Guarantee for such extended period and a further period of six (6) months. If the Lessee shall fail to renew the Banker’s Guarantee on the expiry of the Earlier Date, then the Lessor shall be entitled to demand the payment of the Security Deposit secured by the Banker’s Guarantee and hold such monies until the Completion of the IR2.

The Lessee shall be entitled to provide a Banker’s Guarantee that is valid for a period less than the Banker’s Guarantee Period provided that no less than six (6) months prior to the expiry of such Banker’s Guarantee, the Lessee shall provide a further or further Banker’s Guarantee(s) for the remainder of the Banker’s Guarantee Period. All expenses incurred by the Lessee in obtaining, maintaining and extending the Security Deposit shall be borne by the Lessee.

5.3 Upon receipt of the External Auditors’ Confirmation that all the conditions prescribed in Clauses 5.4(iii) and 5.4(iv) have been met, the Lessor shall within thirty (30) days from the date of receipt of the External Auditors’ Confirmation, release to the Lessee the Security Deposit, free of interest, subject to any deduction as may have been made therefrom, or return the Banker’s Guarantee, if so provided, provided there shall not, at the due date of the refund or return of the Security Deposit, be any existing breach by the Lessee of any term or condition contained in this Agreement in relation to the development of the IR2.

5.4 If the Lessee shall fail to:

- (i) make all the payments and deliver all the items required to be paid and delivered under Clause 4.2 on or before twelve (12) noon on 10 April 2019; or
- (ii) Commence Construction within three (3) years from the Effective Date; or
- (iii) pay or incur one hundred per cent (100%) of the Development Investment within eight (8) years from the Effective Date; or
- (iv) Complete construction of one hundred per cent (100%) of the Proposed GFA within eight (8) years from the Effective Date,

or such extended period as may be reasonably allowed in writing by the Lessor, the Lessor shall thereupon be entitled to forfeit the Security Deposit, if paid in cash or to demand the payment of the Security Deposit secured by the Banker’s Guarantee and thereafter the Lessor shall be free of any obligation to return the same. The exercise by the Lessor of its rights under this Clause 5.4 shall be the sole remedy available to the Lessor for failure by the Lessee to Commence Construction within three (3) years from the Effective Date, pay or incur one hundred per cent (100%) of the Development Investment within eight (8) years from the Effective Date, or Complete construction of one hundred per cent (100%) of the Proposed GFA within eight (8) years from the Effective Date, but shall be without prejudice to the rights and remedies conferred upon the Lessor by any provision of this Agreement arising from any breach by the Lessee of its obligations under any other provision of this Agreement (including under Clauses 12.1, 12.2 and 27). In the event the Lessor forfeits the whole or any part of the Security Deposit pursuant to this provision, there shall be no obligation on the Lessee to furnish a further amount by way of security deposit to top up the amount so forfeited.

## 6. EXTERNAL AUDITORS

6.1 The Lessor shall, at the cost of the Lessee, appoint the External Auditors to undertake: (i) the auditing and certification of the Completion of the Proposed GFA; and (ii) the auditing and certification of the expenditure by the Lessee towards the Development Investment, such auditing to be conducted upon Completion of the Proposed GFA or eight (8) years from the Effective Date, whichever is earlier.

6.2 The External Auditors shall be entitled to engage all such professionals or consultants as they deem necessary to enable them to undertake the auditing and certification as stated in Clause 6.1. All costs and expenses incurred by the External Auditors in undertaking the auditing and certification, including the costs and expenses of engaging all such other professionals or consultants as may be deemed necessary by the External Auditors, shall be borne by the Lessee and paid on demand being made by the Lessor or the External Auditors. A letter from the Lessor certifying the costs and expenses incurred shall be final and conclusive.

6.3 Without prejudice to the Lessee's obligations under Clause 11.1, any determination by the External Auditors as to whether a specified GFA or Net Floor Area in this Agreement has been built shall take into account any construction variance which is in line with industry practice from time to time prevailing but nothing in this Clause 6.3 shall be construed to permit the Lessee to increase the Permissible GFA without approval of the Lessor and/or the Competent Authorities.

## 7. DEVELOPMENT INVESTMENT

7.1 Subject to Clause 10.1, the Development Investment shall be of a total sum of not less than Singapore Dollars Three billion and sixty-two million (S\$3,062,000,000.00), which amount shall be expended towards the Completion of the IR2, in respect of, *inter alia*, the following:

- (i) the areas and facilities dedicated to MICE, a total sum of not less than Singapore Dollars Three hundred and seventy-eight million (S\$378,000,000.00);
- (ii) the area dedicated to the rooftop attraction, a total sum of not less than Singapore Dollars One hundred and ninety-six million (S\$196,000,000.00); and
- (iii) the area dedicated to the Arena, a total sum of not less than Singapore Dollars Seven hundred and twenty-two million (S\$722,000,000.00).

PROVIDED ALWAYS that any reduction of any of the amounts as set out in this Clause 7.1 shall, save as specifically set out below, require the prior written approval of the Lessor and shall be as a result of amendment, modification or variation to the Accepted Proposal as approved in writing by the Lessor:

- (a) If such reduction is not more than 10%, the Lessee shall reinvest the reduction in the IR1 Key Attractions and/or the Key Attractions, subject only to the approval of the Lessor as to the selection of such IR1 Key Attractions and/or the Key Attractions and the timing of the reinvestment (such approval not to be unreasonably withheld, delayed or conditioned), and the reduction shall in any event be paid or incurred within ten (10) years from the Effective Date. The parties also agree to negotiate in good faith a reasonable reduction in the value of the Banker's Guarantee to be held for the period of the reinvestment.
- (b) If such reduction is more than 10%, and without prejudice to the rights and remedies conferred upon the Lessor by any provision of this Agreement arising from any breach by the Lessee of its obligations under any other provision of this Agreement (including under Clauses 5.4, 12.1, 12.2 and 27), the Lessee may discuss with the Lessor to consider what step or action the Lessee may take, including any reinvestment of such reduction in IR1 Key Attractions and/or the Key Attractions, and the timing for such reinvestment.

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7.2 The Lessee shall pay or incur one hundred per cent (100%) of the Development Investment within eight (8) years from the Effective Date, or such other time as may be allowed by the Lessor pursuant to Provisos 7.1(a) and 7.1(b).

## 8. PLANNING PARAMETERS

The provisions of the Planning Parameters shall be incorporated herein and shall form an integral part of this Agreement save that if there is any conflict between the provisions of this Agreement and the Planning Parameters in relation to the planning, design, infrastructure and technical requirements of the construction and development of the IR2, the provisions of the Planning Parameters shall prevail. Provided the specifications of the Key Attractions are complied with, any changes necessitated by the Planning Parameters (including changes to the Accepted Proposal) shall not constitute or be deemed to be a breach on the part of the Lessee of its obligations under this Agreement, including Clause 12.1(i).

## 9. PLANNING APPLICATION

The Lessee shall, at its own cost and expense submit to the Competent Authorities the layout plans and/or full and complete plans, elevations and specifications for the buildings proposed to be erected on the Land under the Planning Act (Cap. 232) and all other laws and regulations applicable thereto for the time being for the necessary approval to develop the IR2 in accordance with the Accepted Proposal as submitted to and accepted by the Lessor and in compliance with the Planning Parameters. The Lessee shall upon the issue of the Grant of Written Permission, the Notice of Approval and the Permit to Commence Building Works by the Competent Authorities, furnish to the Lessor copies of all such approvals and the final approved plans.

## 10. ACCEPTED PROPOSAL

10.1 The Lessee shall be bound by the Accepted Proposal in all respects and shall not amend, modify, or vary the Accepted Proposal in any respect without the prior written approval of the Lessor and where applicable, the approvals of the Competent Authorities.

10.2 Subject to Clause 10.3, the Lessor shall approve the Lessee's proposed amendment, modification or variation of the Accepted Proposal if all of the following conditions are met:

- (i) the proposed amendment, modification or variation of the Accepted Proposal will result in the development on the Land continuing to be, in the sole determination of the Lessor (which shall be final and conclusive), an IR2 as defined in this Agreement;
- (ii) the proposed amendment, modification or variation of the Accepted Proposal will not reduce the tourism appeal of the Expanded IR, in the sole determination of the Lessor (which shall be final and conclusive); and
- (iii) the proposed amendment, modification or variation of the Accepted Proposal will not result in an increase in the GFA of the IR2 over and above the Permissible GFA.

10.3 The Lessor shall have the absolute discretion to disapprove the Lessee's proposed amendment, modification or variation of the Accepted Proposal if all or any of the following conditions are met:

- (i) the proposed amendment, modification or variation of the Accepted Proposal will result in the development on the Land being no longer, in the sole determination of the Lessor (which shall be final and conclusive), an IR2 as defined in this Agreement;
- (ii) the proposed amendment, modification or variation of the Accepted Proposal will reduce the tourism appeal of the Expanded IR, in the sole determination of the Lessor (which shall be final and conclusive); or



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- (iii) the proposed amendment, modification or variation of the Accepted Proposal will result in an increase in the GFA of the IR2 over and above the Permissible GFA.

PROVIDED ALWAYS that if such amendment, modification or variation of the Accepted Proposal is necessitated by the Planning Parameters, the Lessor shall exercise its discretion reasonably.

10.4 The Lessor's approval, if granted under Clause 10.2, may be subject to such terms and conditions, which may include the payment by the Lessee of such charges and fees, as may be determined by the Lessor.

10.5 After the approval of the Lessor has been granted, the Lessee shall also obtain the approvals of all Competent Authorities which are required to be obtained for the proposed amendment, modification or variation of the Accepted Proposal. If and when the approval of any Competent Authority is granted, the Lessee shall comply with such terms and conditions as may be imposed by the Competent Authority and shall also submit a copy of such approval to the Lessor for its information.

10.6 In addition to the above, the Lessee shall not, at any time during the Lease Term without the prior written approval of the Lessor and where applicable, the Competent Authorities make any change or revision to the Key Attractions whether in the type of use(s) or the operator(s) or in any manner which in the reasonable opinion of the Lessor will constitute a deviation from the Accepted Proposal. The Lessor's approval may be granted upon such terms and conditions as the Lessor may in its absolute discretion think fit and subject to the payment of such charges and fees as the Lessor may impose.

