

# **Las Vegas Sands: Unleashing The Best Mall and Lodging REITs in The World *And Why The Stock Can DOUBLE***

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September 2012

- I. Las Vegas Sands – The Best Global Gaming, Lodging & Mall Company
- II. Investment Opportunity – Real Estate Valuations Reveal 100%+ Return Potential
- III. Industry Fundamentals and Valuation
- IV. Development Roadmap and Assumptions
- V. Appendix & Disclosures

## I. Las Vegas Sands – The Best Global Gaming, Lodging & Mall Company



### Quick Look

Market Cap	\$37 Billion
Current Price	\$45
Fair Value	\$85
Upside to Fair Value	89%

### Las Vegas Sands Property List

#### Macao (Sands China)

Venetian Macao  
Sands Macao  
Four Seasons Macao  
Cotai Central

#### Singapore

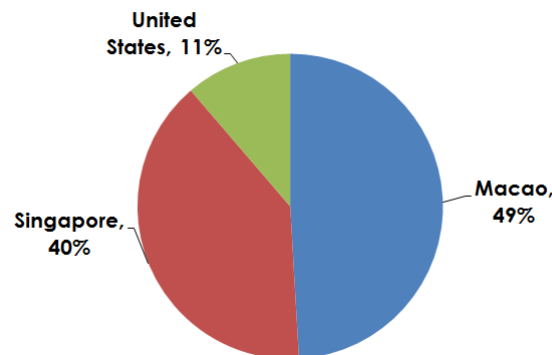
Marina Bay Sands

#### United States

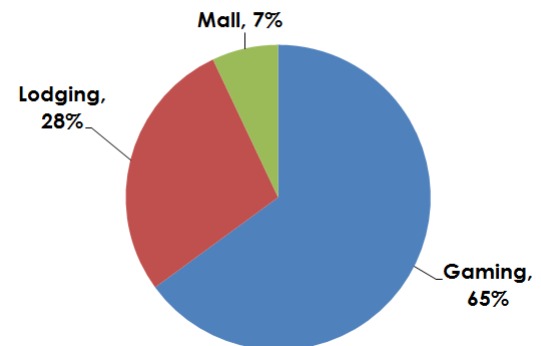
Venetian  
Palazzo  
Bethlehem

- Las Vegas Sands (NYSE: LVS) is the pre-eminent operator and developer of integrated casino resorts. LVS resorts are exceptionally high-quality mixed-use properties that feature a combination of gaming, lodging, entertainment and retail facilities.
- LVS focuses its gaming business on the higher margin mass market, owns retail catering to the high-end luxury market and creates a lavish hotel experience for guests.
- Macao gaming has enjoyed nearly 40% annual growth<sup>1</sup> and will likely see EBITDA double over the next five years given constraints on supply and dynamic increase in penetration into mainland China.

2013e EBITDA by Country



2013e EBITDA by Sector



- **Las Vegas Sands is worth \$85 valuing the Malls, Lodging and Gaming at market value**
  - › LVS shares trade at a 50% discount to net asset value so shareholders are getting the gaming business nearly for FREE
  - › LVS is a growth company at a value price at HALF the multiple of REITs despite TWICE the growth
  - › Sands has created over \$30B of value through development since 2004 with more value creation to come
  - › Up to \$25B of present value of in progress and planned developments For FREE
  - › Rapid demand growth and limits on supply likely to allow EBITDA to double every 5 years
  - › New train services, bridges, ferries and improved entry capacity will eliminate bottlenecks and drive demand in Macao
- **Catalyst to realize value: Spin-Out Mall and Lodging Assets into REIT or REIT-like Entities**

# LVS in Macao: Ultra-High Quality Properties

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# LVS in Singapore & Las Vegas: Ultra-High Quality Properties

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MARINA BAY SANDS



THE VENETIAN  
*Las Vegas*



THE PALAZZO  
*Las Vegas*



## II. Investment Opportunity – Real Estate Valuations Reveal 100%+ Return Potential



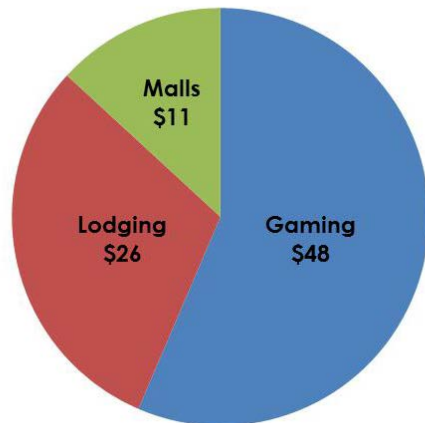
- LVS is a Property Company worth over \$85 per share when Malls, Lodging and Gaming fairly valued
  - › LVS shareholders are getting the gaming business virtually for FREE
    - » **Malls** – LVS Mall Co/REIT would be the highest quality, most productive public portfolio of mall assets in the world with sales of ~\$1,600 per square foot (psf)<sup>1</sup> and revenues growing at 15%+ annually
      - \$11 Mall Value per Share: private and public market comps support that these assets should be valued at 4% - 4.5% cap rates; using the current share price, the implied cap rate is 10%, a 50% plus discount
    - » **Lodging** – LVS Lodging Co/REIT<sup>2</sup> would have the highest occupancy public portfolio in the hotel industry at ~90%<sup>3</sup>, 15% growth and located in markets with demand growth far outpacing supply
      - \$26 Lodging Value per Share: given strong 15% growth prospects of Singapore/Macao, limited supply, less cyclicity and the substantial discount to replacement cost these assets should be valued at EBITDA multiples of 14x – 16x based on private and public market comps, yet trade at a ~40% discount
    - » **Gaming** – LVS Gaming Co would be the most profitable casino company in the world with internal and external growth likely to exceed 20% per year
      - \$48 Gaming Value per Share: implied value of just ~2x 2013 EBITDA (\$8 per share), after adjusting for the fair value of the malls and lodging, is severely penalizing what will likely be a 20% plus growth company that has traded on average since its 2004 IPO at 18x forward EBITDA<sup>4</sup>

