

# **Melco PBL provides an update on City of Dreams**

Melco PBL Entertainment, a developer and owner of casino gaming and entertainment resort facilities focused exclusively on the Macau market, has provided the following update on its City of Dreams casino development in Cotai.

Its subsidiaries Melco PBL (COD) Developments Limited and Melco PBL Gaming (Macau) Limited recently received an offer letter from the Land, Public Works and Transport Bureau of the Macau Special Administrative Region of the People's Republic of China for a land lease agreement to be entered into with the Macau SAR for the two adjacent land parcels on Cotai that comprise the City of Dreams site.

This offer letter defines the premium and payment schedule for the City of Dreams site and specifies the development rights associated with the land concession. Its subsidiaries MPBL (COD) Developments and MPBL Gaming accepted the terms of the offer last November 6.

Upon the receipt of requisite approvals, their subsidiary MPBL (COD) Developments will make its first scheduled land premium payment, and following the gazetting of the land concession, the land grant process will be complete. They do not have a committed timetable for the completion of these final steps.

Construction of City of Dreams on Cotai remains on time and on budget. The development budget remains in-line with our June 15, 2007 announcement that provided an update on the timing and scope of the project. At that time, MPEL indicated that the direct cost of the construction of City of Dreams, excluding the co-located apartment hotel tower, would be USD 1.85 billion and that the cost of the land would be USD 279 million – these costs remain unchanged.

The USD 1.75 billion bank facility, when fully drawn, is intended to fully fund the budgeted construction costs of City of Dreams resort and casino. The drawdown of the balance of the financing remains subject to the fulfillment of certain conditions precedent.

The cost of development of the apartment hotel complex on the site of the City of Dreams casino and resort development will be financed from funds drawn from outside of the bank lending facility. This provides them with significantly improved flexibility in the application of the proceeds generated from the planned monetization of the apartment hotel.

Their recently completed equity offering has, among other uses of proceeds, secured the funding to complete the construction of the apartment hotel complex on Cotai, the estimated cost of which remains essentially unchanged at USD 330 million.

Commenting on this status update for City of Dreams, Lawrence Ho, Co-Chairman and CEO of Melco PBL Entertainment, stated, "Our City of Dreams casino and resort will set a new benchmark for a "must-see" destination in Asia. The rapid pace of construction progress on site is exhilarating. Full praise is due to the efficiency and professionalism of the Macau government, the DSSOPT and our managing contractor and work site personnel."