## 11. PERMITTED USE

11.1 The Lessee shall not use the Land for any purpose except for the development of the IR2 in accordance with the Accepted Proposal subject to and in compliance with in all material respects:

- (i) the Permissible GFA;
- (ii) GFA for the Land as follows:
  - (a) a GFA not exceeding 129,050 square metres for purely hotel use comprising not more than 1,164 rooms;
  - (b) a GFA not exceeding 3,457 square metres for food and beverage use;
  - (c) a GFA not exceeding 2,497 square metres for retail use;
  - (d) a GFA not exceeding 50,828 square metres for MICE use;
  - (e) a GFA not exceeding 40,000 square metres for entertainment (arena (performing venue)) use; and
  - (f) a GFA not exceeding 16,576 square metres for support and circulation;
- (iii) use of Parcel 3 Demised Land for the purposes of underground pedestrian links and other uses as approved by the Lessor and the Competent Authorities, use of Parcel 2 Demised Land and Parcel 6 Demised Land solely for the purposes of underground pedestrian links, and use of Parcel 4 Demised Land and Parcel 5 Demised Land solely for the purposes of elevated pedestrian links;
- (iv) the Planning Parameters;
- (v) the Planning Permission;

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- (vi) all the terms and conditions of this Agreement and the Lease; and
- (vii) any Law imposed on the Lessor or the Lessee in respect of the Land and/or the regulation of the activities in the IR2.

11.2 The Lessee shall, pursuant to the Accepted Proposal, develop and establish on the Land the IR2, including the Key Attractions which shall form and be considered an integral part of the IR2.

11.3 The Lessee accepts that the Land will be designated as a Designated Site.

11.4 Except as provided in Clause 11.1, Clause 11.2 and Clause 11.3, the Lessee shall not use the Land for any other purposes nor carry out or permit to be carried out on or use the Land or any part thereof for:

- (i) any pawn broking or money lending business (except for such gaming credit as may be permitted in the Legislation); or
- (ii) any illegal act or purpose.

11.5 The Permissible GFA, any of the GFA constituent components under Clause 11.1(ii) above and/or the number of permitted hotel rooms may be amended or increased from time to time with the approval in writing of the Competent Authorities, provided that:

- (i) if the approval of the Competent Authorities to any such change or increase is granted subject to conditions, the Lessee shall, at its own cost and expense, comply with all such conditions;
- (ii) any charges and fees (including, without limitation, additional premium and/or differential premium and other fees, levies and charges that may be imposed upon the Lessor by the SLA or other equivalent authority) in connection with any grant of approval by the Competent Authorities, shall be borne by the Lessee; and
- (iii) the Lessee will give notice to the Lessor of any approval granted by the Competent Authorities to change or increase the Permissible GFA, such notice to be accompanied by documentary evidence of such approval.

## 12. CONSTRUCTION

12.1 The Lessee shall Commence Construction on the Land and Complete the IR2 in accordance with, in all respects, the following:

- (i) the Accepted Proposal, without prejudice to or derogation from Clause 8;
- (ii) the Planning Parameters; and
- (iii) all Laws imposed on the Lessor or the Lessee in respect of the Land.

12.2 Without prejudice to or derogation from Clause 5.4, if the Lessee does not Complete the IR2 with one hundred per cent (100%) of the Proposed GFA being built, and procure the issue of TOP by the Competent Authority for the whole of the IR2, in each case within eight (8) years from the Effective Date or such extended period as may be reasonably allowed in writing by the Lessor and in accordance with Clause 12.1, the Lessor shall thereupon be entitled (but not be obliged) to:

- (i) set a new date for the Lessee to Complete the IR2 with one hundred per cent (100%) of the Proposed GFA being built and for the Lessee to procure the issue of TOP by the Competent Authority for the whole of the IR2 (the “ **Extended Completion Date** ”), in each case in accordance with Clause 12.1 (and provided that such date shall be reasonable having regard to the then-prevailing circumstances); and

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- (ii) if, and only if, the Lessor sets the Extended Completion Date, deem the Lessee's failure to Complete the IR2 with one hundred per cent (100%) of the Proposed GFA being built and procure the issue of TOP by the Competent Authority for the whole of the IR2 by the Extended Completion Date as an Event of Default.

12.3 The Lessee shall do all acts necessary to obtain the CSC for the IR2 and shall produce copies of the CSC to the Lessor when issued.

12.4 The Lessee shall ensure that all materials, fittings, equipment and workmanship utilised in carrying out the construction of the IR2:

- (i) are of a quality commensurate with an international class integrated resort complex;
- (ii) comply with standards specified in the Accepted Proposal; and
- (iii) comply with the provisions of the Building Control Act and all other laws and regulations applicable to the construction of the IR2 relevant to the materials, fittings, equipment or workmanship.

12.5 The Lessor and its officers or agents or any person authorised by the Lessor with or without workmen and others shall at all reasonable times be permitted to enter upon the Land and any parts of the Subject Parcels to view the state and progress of the construction works and for any other reasonable purposes.

12.6 The Lessee shall at all times, apply for, obtain and keep valid and subsisting all and any other licences, permission, permits, approvals or consents that may be required by the Law in respect of the use of the Land and/or for the operation of the IR2.

12.7 The Lessor hereby agrees that:

- (i) the Lessee's failure to Commence Construction within three (3) years from the Effective Date, pay or incur one hundred per cent (100%) of the Development Investment within eight (8) years from the Effective Date, or Complete construction of one hundred per cent (100%) of the Proposed GFA within eight (8) years from the Effective Date shall not be an Event of Default under Clause 27.1 but save as specifically provided in this Clause 12.7(i), nothing herein shall prejudice:
  - (a) the exercise by the Lessor of its rights under Clause 5.4; and
  - (b) the rights and remedies conferred upon the Lessor by any provision of this Agreement arising from any breach by the Lessee of its obligations under the provisions of this Agreement (including under Clauses 12.1, 12.2 and 27); and
- (ii) the Lessee shall not be deemed to have failed to Complete one hundred per cent (100%) of the Proposed GFA or to have failed to Complete the IR2 by virtue only of:
  - (a) a tenant having vacated any premises located in that part of the IR2 comprising the retail areas;
  - (b) a tenant not having completed its fitting out; or

(c) the Lessee not having obtained a tenant for any premises located in that part of the IR2 comprising the retail areas, provided that the TOP has been obtained for premises located in that part of the IR2 comprising the retail areas within eight (8) years from the Effective Date; and

(iii) the Lessee is not obliged to open all parts of the IR2 on the same day. The Lessee may open such parts of the IR2 as and when they are ready for opening. Nothing herein shall relieve the Lessee from its obligations under Clause 12.1 and/or Clause 12.2.

### 13. INFRASTRUCTURE WORKS

13.1 The Lessee shall construct, complete and maintain (except where expressly provided for otherwise) all such infrastructure works as provided in the Planning Parameters and in accordance with all the requirements set out therein, such as access roads to the Land, all walkways (whether boundary, covered, underground pedestrian, high-level pedestrian links or otherwise), promenades, buildings and installations on the Land, the connection of the RTS to the Land, the connection(s) (including the associated circulation spaces) in Parcels AR1, AR2 and AR3 to the Land and all such car parks as may be necessary to accommodate the operations of the IR2 and approved by the Competent Authorities.

13.2 Where such infrastructure works as provided above in Clause 13.1 are required to be carried out on State land, the Lessee shall obtain all necessary consents or temporary occupation licences of the Competent Authorities to enter into and/or use the State land and shall complete all such works in accordance with the Planning Permission.

13.3 The Lessee shall keep all open spaces or areas on the Land designated or required by the Competent Authorities for public use or access in clean hygienic condition and open to the public at all times twenty-four (24) hours a day and shall provide members of the public reasonable means of access to and from such open spaces, public access roads, public facilities and amenities in the vicinity of the Land.

### 13A. AIR-CONDITIONING AND COOLING OF IR2

For the purpose of air-conditioning and cooling of the buildings and spaces comprised in the IR2, the Lessee shall obtain the supply of DC Services from the DC Operator on such terms and conditions and subject to payment of such charges as the DC Operator may require and for and in relation to this purpose, the Lessee shall allow the DC Operator with or without workmen and others at all times and without any charge, payment, hindrance, obstruction or restriction whatsoever to have access to and use of such spaces within the IR2 which in accordance with this Agreement are to be provided to accommodate the equipment to be installed by the DC Operator for connection to the DCS for the provision of DC Services to the IR2.

### 13B. CST AND CST ANCILLARY STRUCTURE

13B.1 In relation to the part(s) of the CST and any CST Ancillary Structure that are at any time during the Lease Term existing or located within the Land, the Lessee shall be subject to and shall comply with all laws and regulations that may at any time be in operation and applicable to the CST and CST Ancillary Structure and without prejudice to the foregoing, the Lessee hereby:

(i) agrees and accepts that the Government and the Urban Redevelopment Authority and any person authorised by the Government or the Urban Redevelopment Authority shall have the right and be entitled with or without workmen and others at all times to have access to and use of the part(s) of the CST and any CST Ancillary Structure existing or located within the Land without any charge, payment, hindrance, obstruction or restriction whatsoever to inspect, survey, lay, place, install, operate, maintain, repair or improve any plant, equipment, machinery, cables, wires, lines,

pipes, ducts and other facilities housed or to be housed within such part(s) of the CST and such CST Ancillary Structure, and/or to carry out any temporary or permanent works as the Government or the Urban Redevelopment Authority may deem necessary to render such part(s) of the CST and such CST Ancillary Structure safe, secure, functional and operational provided that where such access and/or use are not required due to any emergency or for purpose of inspection, survey or urgent maintenance or repair of any plant, equipment, machinery, cables, wires, lines, pipes, ducts and/or other facilities at any time housed within such part(s) of the CST and/or such CST Ancillary Structure, prior notice of at least 7 days of intention to access and/or use is given to the Lessee;

- (ii) undertakes not to enter or allow any person to enter the part(s) of the CST and any CST Ancillary Structure existing or located within the Land except with the prior written approval of the Government or the Urban Redevelopment Authority;
- (iii) undertakes at its own cost and expense to maintain and keep in good repair, including waterproofing, the structural shell of the part(s) of the CST and any CST Ancillary Structure existing or located within the Land;
- (iv) undertakes to ensure at all times that the part(s) of the CST and any CST Ancillary Structure existing or located within the Land are not damaged in any way and the use and operation of such part(s) of the CST and such CST Ancillary Structure are unaffected by any works or activity carried out, being carried out or to be carried out within the Land; and
- (v) agrees not to demolish or carry out any works, alteration or addition to or within the part(s) of the CST and any CST Ancillary Structure existing or located within the Land except, with the prior written approval of the Government or the Urban Redevelopment Authority and also of the Competent Authorities and where approval is given by the Government or the Urban Redevelopment Authority, the Lessee shall at its own costs and expense, demolish, remove, alter or replace such part(s) of the CST and any CST Ancillary Structure in such manner as may be directed by the Government and/or the Urban Redevelopment Authority and within such time as may be required by the Government and/or the Urban Redevelopment Authority.

13B.2 Where any part of the CST or any CST Ancillary Structure existing or located within the Land as at the Effective Date is, with the prior written approval of the Government or the Urban Redevelopment Authority and also of the Competent Authorities demolished, removed, altered or replaced by the Lessee:

- (i) the obligations of the Lessee specified under Clause 13B.1 shall remain valid and applicable with regard to the part(s) of the CST and any CST Ancillary Structure which remain, exist or are located within the Land after such demolition, removal, alteration or replacement works PROVIDED ALWAYS that the above obligations shall not apply in relation to any remnant (including any piles) of the part(s) of the CST and/or any CST Ancillary Structure that have been demolished, removed, altered or replaced by the Lessee with the approval of the Government or the Urban Redevelopment Authority if such remnant is no longer necessary or required for the physical support of any other part of the CST and/or any other CST Ancillary Structure; and
- (ii) the Lessee shall, if and only if it is also required by the Lessor to restore the Land to its state as at the commencement of the Lease Term, pursuant to Clause 28.2, at its own cost and expense reconstruct and reinstate the part(s) of the CST and any CST Ancillary Structure that are demolished, removed, altered or replaced to the state, condition and position as existing at the Effective Date and upon the expiry of the Lease Term, hand over and return the Land to the Lessor with the parts(s) of the CST and CST Ancillary Structure(s) as existing or located within the Land at the Effective Date reconstructed and reinstated as aforesaid. Further, the Lessee shall be required

to inform the Government, the Head Lessor and the Lessor of the cost that it incurs in order to perform its obligations under this Clause 13B.2(ii).

**13C. CONNECTION(S) (INCLUDING ASSOCIATED CIRCULATION SPACES) IN PARCELS AR1, AR2 and AR3**

13C.1 The Lessee shall at its own cost and expense as provided in Clause 13 construct and complete on and within Parcels AR1, AR2 and AR3 the connection(s) (including the associated circulation spaces) to the Land in accordance with the Planning Parameters within eight (8) years from the Effective Date or such extended period as may be reasonably allowed in writing by the Lessor. Upon completion of the connection(s) (including the associated circulation spaces) to the Land, the Lessee shall at its own cost and expense, operate, maintain and keep in good repair and condition the connection(s) (including the associated circulation spaces).

13C.2 For and in relation to the purposes of Clause 13C.1, the Lessee shall be granted the right and licence by the Competent Authority to enter and access Parcels AR1, AR2 and AR3 and upon completion of the connection(s) (including the associated circulation spaces), the right and licence to enter and access the part or parts of Parcels AR1, AR2 and AR3 on or within which the connection(s) (including the associated structures) are constructed and located, subject to such terms and conditions as the Competent Authority may deem necessary to impose.

13C.3 Without prejudice to Clause 13C.2, in the event as notified by the Lessor the Competent Authority decides to terminate or not to further grant to the Lessee the right and licence to enter and access the part or parts of Parcels AR1, AR2 and AR3 on or within which the connection(s) (including the associated circulation spaces) are constructed and located, the Lessee shall upon the termination or expiry of such right and licence hand over to the Competent Authority without charge, payment or compensation whatsoever, such connection(s) (including the associated circulation spaces) in a state of good repair and condition.

**13D. DEMOLITION, TRUNCATION AND ALTERATION OF CST WITHIN PARCEL 1**

13D.1 The Lessor agrees that the part of the CST existing or located within Parcel 1 may be demolished, truncated or altered up to the boundary of the Subterranean CST Stratum (being approximately 10.5 metres measured from the boundary of Parcel 1 as shown on the plan in Appendix 3.3 of the document marked "Annex E1" which forms part of Annexure " E ") provided that the requirements set out in the Planning Parameters are satisfied and complied with and the prior written approvals of the Government or the Urban Redevelopment Authority and also of the Competent Authorities are obtained.

13D.2 The Lessee may in relation to the development of IR2 submit to the Lessor a proposal to demolish, truncate or alter the CST existing or located within Parcel 1 further beyond the boundary of the Subterranean CST Stratum, from the boundary line which is 10.5 metres from the road reserve line to the boundary line in orange as shown in Annexure " H ", and hereby agrees and accepts that such proposal may be allowed by the Government and the Urban Redevelopment Authority only if the Lessee can show to the satisfaction of the Government and the Urban Redevelopment Authority that the proposed demolition, truncation or alteration will: (i) not affect the structural, functional and operational integrity of the CST and all related utility services; and (ii) meet the requirements set out in the Planning Parameters and provided also that the approvals of the Competent Authorities are obtained.

13D.3 Where any demolition, truncation or alteration of the CST existing or located within Parcel 1 beyond the boundary of the Subterranean CST Stratum is allowed by the Government and the Urban Redevelopment Authority under Clause 13D.2 in relation to the development of the IR2, the part of Subterranean CST Stratum containing the part of the CST that is to be outside the IR2 and to be excluded from Parcel 1 (i.e. the portion which shall constitute the Subterranean Government CST Stratum) shall be determined by the Government and the Urban Redevelopment Authority upon: (i) the approval of the development plans for the IR2 by the Urban Redevelopment Authority under the Planning Parameters (wherein such further demolition, truncation or alteration of the CST will be clearly

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marked and described); and (ii) the grant of Provisional Permission, or in the absence of a Provisional Permission, Planning Permission for such development plans under the Planning Act. Such determination of the Government and the Urban Redevelopment Authority shall be notified in writing to the Lessor and the Lessee.

**13E. CST AND CST ANCILLARY STRUCTURE WITHIN SUBTERRANEAN GOVERNMENT CST STRATUM**

13E.1 In relation to the part(s) of the CST and any CST Ancillary Structure that are at any time during the Lease Term existing or located within the Subterranean Government CST Stratum, the Lessee shall be subject to and shall comply with all laws and regulations that may at any time be in operation and applicable to the CST and CST Ancillary Structure and without prejudice to the foregoing, the Lessee hereby:

- (i) grants the Government and the Urban Redevelopment Authority the right to subjacent and lateral support and protection of the Subterranean Government CST Stratum and every part thereof from the Land (which term used in this Clause 13E shall include any building(s) or structure(s) or structural element(s) therein and thereon) for the purpose of supporting, upholding and maintaining the CST and the CST Ancillary Structure within the Subterranean Government CST Stratum;
- (ii) agrees and accepts that the Government and the Urban Redevelopment Authority and any person authorised by the Government or the Urban Redevelopment Authority shall have the right and be entitled with or without workmen and others at all times to have access to and use portions of the Land for ingress and egress to and from the part(s) of the CST and any CST Ancillary Structure existing or located within the Subterranean Government CST Stratum without any charge, payment, hindrance, obstruction or restriction whatsoever to inspect, survey, lay, place, install, operate, maintain, repair or improve any plant, equipment, machinery, cables, wires, lines, pipes, ducts and other facilities housed or to be housed within such part(s) of the CST and such CST Ancillary Structure, and/or to carry out any temporary or permanent works as the Government or the Urban Redevelopment Authority may deem necessary to render such part(s) of the CST and such CST Ancillary Structure safe, secure, functional and operational provided that where such access and/or use are not required due to any emergency or for purpose of inspection, survey or urgent maintenance or repair of any plant, equipment, machinery, cables, wires, lines, pipes, ducts and/or other facilities at any time housed within such part(s) of the CST and/or such CST Ancillary Structure, prior notice of at least 7 days of intention to access and/or use is given to the Lessee; and
- (iii) undertakes not to make or permit or suffer to be done anything on the Land which will damage in any way or affect the use and operation of the part(s) of the CST and any CST Ancillary Structure existing or located within the Subterranean Government CST Stratum or in any way impair the foundation, floors, building structure and structural framework, exterior walls, main walls and roofs, railings, structural columns, floor slabs, all permanent walls, structural beams, columns and ramps of the CST and/or the CST Ancillary Structure within the Subterranean Government CST Stratum and the overall structural integrity of the CST and/or the CST Ancillary Structure within the Subterranean Government CST Stratum.

13E.2 The Lessee shall make good as soon as reasonably practicable at its own costs and expense any damage caused to any part of the CST and/or CST Ancillary Structure (whether within the Subterranean Government CST Stratum and/or within the Land) directly by the Lessee, its servants, agents, contractors, independent contractors, licensees and/or invitees (not being the Lessor, Urban Redevelopment Authority and/or persons authorised by Urban Redevelopment Authority).

**14. SUBDIVISION OF LAND AND STRATA SUBDIVISION OF BUILDING**

14.1 The Lessee shall not subdivide the Land and/or any building on the Land, except:

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- (i) in respect of any part of the Land required under the Planning Parameters to remain vested or to be vested in the Lessor and/or any Competent Authorities; or
- (ii) with the prior written approval of the Lessor, which if given, will be subject to such terms and conditions as may be determined by the Lessor, including (but not limited to) the following:
  - (a) the payment of charges (including, but not limited to, any differential premium, if applicable) and fees as may be determined by the Lessor; and
  - (b) in relation to a strata subdivision of any building on the Land, a requirement that the CST and any CST Ancillary Structure, as well as any access leading to or from the CST and/or any CST Ancillary Structure, existing and located within the Land, shall form part of the common property of the IR2.

Without prejudice to or derogation from the foregoing provisions of this Clause 14.1, any application for proposed strata subdivision involving the hotel component shall not be permitted unless such proposed strata subdivision is on an en-bloc basis in respect of the hotel component.

### 15. DESIGNATED SITE, CASINO CONCESSION AND CASINO LICENCE

15.1 The Casino shall be located only on the Designated Site pursuant to the Legislation for a period of thirty (30) years from 23 August 2006 and such further period if granted by the Lessor pursuant to Clause 15.6.

15.2 In this regard, if any additional investments are required by the Lessor for the renewal of the Casino Concession, the Development Investment and payment of the Land Premium shall be taken into account.

15.3 The Lessee shall comply with all the provisions of the Legislation relating to the conduct and operations of the Casino.

15.4 The Lessee shall be entitled to engage for the operation of the Casino, any of its subsidiary companies or a Management Agent appointed by the Lessee, subject always to the provisions of the Legislation and to such management agreement being subjected to the prior written approval of the Regulator. Except as herein provided in this Clause 15.4, the Lessee shall not be allowed to assign or in any manner whatsoever part with its rights to operate the Casino.

15.5 Notwithstanding that the Lessee may in accordance with Clause 15.4 engage other parties whether its subsidiary company or a Management Agent to operate the Casino, the Lessee shall remain liable to the Lessor in respect of all matters in relation to the Expanded IR.

15.6 The Lessee shall, not less than five (5) years prior to the expiry of the Concession Period, give notice in writing to the Lessor on whether it wishes to seek a renewal of the Casino Concession. The Casino Concession may be renewed for such duration as may be allowed and on such terms as the Lessor deems appropriate, including but not limited to the requirements of the Lessor for additional investments in the Expanded IR and/or monetary payments. Upon renewal, the Lessee shall apply to the Regulator for a Casino Licence to commence gaming operations.

15.7 If on the ground of public interest the Casino Concession or the Casino Licence shall be terminated by the Government, the Lessee shall be entitled to a fair compensation from the Government. If there shall be any disagreement between the Lessee and the Government on the amount of compensation, then such dispute shall be referred to arbitration in accordance with the Law.

### 16. LEVIES AND BENEFITS

16.1 Each party represents and warrants that it has full power and authority to execute and deliver this Agreement and the agreements contemplated herein, and to consummate the arrangements



contemplated hereby and thereby and that this Agreement and all such other agreements and obligations entered into and undertaken in connection with the arrangements contemplated hereby constitute the valid and legally binding obligations, enforceable against it in accordance with their respective terms.

## 16.2 Option to Purchase Additional Gaming Area

- 16.2.1 The Lessor hereby grants to the Lessee, from the Effective Date, an irrevocable option to purchase up to an additional 2,000 square metres of Gaming Area(s) over and above the 15,000 square metres permitted under the Legislation as at the Effective Date for the purposes of developing, fitting out and operating as Gaming Area (“ **Additional Gaming Area** ”), and additional amounts of supporting GFA and/or ancillary areas (as defined in the Casino Control (Casino Layout) Regulations 2009) as may be approved by the Competent Authority (“ **Supporting Areas** ”).
- 16.2.2 The option referred to in Clause 16.2.1 (“ **Option** ”) may be exercised by the Lessee in full or in part on one or more occasions at any time during the Lease Term (“ **Option Period** ”) and up to the last day of the Option Period.
- 16.2.3 The price for the purchase of the Additional Gaming Area and the Supporting Areas shall be determined by the Competent Authority upon a written request by the Lessee to the Lessor to exercise the Option.
- 16.2.4 Without prejudice to and/or derogation from the Lessee’s entitlement to exercise the Option in accordance with Clauses 16.2.1 to 16.2.3, the parties agree that the Lessee shall be entitled to utilise for the conduct of gaming the Additional Gaming Area purchased by the Lessee under this Clause 16.2 in the manner as follows:
- (i) the first 1,000 square metres of Additional Gaming Area purchased by the Lessee may be utilised for the conduct of gaming at any time from twelve (12) months after the Effective Date. If at any time on or after the Effective Date and before receipt of the External Auditors’ Confirmation that all the conditions prescribed in Clauses 5.4(iii) and 5.4(iv) have been met, the Lessee breaches any material term or condition contained in this Agreement, the Lessee’s entitlement to utilise 16,000 square metres of Gaming Area shall be reduced to 15,000 square metres for the duration of the breach until such breach is remedied by the Lessee; and
  - (ii) any remaining Additional Gaming Area purchased by the Lessee beyond the first 1,000 square metres may be utilised by the Lessee for the conduct of gaming upon receipt of the External Auditors’ Confirmation that all the conditions prescribed in Clauses 5.4(iii) and 5.4(iv) have been met.

## 16.3 Additional Gaming Machines

- 16.3.1 The parties agree that the Lessee shall be entitled to make available for gaming an additional 1,000 Gaming Machines (over and above the 2,500 Gaming Machines permitted under the Legislation as at the Effective Date) (“ **Additional Gaming Machines** ”) in the manner as follows:
- (i) 500 of the Additional Gaming Machines may be made available for gaming by the Lessee at any time from six (6) months after the Effective Date. If at any time on or after the Effective Date and before receipt of the External Auditors’ Confirmation that all the conditions prescribed in Clauses 5.4(iii) and 5.4(iv) have been met, the Lessee breaches any material term or condition contained in this Agreement, the Lessee’s entitlement to make available for gaming 3,000 Gaming Machines shall be reduced to 2,500 Gaming Machines for the duration of the breach until such breach is remedied by the Lessee; and

- (ii) the remaining 500 Additional Gaming Machines may be made available for gaming by the Lessee upon receipt of the External Auditors' Confirmation that all the conditions prescribed in Clauses 5.4(iii) and 5.4(iv) have been met.

**16.4 Gaming in Existing Hotel Tower**

- 16.4.1 The Lessor hereby consents to and grants its approval for the change of use of the area comprising the whole of the fifty-fifth (55<sup>th</sup>) floor and/or such other area(s) as may be agreed between the Lessor and the Lessee within MBS Hotel Tower 1 in the IR1 to be developed and used as part of the Casino (" **New Casino Area** ").
- 16.4.2 The Lessor shall not impose any additional terms or conditions in connection with the approvals referred to in Clause 16.4.1. Nothing in this Clause 16.4.2 shall be interpreted as restricting or limiting the ability of any other Competent Authority from imposing such terms or conditions as such Competent Authority may impose in accordance with the Law for operational compliance requirements for the New Casino Area.

**16.4A Responsible Gambling Requirements**

- 16.4A.1 The Lessor acknowledges that the Lessee has entered into this Agreement on the basis of the Responsible Gambling Code, all legislative provisions that cover substantively the issues outlined in the Responsible Gambling Code and all guidelines and other responsible gambling requirements that are applicable to the Lessee as at the date of this Agreement (collectively, " **RG Requirements** "). The Lessee further acknowledges the right of the relevant authorities (including the Competent Authorities) to amend the RG Requirements from time and time, which right is expressly reserved.
- 16.4A.2 Notwithstanding Clause 16.4A.1, the Lessee agrees to carry out the Lessee Responsible Gambling Initiatives as set out in Annexure " **G** " within twelve (12) months from the date of this Agreement or such earlier date as set out in Annexure " **G** ".

16.4A.3 [\*\*\*]

16.4A.4 [\*\*\*]

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]
- (iv) [\*\*\*]
- (a) [\*\*\*]

(b) [\*\*\*]

(l) [\*\*\*]

(ll) [\*\*\*]

**16.5 Entitlement to compensation**

16.5.1 The Lessee shall be entitled to recover losses and damages suffered by it in the event that the Lessee is not granted the entitlements under Clauses 16.2 to 16.4 , and/or there are more than two (2) casino licences in force under the Legislation during the Exclusivity Period and/or the Proposed Legislative Provisions are not enacted on or before the Relevant Date or any step or action is taken or not taken after enactment, including amending the aforesaid Proposed Legislative Provisions in a manner, that has the effect of not conferring the intended benefits of the Proposed Legislative Provisions and/or derogating from the rights granted under this Clause 16.

16.5.2 Each and every of the rights and remedies provided under this Clause 16.5 is cumulative and is without prejudice to any rights or remedies available to the parties under law or equity or contract, and the election of any one or more of such remedies by the parties shall not constitute a waiver by the parties of the right to pursue any other available remedies. Notwithstanding any other provision in this Agreement:

- (i) the Lessor shall not be liable under this Clause 16.5 in respect of any claim for any loss suffered by the Lessee to the extent of any corresponding savings by or net benefit to the Lessee arising therefrom; and
- (ii) the Lessee shall not be entitled to recover from the Lessor more than once in respect of the same damage suffered by the Lessee.

16.5.3 Without prejudice to the generality of the foregoing, the parties agree that:

- (i) In the event there are more than two (2) casino licences in force under the Legislation during the Exclusivity Period and/or the Proposed Legislative Provisions relating to Exclusivity Period, the Proposed Legislative Provisions relating to Gaming Area and/or the Proposed Legislative Provisions relating to Entry Levies are not enacted on or before the Relevant Date (or, any step or action is taken or not taken after enactment, including amending the aforesaid Proposed Legislative Provisions in a manner, that has the effect of not conferring the intended benefits of these Proposed Legislative Provisions and/or derogating from the rights of the Lessee under the Proposed Legislative Provisions and/or under this Clause 16), the Lessor shall pay to the Lessee compensation for any losses or damages suffered by the Lessee in connection therewith.
- (ii) In the event the Proposed Legislative Provisions relating to Gaming Machines are not enacted on or before the Relevant Date (or, any step or action is taken or not taken after enactment, including amending the aforesaid Proposed Legislative Provisions in a manner, that has the effect of not conferring the intended benefits of the Additional Gaming Machines and/or derogating from the rights of the Lessee under the Proposed Legislative Provisions relating to Gaming Machines and/or under this Clause 16), the Lessor agrees to pay to the Lessee an amount that takes into account: [\*\*\*]

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- (iii) In the event the Proposed Legislative Provisions relating to Casino Tax Rates are not enacted on or before the Relevant Date (or, any step or action is taken or not taken after enactment, including amending the aforesaid Proposed Legislative Provisions in a manner, that has the effect of not conferring the intended benefits of the Casino Tax Rates and/or derogating from the rights of the Lessee under the Proposed Legislative Provisions relating to Casino Tax Rates and/or under this Clause 16), the Lessor agrees to pay to the Lessee an amount equal to: [\*\*\*]

- (iv) In the event the Lessee is unable to exercise the Option in accordance with Clause 16.2, and/or is not conferred the intended benefits of the Option, and/or if the Option or part thereof is rendered ineffective arising solely from the fact that any part of the Proposed Legislative Provisions relating to Gaming Area have not been enacted at the time of the exercise of the Option, the Lessor shall pay to the Lessee compensation for any losses or damages suffered by the Lessee in connection therewith.

16.5.4 The Lessor acknowledges and agrees that each of the amounts to be paid to the Lessee pursuant to Clause 16.5.3(ii) and (iii) is a genuine pre-estimate of the losses that the Lessee may suffer, and is reasonable and proportionate to protect the Lessee's legitimate commercial interest.

## 16.6 Arbitration

16.6.1 Any dispute arising out of or in connection with this Clause 16 shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre (" **SIAC** ") in accordance with the Arbitration Rules of the Singapore International Arbitration Centre (" **SIAC Rules** ") for the time being in force, which rules are deemed to be incorporated by reference in this Clause 16.

16.6.2 The seat of the arbitration shall be Singapore.

16.6.3 The tribunal shall consist of three (3) arbitrator(s). Each party has the right to appoint one (1) arbitrator. The two (2) arbitrators will in turn appoint the third arbitrator, whose nationality and place of residence shall not be Singapore or United States of America, and who shall be the presiding arbitrator. Should either party fail to appoint its respective arbitrator within fourteen (14) days from the date requested by the other party, or should the two (2) arbitrators so appointed fail to appoint the third arbitrator within fourteen (14) days from the date of the last appointment of the two arbitrators, the arbitrators not so appointed shall be appointed by the President under the SIAC Rules within fourteen (14) days from a request by the parties.

16.6.4 The language of the arbitration shall be English.

## 17. ACCOUNTS AND REVIEW OF KEY ATTRACTIONS

17.1 To ensure that the Expanded IR remains a premium 'must-visit' destination for leisure and business visitors to Singapore, the Lessee agrees that it shall, at all times throughout the Lease Term, ensure that the Key Attractions shall be and remain attractive and appealing at all times during the Lease Term to the prevailing consumer taste.

17.2 The Lessee shall, throughout the Lease Term, keep the Lessor informed of the Gross Revenue of the IR1 Key Attractions and Key Attractions on a consolidated basis. The Lessee shall provide to the Lessor for its review:

- (i) annually, as soon as possible, and in any event within ninety days (90) days after the end of each respective financial year, or such extended period of time as may be approved by the Lessor in writing, audited accounts for that financial year including a balance sheet and profit and loss accounts;
- (ii) as soon as available, and in any event within ninety (90) days after the end of the first six (6) months of each financial year, unaudited profit and loss accounts as at the end of and for the relevant six (6) month period;

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- (iii) such information as set out in a format to be provided at a later date which shall include the revenue received in terms of the number of visitors and the amount of visitor expenditure to the IR2; and
- (iv) promptly, such additional material, financial or other information relating to its business, assets, operations and condition (including, without limitation, financial condition) as the Lessor may from time to time reasonably request.

17.3 If from any such review of the accounts or materials as aforesaid the Lessor is of the opinion that any of the Key Attractions is, in relation to the market demands or conditions then prevailing or current, required to be improved/updated/modernised/refurbished to keep up with the market demands or conditions then prevailing or current, the Lessor shall notify the Lessee of such opinion and the Lessee shall thereupon propose for the Lessor's consideration such remedial measures as may be required to improve such Key Attraction. The Lessee shall undertake, at its own cost and expense and within such period of time as the Lessor may approve, such remedial proposal as may be approved by the Lessor, whether with or without amendments, so as to bring the said Key Attraction to a state acceptable to the Lessor in terms of the number of visitors expected in relation to the tourism objectives of the Lessor.

17.4 If the Lessee shall fail to carry out or shall fail to complete such remedial measures as aforesaid to the satisfaction of the Lessor, then the Lessor shall give to the Lessee notice requiring compliance by the Lessee within thirty (30) days after receipt of such notice or such extended period as may be reasonably allowed by the Lessor. Any failure by the Lessee to comply with the notice of the Lessor under this Clause 17.4 shall entitle the Lessor to deem it a non-performance or non-observance of a material term of this Agreement.

## 18. STATE AND CONDITION

18.1 The Lessee shall be deemed to have notice of:

- (i) the actual state and condition of the Land including the existence of any structure, encroachment or thing, on or within the Land or by the Land, onto any adjacent property, the platform level of the Land and matters as regards access, ingress and egress, drainage and utility services affecting the Land; and
- (ii) any easements, rights of way, reservations, restrictive and other covenants and all other rights and encumbrances, if any, affecting the Land,

and shall not raise any objection or requisition whatsoever in respect thereof.

18.2 No error, omission or mis-statement in the description of the Land shall invalidate this Agreement or the Lease executed by the Lessee nor shall the same entitle the Lessee to any compensation whatsoever or to any reduction of the Land Premium or any payment of monies by the Lessee hereunder.

18.3 The Lessee shall at its own cost and expense remove any existing encroachment onto the neighbouring lands and such removal shall be carried out during the construction works or as and when required by the owners of the neighbouring lands affected by the said encroachment.

18.4 No royalty shall be reserved to the Head Lessor under Section 7(1)(a) of the State Lands Act (Cap 314) for granite, sand, clay, laterite, red earth, iron stone, gravel or puddle (the "**Excluded Mines and Minerals**") found in or upon the Land if the following conditions are all met:

- (i) the Excluded Mines and Minerals are removed, extracted or excavated by the Lessee for the purpose of any development or redevelopment of the Land; and
- (ii) the said removal, extraction or excavation is directly incidental to and reasonably necessary for the development of the IR2 on the Land.

**19. SURRENDER OF LAND**

19.1 The Lessee shall surrender to the Government or the relevant Competent Authorities:

- (i) such part or parts of the Land as specified and in accordance with the terms set out in this Agreement and the Planning Parameters free of charge or any compensation; and
- (ii) any part or parts of the Land as may be required by them from time to time whether for roads, drainage, or any public purpose as may be declared or notified to the Lessee in a Notice by the Lessor or the relevant Competent Authorities and the Lessee shall accept as conclusive evidence that such part or parts of the Land is or are required for the purpose declared or notified. The Lessor shall not be liable to the Lessee for any payment or compensation whatsoever for or in respect of the surrender but nothing in this Clause 19.1(ii) shall affect the Lessee's rights, if any, to claim for compensation under the Land Acquisition Act (Cap 152).

19.2 Subject to Clause 19.1(i) above, upon completion by the Lessee to the satisfaction of LTA or the relevant Competent Authority of any road (including pavements) within the Land in accordance with the approval of LTA or the relevant Competent Authority, the Lessee shall surrender and vest to LTA free from encumbrances, such land or stratum of space within which such part of such road is constructed, as required by LTA or the relevant Competent Authority may direct. The Lessor shall not be liable to the Lessee for any payment or compensation whatsoever for or in respect of the surrender but nothing in this Clause 19.2 shall affect the Lessee's rights, if any, to claim for compensation under the Land Acquisition Act (Cap 152) (save for any surrender made pursuant to Clause 19.1(i) which shall be free of charge or any compensation).

19.3 The Lessee shall notify the Lessor in writing of such part(s) of the Land which are not used for the purpose of the development of IR2 as approved by the Lessor and relevant Competent Authorities. If directed by the Lessor in writing, the Lessee shall surrender to the Head Lessor such land not used for the purposes specified in return for compensation equivalent to the compensation payable for such land if it had been acquired under the Land Acquisition Act (Chapter 152) on the date of the direction.

Provided that if the Lessor does not issue a direction for the surrender of such land within one year from the date of the notification given by the Lessee above or within such other period as may otherwise be mutually agreed between the Lessor and the Lessee, the Lessor shall, at the request of the Lessee, lift the restrictions in this Agreement that the land be used for the purpose of the development of IR2 as approved by the Lessor in relation to only such land, subject to the Lessee obtaining the necessary approvals from the relevant authorities regarding the proposed use of such land and the payment of an additional land premium and/or the payment of a differential premium for such proposed use.

**19A RIGHTS OF LTA AND MEMBERS OF THE PUBLIC**

19A.1 The Lessee shall accept the lease of the Land subject to:

- (i) the right of LTA without any charge, fee or payment to access, use and operate such works, structures, spaces, facilities and services (e.g. emergency exit, ventilation shafts, mechanical & electrical system, etc.) that are to be built, installed or provided by the Lessee in accordance with this Agreement (including the Planning Parameters) within the Land and integrated into the building(s) to be erected thereon or therein, for and in relation to the management, maintenance and/or operation of the Bayfront MRT Station within the Subterranean RTS Stratum; and
- (ii) the right of free and uninterrupted passage by members of the public on foot along or over all corridors, staircases, passages, walkways, ramps, escalators, lifts and other forms and means of access in or on the Land and any part of the building(s) to be erected thereon or therein for the purpose of ingress and egress to and from the

Bayfront MRT Station and to and from the part(s) of the pedestrian connection network located within, under, above or leading to and from the IR2.

19A.2 LTA shall have the right to enforce the terms of Clause 19A.1 under the Contracts (Rights of Third Parties) Act (Cap. 53B).

## 20. SURVEY

20.1 The Lessee shall at its own cost and expense engage a land surveyor registered with the Land Surveyor Board under the Land Surveyors Act (Cap. 156) (the "**Registered Land Surveyor**"):

- (i) to carry out and complete a survey to ascertain the provisional boundaries of the Subterranean Government CST Stratum and provide to Singapore Land Authority, the Registrar of Title Plan(s) in relation thereto, within six (6) months from the date of issuance by Singapore Land Authority to the Lessor of its requisition for such survey pursuant to the terms of the Letter of Offer (or such other date as the Singapore Land Authority may specify);
- (ii) to carry out and complete the respective surveys to ascertain the provisional boundaries of each of the Subterranean/Air-space Lots and provide to Singapore Land Authority, the Registrar of Title Plan(s) in relation thereto, within six (6) months from the relevant date of issuance by Singapore Land Authority to the Lessor of its requisition for the respective surveys pursuant to the terms of the Letter of Offer (or such other date as the Singapore Land Authority may specify); and
- (iii) to carry out and complete in respect of:
  - (a) Parcel 1 excluding the Subterranean Government CST Stratum and the Subterranean RTS Stratum;
  - (b) Subterranean Government CST Stratum; and
  - (c) Subterranean/Air-space Lots,

within six (6) months from the relevant date of issuance by Singapore Land Authority to the Lessor of its requisition for the respective surveys pursuant to the terms of the Letter of Offer (or such other date as the Singapore Land Authority may specify), the cadastral survey of the respective land referred to in Clause 20.1(iii)(a), (b) or (c), such survey to be in accordance with the Land Surveyors (Conduct of Cadastral Surveys) Rules and for the purpose of the cadastral survey, the Lessee shall ensure that the Registered Land Surveyor on completion of the cadastral survey, deposits the certified survey plan for such land together with all relevant field books, calculation sheets and survey data with the Land Survey Department of the Singapore Land Authority for the approval of the Chief Surveyor. The Lessee shall be liable for the fees payable to Singapore Land Authority in accordance with the Boundaries and Survey Maps (Singapore Land Authority Fees) Rules for processing the certified survey plan.

20.2 Unless otherwise specified by the Singapore Land Authority:

- (i) the Registrar of Title Plan(s) required under Clause 20.1(i) for the Subterranean Government CST Stratum shall be prepared based on the dimensions of the part of the CST within the Subterranean CST Stratum that is to be outside the IR2 as determined by the Government and the Urban Redevelopment Authority upon the approval of the development plans for the IR2 by the Urban Redevelopment Authority under the Planning Parameters and the grant of Provisional Permission, or in the absence of a Provisional Permission, Planning Permission for such development plans under the Planning Act;



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- (ii) the Registrar of Title Plan(s) required under Clause 20.1(ii) for each of the Subterranean/Air-space Lots shall be prepared based on the dimensions, form and location of the public underground/elevated pedestrian connection to be constructed within the respective Subterranean/Air-space Lots as approved by the Urban Redevelopment Authority in accordance with the Planning Parameters and for which Provisional Permission, or in the absence of a Provisional Permission, Planning Permission is granted under the Planning Act;
- (iii) the cadastral survey for the Subterranean Government CST Stratum shall be carried out based on the dimensions of the part of the CST within the Subterranean CST Stratum that is outside the IR2, as constructed and completed at the time of the survey; and
- (iv) the cadastral survey for the respective Subterranean/Air-space Lots shall be carried out based on the dimensions, form and location of the public underground/elevated pedestrian connection as constructed and completed within the respective Subterranean/Air-space Lots at the time of the survey.

20.3 The absence of any cadastral survey of such subterranean, air right and foreshore parcels shall not be a ground for delay in payment of any monies due to the Lessor by the Lessee or a refund of any monies to the Lessee.

20.4 The Land is believed and shall be taken to be correctly described herein except as to its land area which shall be subject to final survey and is to be leased subject to all easements, reservations, encroachments, restrictive and other covenants and rights (if any) subsisting thereon and moreover without any obligations on the part of the Lessor to define the same respectively.

## 21. MANAGEMENT AND MAINTENANCE

21.1 The Lessee shall for the management and maintenance of the IR2 engage persons qualified or having experience or trained in the operating and management of resorts of international standards.

21.2 The Lessee shall at all times:

- (i) manage and operate the IR2 with its principal conceptual theme being in accordance with the Accepted Proposal or such variations, modifications or amendments as approved in accordance with this Agreement;
- (ii) maintain and keep in a good and tenable state of repair and condition the Land and all structures, fixtures, statues and exhibits, and where such works shall require the approval and consents of the Competent Authorities, the Lessee shall be obliged to obtain the same; and
- (iii) make or cause to be made such capital improvements to the Land and/or the IR2 and the Key Attractions from time to time as the Lessee may deem necessary but subject always to the prior written approval of the Lessor, and where required by Law, the prior written approval of the Competent Authorities.

21.3 Notwithstanding anything herein contained, the Lessor shall be entitled from time to time and at all reasonable times during the Lease Term to enter upon the Land to inspect its state and condition and to view the operations of the IR2. If in the opinion of the Lessor there is a breach or shortcoming of standards in the operation of the IR2, the Lessor may after such inspection, serve upon the Lessee a written notice of any such breach or shortcoming and require the Lessee forthwith to remedy such breach or shortcoming and if the Lessee shall not within thirty (30) days after receipt of such notice or such extended period as may be reasonably allowed by the Lessor proceed diligently to remedy the breach or shortcoming, then the Lessor shall be entitled to enter upon the Land and take such steps as may be necessary to remedy the breach or shortcoming, the cost thereof shall be a debt due from the Lessee to the Lessor and shall be paid forthwith on demand by the Lessee to the Lessor and shall forthwith be recoverable by action.

## 22. ASSIGNMENT OF LEASE AND SUB-LETTING, AND OTHER DEALINGS

22.1 The Lessee shall be entitled during the Lease Term to sublet, underlet or part with the possession of and in the Land or the IR2 or any part thereof (provided that such sublease shall not be regarded as a disposal of land or premises under Section 4 of the Planning Act, Cap. 232) for any purposes in the course of its business, provided that:

- (i) such subletting, underletting or parting with possession of the Land or the IR2 shall not be for any part of the Land in its vacant or undeveloped state; and
- (ii) the Lessee shall always be the main party operating the IR2.

This Clause 22.1 shall not be construed in any way as allowing the Lessee to subdivide the Land.

22.2 The Lessee may, with the prior written approval of the Lessor, assign, demise, sell, transfer or otherwise dispose of, part with or deal with in any other way, all of its estate interest and rights in this Agreement and the Land or any part thereof on terms and conditions to be determined by the Lessor which shall include (but not be limited to) the following conditions:

- (i) that the assignee, purchaser, transferee or person accepting the disposition shall be bound by and undertake to comply with and observe all the terms and conditions of this Agreement; and
- (ii) the payment of charges (including, but not limited to, any differential premium, if applicable) and fees as may be determined by the Lessor.

## 23. RIGHT TO MORTGAGE

23.1 The Lessee shall be entitled with the prior written approval of the Lessor (such approval not to be unreasonably withheld) to assign its estate interest and rights in this Agreement and the Land or mortgage, charge or by any other means encumber the Land in favour of an Approved Mortgagee, as security for any loan facilities or any other financing granted in relation to the payment of the Land Premium and other sums as stated in Clause 4.2, the provision of the Security Deposit and/or the construction and operation of the IR2.

23.2 Where the Lessor's prior approval is granted in respect of any mortgage or charge of the Land, such approval shall be deemed to include a term that in the event of the Approved Mortgagee, in its capacity as mortgagee or chargee, exercising its power of sale of the Land, the Land shall be sold only to a purchaser, whether a company or a person, approved by the Lessor.

## 24. INSURANCE

24.1 The Lessee shall throughout the Lease Term insure and keep insured in the joint names of the Lessee and the Lessor for their respective rights and interest all buildings, structures and fixtures erected or to be erected on the Land from loss or damage by fire, flood and other risks and special perils as being normally insured under a comprehensive insurance programme appropriate to buildings of the kind for the time being standing on the Land at commercially prudent levels with respectable insurers and to make all payments necessary for the above purpose within such time frame as prescribed by the relevant insurance policy documents after the same shall respectively become due and to produce to the Lessor on request the policy(ies) of such insurance and the receipt of each such payment and the Lessor may require the Lessee to apply such monies received by virtue of any such insurance to be laid out and expended in rebuilding and reinstating all such buildings, all such existing and new structures and fixtures in accordance with the Accepted Proposal with such variations or modifications as may be agreed upon by the parties hereto and to make up for any deficiency out of the Lessee's own monies. PROVIDED ALWAYS that if the Lessee shall at any time fail to keep the Land insured as aforesaid, the Lessor may do all things necessary to effect and maintain such insurance and any monies expended by the Lessor for that purpose shall be repayable by the Lessee on demand and be recoverable forthwith by action.

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24.2 The Lessee shall also effect and keep effected, and shall procure that each permitted subcontractor effects and maintains, at all times during the Lease Term, in the joint names of the Lessee and the Lessor such insurances as the Lessor considers necessary in respect of the Lessee and each permitted sub-contractor's obligations and liabilities hereunder, for purposes of protecting the Lessor and the Lessee (for their respective rights and interests) against any liability whatsoever occasioned by accident on or about the Land or any appurtenances thereto, including without limitation, policies of:

- (i) public liability insurance; and
- (ii) workmen's compensation insurance,

with an insurance company, on such terms acceptable to the Lessor and for such amounts acceptable to the Lessor but subject always to the maximum insurable coverage which the Lessee can reasonably obtain. The Lessee shall not cancel or do anything to allow the cancellation of the relevant insurance policies except with the Lessor's prior written approval (which approval shall not be unreasonably withheld or delayed). The Lessee shall provide written evidence of such insurance coverage to the Lessor and the receipt evidencing payment of the premium in respect thereof, at least annually during the Lease Term and at other times on the Lessor's request. In the event that the recovery from public liability or workmen compensation insurance or such other insurance as is required by the Lessor, is insufficient to satisfy the claims for loss, damages, costs and expense, the Lessee shall indemnify and keep the Lessor fully indemnified of such claims.

24.3 Notwithstanding Clause 24.1 and Clause 24.2 herein, where the Lessee mortgages, charges or by any other means encumbers the Land and/or all buildings, structures and fixtures erected or to be erected on the Land in favour of an Approved Mortgagee, as security for any loan facilities or financing granted in relation to any aspect of the development of the IR2, the Lessor agrees that any insurance effected pursuant to Clause 24.1 and/or Clause 24.2 may be effected in the joint names of the Lessor, the Lessee and the Approved Mortgagee. In respect of the moneys received on any such insurance (whether effected by the Approved Mortgagee and/or the Lessee) of the Land and/or all buildings, structures and fixtures erected or to be erected on the Land, the Lessor shall have the absolute discretion to determine the application of the moneys received on any such insurance (whether effected by the Approved Mortgagee and/or the Lessee), towards:

- (i) making good the loss or damage in respect of the Land and/or all buildings, structures and fixtures erected or to be erected on the Land, in each case in accordance with the Accepted Proposal with such variations or modifications as may be agreed upon by the parties hereto; and/or
- (ii) the discharge of the loan facilities or financing granted by the Approved Mortgagee in relation to the payment of the Land Premium and other sums as stated in Clause 4.2, the provision of the Security Deposit and/or the construction and operation of the IR2.

## 25. [NOT IN USE]

## 26. PROPERTY TAX, OUTGOINGS AND UTILITIES

The Lessee shall, as from the Effective Date:

- (i) discharge and pay all rates, property taxes and assessments and outgoings whatsoever charged or imposed upon the Land; and
- (ii) pay all charges (including any taxes thereon) in respect of the supply of electricity, water and gas, telecommunication services, storm water drains, refuse disposal services and all other services supplied to the Land, to the relevant body or authority supplying such services, including connections to and within the Land and the installation of incoming power panel, and any other incoming service metres required by the relevant authorities.

**27. DETERMINATION OF LEASE**

27.1 Each of the following is an Event of Default:

- (i) the Lessee fails to perform and observe any material term or condition on its part contained herein and such non-performance and non-observance shall continue for more than thirty (30) days or such extended period as may be reasonably allowed by the Lessor, after the receipt by the Lessee of the Lessor's written notice requiring compliance by the Lessee;
- (ii) the Lessee is in breach of the provisions of Clause 10.6, Clause 12.1 and/or Clause 12.2;
- (iii) any monies payable hereunder or any part thereof shall remain unpaid for a period of thirty (30) days after the Lessor has made written demand for payment of the same or such extended period as may be reasonably allowed by the Lessor;
- (iv) the Lessee enters into any composition or arrangement with or for the benefit of its creditors;
- (v) the Lessee is placed under voluntary administration or causes a meeting of its creditors to be summoned for the purpose of placing it under voluntary administration;
- (vi) an order is made for the winding up or dissolution without winding up or an effective resolution is passed for the winding up of the Lessee unless the winding up or dissolution is for the purposes of reconstruction or amalgamation and the scheme for reconstruction or amalgamation with or without modification has been first approved by the Lessor, which approval shall not be unreasonably withheld;
- (vii) a receiver or a judicial manager is appointed of the assets or undertaking or any part thereof of the Lessee or the holder of any encumbrance takes possession of such assets or undertaking or any part thereof; or
- (viii) any event occurs which, under the Law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events specified in this Clause 27.1.

27.2 The Lessee shall immediately give notice to the Lessor if it becomes aware of an event which may lead to an Event of Default.

27.3 The Lessor shall not terminate this Agreement until it has first given a notice to the Lessee specifying the Event of Default and requiring the Lessee, within a reasonable period as specified in the notice, being not less than thirty (30) days, either:

- (i) to remedy the default; or
- (ii) in the case of an Event of Default which is not capable of being remedied, to pay to the Lessor at the Lessor's option an amount the Lessor finds acceptable in the exercise of reasonable judgement by way of compensation for the default,

and the Lessee has failed within the time specified in the notice, or such further time as the Lessor may agree, to comply with the notice, in which case the Lessor may by notice in writing to the Lessee, terminate this Agreement in accordance with the following provisions:

- (a) the Lessor shall have full right power and authority to re-enter upon and resume possession of the Land or any part thereof and the IR2 and any other structure on the Land and thereupon this Agreement shall forthwith cease and determine;

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- (b) all monies which have previously been paid to the Lessor by the Lessee and/or any other payment hereunder shall be forfeited and shall belong to the Lessor;
- (c) the IR2 or any completed part thereof and all materials thereat or on the Land shall belong to the Lessor absolutely; and
- (d) the Lessor shall be entitled to deal with the Land and the IR2 on such terms and conditions as the Lessor shall think fit (including but not limited to the re-disposal of the Land and any interest therein in the IR2, whether or not the construction has already commenced or completed as if this Agreement has never been entered into with the Lessee and whether by public auction, private treaty or by tender subject to such conditions and generally in such manner as the Lessor may in its discretion think fit) and without compensation or whatsoever to the Lessee.

27.4 If by reason of any breach or default hereunder the Lessor shall be entitled to terminate this Agreement, where the Lessee has with the approval of the Lessor mortgaged the Land and its rights and benefits under this Agreement, the Lessor agrees not to exercise such right of termination forthwith unless:

- (i) the Lessor has given notice in writing to the Approved Mortgagee, stating that it has become entitled to terminate this Agreement and stating the reason or reasons it has become so entitled;
- (ii) a period of thirty (30) days has elapsed following the giving of that notice and the Approved Mortgagee, has not within that period of thirty (30) days by notice in writing to the Lessor agreed and undertaken to rectify the defaults or matters by reason of which the Lessor has become so entitled;
- (iii) if the Approved Mortgagee, who has agreed and undertaken to rectify the defaults or matters by reason of which the Lessor has become entitled to terminate this Agreement, has failed within a further period of thirty (30) days after that period of thirty (30) days (or such longer period as may be allowed by the Lessor) to rectify the said defaults or other matters; and
- (iv) the Approved Mortgagee, has not (if the Lessor so directs by notice in writing to the mortgagee) appointed a receiver and manager or receivers and managers of the Land (but this Subclause (iv) shall not apply if the Approved Mortgagee, has on a previous occasion appointed a receiver and manager or receivers and managers whose appointment has not been terminated).

PROVIDED ALWAYS that the provisions of this Clause 27.4 shall not apply if the Lessor shall have become entitled to terminate this Agreement on more than one previous occasion in any period of three (3) years after the Lessee has assigned or mortgaged its rights or benefits under this Agreement.

27.5 Neither party shall be liable for any loss or damage suffered or incurred by the other party (including liability to have the Security Deposit forfeited pursuant to Clause 5.4) arising from the first party's delay in performing or failure to perform its obligations hereunder to the extent that such delay or failure results from any event of Force Majeure and for so long as such Force Majeure event continues to prevent the first party from performing and discharging such obligations, provided that:

- (i) the same arises without the fault or negligence of the affected party;
- (ii) the affected party notifies the other party within two (2) Business Days of becoming aware of the same of such event of Force Majeure and the manner and extent to which its obligations are likely to be prevented or delayed; and
- (iii) in the event that any event of Force Majeure results in any delay or failure by the Lessee to Commence Construction within three (3) years from the Effective Date, pay or incur one hundred per cent (100%) of the Development Investment within eight (8) years from the Effective Date, or Complete one hundred per cent (100%) of the

Proposed GFA within eight (8) years from the Effective Date, the Lessee shall renew the Banker's Guarantee for such extended period as shall be necessary to ensure that the Banker's Guarantee shall be valid for a period of not less than eight (8) years and six (6) months from the Effective Date plus the period of delay caused by the event of Force Majeure. If the Lessee shall fail to renew the Banker's Guarantee in accordance with this Clause 27.5(iii) by the date falling eight (8) years and six (6) months from the Effective Date, then the Lessor shall, notwithstanding any other provision in this Agreement, be entitled to demand the payment of the Security Deposit secured by the Banker's Guarantee and hold such monies as security for the due performance and observance by the Lessee of the terms and conditions of this Agreement SAVE THAT the Lessee shall not be required to renew the Banker's Guarantee for so long as the Banker's Guarantee shall remain valid for a period of not less than six months after the date falling 8 years from the Effective Date plus the period of delay caused by the event of Force Majeure.

Each party shall use its reasonable endeavours to minimise the duration and effects of any event of Force Majeure on the affected party.

## 28. YIELDING UP ON EXPIRY OF LEASE TERM

28.1 Subject to Clause 28.2, upon the expiry or earlier determination of the Lease Term, the Lessee shall yield up and surrender to the Lessor without the payment of any compensation or other sum, the Land together with all buildings, structures, appurtenances, alterations, additions, structural changes or improvements thereon, in good and tenantable state of repair and condition and in a clean and sanitary order and condition.

28.2 Immediately prior to the expiry or earlier determination of the Lease term, the Lessee shall if so required by the Lessor, at the Lessee's own costs and expenses, remove all buildings, structures, appurtenances, alterations, additions, structural changes or improvements thereon and other works built or carried out on, under or within the Land, and in such case to restore the Land to its state as at the commencement of the Lease Term or such other condition acceptable to Lessor (provided that restoration to such other condition is not more onerous or costly for the Lessee to implement), in default of which the Lessor may, without prejudice to the Lessor's other rights, proceed to do the same and all cost and expenses incurred by the Lessor shall be recoverable from and repayable by the Lessee forthwith on demand.

28.3 In the event that the Lessee fails to remove any of its movable properties at the expiry or sooner determination of the Lease Term, the Lessor shall be entitled to remove, dispose or otherwise use it for the Lessor's own purposes. The Lessee shall be liable to pay such costs for removal and disposal and shall not be entitled to any claim whatsoever in respect to the property disposed or used by the Lessor.

## 28A TRIAL PIT TESTS

28A.1 Without prejudice to the generality of Clause 28 and in the event the Lessor requires the Lessee in accordance with Clause 28.2 to remove all buildings, structures, appurtenances, alterations, additions, structural changes or improvements thereon and other works built or carried out on, under or within the Land, and in such case to restore the Land to its state as at the commencement of the Lease Term or such other condition acceptable to the Lessor (provided that restoration to such other condition is not more onerous or costly for the Lessee to implement), the Lessee shall prior to the expiry or earlier determination of the Lease Term at its own costs and expense, if so required by the Lessor:

- (i) conduct trial pit tests (the " **Trial Pit Tests** ") on the Land for the purpose of determining the nature and extent of changes in the soil, ground and environmental conditions arising directly or indirectly from or in connection with the Lessee's activities, use and/or occupation of the Land, such Trial Pit Tests to be carried out in such manner as

## EXECUTION COPY

may be directed by the Lessor at such locations on the Land and within such time as may be required by the Lessor in its sole discretion; and

- (ii) where the Trial Pit Tests indicate the presence of Contaminants in, on, under or within the Land, arising directly or indirectly from or in connection with the Lessee's activities, use and/or occupation of the Land:
  - (a) carry out and complete, within such time as may be stipulated by the Lessor, such works as may be necessary to remediate the Land to a state and condition acceptable to the Lessor; and
  - (b) upon completion of the works referred to in Clause 28A(ii)(a) above, carry out such tests (the " **Post-Works Tests** ") as may be required by the Lessor, to verify that the Land has been remediated to the state and condition acceptable to the Lessor.

PROVIDED ALWAYS that the Lessee's obligation to conduct such Trial Pit Tests, any related remediation and Post-Works Tests shall be only in relation to such parts of the Land that have been restored to its state as at the commencement of the Lease Term.

28A.2 If the Lessee fails to observe or perform any of its obligations as required in this Clause 28A, the Lessor may, without prejudice to the Lessor's other rights, proceed to do the same and the Lessee shall pay to the Lessor, on demand, all costs and expenses so incurred by the Lessor.

28A.3 The Lessee shall, upon prior notice being given to the Lessee, allow the Lessor, its agents and any person authorised by the Lessor to enter the Land for the purpose of inspection, conducting Trial Pit Tests, Post-Works Tests and/or remediation of the Land (as the case may be).

28A.4 For the purposes of this Clause 28A, " **Contaminants** " means:

- (i) rubbish, debris, waste, obstructions and any other undesirable material whether present at the commencement of the Lease Term or otherwise; or
- (ii) any substance that:
  - (a) is polluting or injurious;
  - (b) is foreign to, or in excess of, or which alters the natural constituents of, the natural soil, ground and environmental conditions on, in, under or within the Land; and/or
  - (c) may, in the Lessor's reasonable opinion, adversely affect the Land.

## 29. INDEMNITY

The Lessee shall also indemnify and keep indemnified the Lessor from and against all actions, claims, demands, losses, damages, costs and expenses for which the Lessor shall be or become liable in respect of or arising out of or in connection with:

- (i) any damage to the Land; or
- (ii) any loss, damage or injury from any cause whatsoever to property or person caused or contributed to by the use of the Land by the Lessee or occurring on the Land or occasioned or contributed to by any act, omission, negligence, breach or default of the Lessee or any servant, agent, sub-tenant, invitee of the Lessee or any other person claiming through or under the Lessee.

### 30. EXECUTION OF LEASE

30.1 The Lease shall be executed by the Lessee and delivered to the Lessor or its solicitors within fourteen (14) days after receipt thereof by the Lessee or its solicitors, time being of the essence. Notwithstanding that the Lease may not have been executed and delivered as aforesaid, the parties hereto shall be bound as from the date of the commencement of the Lease Term by the provisions of the Lease and all the terms, covenants and conditions therein contained shall be deemed to have full force and effect as if they were originally contained and incorporated in this Agreement.

30.2 Notwithstanding the completion of the Lease, this Agreement shall remain in full force and effect with regard to anything or matter remaining to be done performed or observed hereunder and not provided for in the Lease.

### 31. REVERSION

No length of time or of enjoyment of the Lessee of the Land or the buildings, structures and fixtures thereon shall enure to give a right to the Lessee to retain the Land or any part thereof or to deprive the Lessor in any way of any rights of the Lessor to exercise its powers under the law as reversionary owner of the Land and of the buildings, structures and fixtures thereon.

### 32. LEGAL COSTS AND DISBURSEMENTS

32.1 The Lessee shall pay all legal and other professional and technical fees and expenses on a full indemnity basis incurred or to be incurred by the Lessor in connection with the preparation, finalisation and completion of this Agreement and the Lease (including the Stamp Duty on the Lease, and the registration fees on the Lease) and in respect of all matters incidental thereto or arising therefrom or in connection therewith. All such fees and expenses shall be paid within seven (7) Business Days after the Lessor's written demand, save for Stamp Duty which shall be payable by the Lessee without demand of the Lessor and within the relevant time frame prescribed under the Stamp Duties Act.

32.2 The Lessee shall forthwith pay on demand:

- (i) all costs and fees including legal fees, all survey fees and other professional fees and costs on a full indemnity basis incurred by the Lessor in connection with the enforcement of the terms and conditions of this Agreement and/or the Lease and in respect of all matters incidental thereto or arising therefrom;
- (ii) any amount imposed, or charged by any Government or any Competent Authority, statutory or tax authority as GST on any sum or sums due to or payable to the Lessor under this Agreement and/or the Lease and a statement from the Lessor to the Lessee of the amount payable shall be conclusive of the amount of such GST due and as to the Lessee's liability therefor; and
- (iii) all costs and expenses in obtaining all licences, permissions, approvals and consents that may be required by the Lessor and the Competent Authorities for the purpose of the construction, development and establishment of the IR2 and all matters incidental thereto.

### 33. NOTICES

33.1 All notices or other communication of any nature whatsoever under this Agreement shall be made by facsimile, letter or otherwise in writing and shall be sent to a party at the facsimile number or the address of that party set out below (or at such other address as may be notified in writing by that party to the other party from time to time):



**EXECUTION COPY**

**The Lessor:**

**SINGAPORE TOURISM BOARD**

1 Orchard Spring Lane  
Singapore 247729

Attention: Chew Tiong Heng  
Executive Director, Infrastructure Planning & Management Division  
Fax: (65) 6732 2108

**The Lessee:**

**MARINA BAY SANDS PTE. LTD.**

80 Robinson Road  
#02-00  
Singapore 068898

Attention: George Tanasijevich  
President and Chief Executive Officer  
Fax: (65) 6688 0230  
With copy to:

**LAS VEGAS SANDS CORP.**

3355 Las Vegas Blvd South  
Las Vegas, Nevada 89109  
United States of America

Attention: Global General Counsel  
Fax: (1) 702 414 5330

33.2 Any notice or communication shall be deemed to be received:

- (i) if sent by prepaid post, on the date of actual receipt;
- (ii) if delivered by hand, on the date of delivery; and
- (iii) if sent by facsimile and a correct and complete transmission report for that transmission is obtained by the sender, upon transmission if transmission takes place on a Business Day before 4:00 pm in the place to which the communication is transmitted and in any other case on the Business Day next following the day of transmission.

**34. CONSENTS AND APPROVALS**

No consent or approval to any plans, elevations or specifications given by the Lessor (in pursuance of this Agreement) shall place upon the Lessor any responsibility in respect of any defect in the works carried out or otherwise howsoever.

**35. VARIATION, AMENDMENT OR WAIVER**

35.1 No variation or waiver of, or any consent to any departure by a party from, a provision of this Agreement is of any force or effect unless it is confirmed in writing signed by the parties and then that variation, waiver or consent is effective only to the extent for which it is made or given.

35.2 No failure, delay, forbearance, relaxation or indulgence on the part of the Lessor in exercising any of the conditions of this Agreement nor the granting of time by the Lessor shall in any way affect, diminish, restrict or prejudice the rights and powers of the Lessor herein or be deemed to be a waiver of any of the conditions herein or the Lessor's rights hereunder or under general law in respect of the subsequent exercise by the Lessor in respect of the same.

**36. LIABILITY OF PARTIES**

If any party to this Agreement consists of more than one person, then the liability of those persons in all respects under this Agreement is a joint liability of all those persons and a separate liability of each of those persons.

**37. SEVERANCE**

If any provision of this Agreement is invalid and not enforceable in accordance with its terms, other provisions which are self-sustaining and capable of separate enforcement with regard to the invalid provision, are and continue to be valid and enforceable in accordance with their terms.

**38. RIGHTS OF THIRD PARTIES**

38.1 The Approved Mortgagee is an approved third party beneficiary and has the right to rely upon and enforce for its benefit the rights set out in Clause 23.2, Clause 24 and Clause 27.4.

38.2 Subject to Clause 38.1, the terms and provisions of this Agreement are intended for the benefit of the Lessor (including the Government and the Competent Authorities), the Lessee and their respective successors or permitted assigns, and it is not the intention of the parties to confer third party beneficiary rights upon any other person. Subject to the foregoing and save for the Government and the Competent Authorities, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act (Cap. 53B) to enforce any of its terms.

**39. COMPETITION ACT**

The Lessee accepts that the gaming industry will not be exempt from the provisions of the Competition Act (Cap. 50B).

**40. GOVERNING LAW AND JURISDICTION**

This Agreement is governed by and is to be construed in accordance with the laws of Singapore. Save as expressly provided otherwise, the parties submit to the exclusive jurisdiction of the courts of Singapore.

**41. COUNTERPARTS**

This Agreement may be signed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each party may enter into this Agreement by signing any such counterpart and each counterpart shall be valid and effectual as if executed as an original.

EXECUTION COPY

IN WITNESS WHEREOF the parties hereto have hereunto set their hands the day and year first abovewritten.

SIGNED by **KEITH TAN** )  
for and on behalf of )  
**SINGAPORE TOURISM BOARD** )

)  
)

/s/ Keith Tan

in the presence of:

/s/ Jeannie Lim  
Name:

SIGNED by **ROBERT G. GOLDSTEIN** )  
for and on behalf of )  
**MARINA BAY SANDS PTE. LTD.** )

)  
)

/s/ Robert Goldstein

in the presence of:

/s/ Patrick Dumont  
Name:

SIGNED by **GEORGE TANASIJEVICH** )  
for and on behalf of )  
**MARINA BAY SANDS PTE. LTD.** )

)  
)

/s/ George Tanasijevich

in the presence of:

/s/ Faris Alsagoff  
Name:

SIGNATURE PAGE TO THE DEVELOPMENT AGREEMENT DATED 3<sup>rd</sup> APRIL 2019

## LAS VEGAS SANDS CORP.

## CERTIFICATION

I, Sheldon G. Adelson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Las Vegas Sands Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2019

By: /s/ S HELDON G. A DELSON

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Sheldon G. Adelson  
Chief Executive Officer

## LAS VEGAS SANDS CORP.

## CERTIFICATION

I, Patrick Dumont, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Las Vegas Sands Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2019

By: /s/ PATRICK D UMONT

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Patrick Dumont  
Chief Financial Officer

**LAS VEGAS SANDS CORP.**

**CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 , as filed by Las Vegas Sands Corp. with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Las Vegas Sands Corp.

Date: July 24, 2019

By: /s/ S HELDON G. A DELSON

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Sheldon G. Adelson  
Chief Executive Officer

**LAS VEGAS SANDS CORP.**

**CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 , as filed by Las Vegas Sands Corp. with the Securities and Exchange Commission on the date hereof (the "Report"), I certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Las Vegas Sands Corp.

Date: July 24, 2019

By: /s/ P ATRICK D UMONT

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Patrick Dumont  
Chief Financial Officer