# Las Vegas Sands Fair Value: \$85

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### LVS Fair Value Per Share: \$85



	Low		High
<b>Fair Value Per Share</b>	<b>\$75.00</b>	<b>to</b>	<b>\$94.00</b>
<b>Premium to Current Price</b>	<b>67%</b>	<b>to</b>	<b>109%</b>
<i>Current LVS Stock Price</i>	<i>\$45.00</i>		<i>\$45.00</i>

<b>2013e EBITDA</b>	<b>Low</b>		<b>High</b>
<i>Gaming</i>	<i>\$2,703</i>		<i>\$2,976</i>
<i>Lodging</i>	<i>\$1,245</i>		<i>\$1,283</i>
<i>Mall</i>	<i>\$305</i>		<i>\$322</i>
<b>Total</b>	<b>\$4,253</b>	<b>to</b>	<b>\$4,581</b>

<b>EBITDA Multiple</b>	<b>Low</b>		<b>High</b>
<i>Gaming</i>	<i>12.8x</i>		<i>13.8x</i>
<i>Lodging</i>	<i>14.2x</i>		<i>16.2x</i>
<i>Mall</i>	<i>22.5x</i>		<i>25.0x</i>
<b>Total</b>	<b>13.9x</b>	<b>to</b>	<b>15.3x</b>

<b>Value</b>	<b>Low</b>		<b>High</b>
<i>Gaming</i>	<i>\$34,657</i>		<i>\$41,164</i>
<i>Lodging</i>	<i>\$17,672</i>		<i>\$20,763</i>
<i>Mall</i>	<i>\$6,862</i>		<i>\$8,059</i>
<b>Total</b>	<b>\$59,192</b>	<b>to</b>	<b>\$69,986</b>

<b>Net Debt</b>	(\$5,291)		(\$5,291)
<b>Other Assets and Liabilities</b>	(\$2,638)		(\$2,874)
<b>Cash Flow Generation 3Q12 - YE13</b>	\$4,428		\$4,741
<b>Development Profit</b>	\$6,180		\$11,241

<b>Equity Value</b>	<b>\$61,870</b>	<b>to</b>	<b>\$77,803</b>
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<b>Shares Outstanding</b>	<b>827</b>		<b>827</b>
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Notes: EBITDA assumes Sands Cotai Central has stabilized; Cash flow generation does not incorporate the impact of dividends and includes 2H12 and one stabilized year of cash flow; Share count and dollar in millions, except for per share data; Las Vegas Sands pro-rata based on ownership; Fair value estimate is based on 50% probability of "Low" case and 50% probability of "High" case; See slide 50 for more detail on other assets and liabilities

## Path to Realizing \$85 Intrinsic Value Easy at Current Real Estate Valuations

### Three Potential Strategic Options:

- 1) Spin-Out Mall and Lodging Assets into REIT or REIT-like Entities<sup>1</sup>
- 2) Sale of Mall and Lodging Assets
- 3) 3<sup>rd</sup> Party Valuation of the Mall, Lodging and Gaming Assets

## REIT or REIT-like Spin-Out of Mall and Lodging Assets

- **3 separate real estate companies created**
  - **Malls:** Most productive public Mall Co/REIT in the world with sales averaging \$1,600 PSF and expected growth of 15% plus
  - **Lodging:** Highest-quality public Lodging Co/REIT<sup>1</sup> in the world with average occupancy of 90% and internal growth prospects in the mid teens
  - **Gaming:** Best pure-play public gaming company in the world with 20% plus growth prospects for nearly free
- **Maximum value of Las Vegas Sands likely achieved through split given each companies' underappreciated valuation and strong growth prospects**
  - Multiple expansion of 50% - 100% likely as LVS mall and lodging businesses trade at discount to private and public market values
  - Debt free Mall and Lodging companies unprecedented and would have exceptional external growth opportunities through development and acquisition in Asia and around the world
  - Mall and Lodging companies would be highly sought after by dedicated global property investors as companies generate above average growth and are included in property indices
  - Multiple avenues available to structure tax-efficiently, including UPREIT, S-REIT, H-REIT and U.S. REIT structures<sup>2</sup>
- **Splitting Up the Company Creates Substantial Value**

## Outright Sale of Mall and Lodging Assets

- **Robust Private Market for Mall and Lodging Assets Suggests Substantial Value Could be Realized Through Outright Sale of Assets**
  - › Recent private market mall transactions at mid-4% cap rates and lodging transactions at mid-to-high teens EBITDA multiples show the robust market for these type of assets
    - » Singapore, Hong Kong and China private market mall transaction cap rates at sub-5% levels
    - » Best-in-class private market lodging transaction multiples have been 17x on average over the past 18 months
- **Previous Asset Sales Show Management's Willingness and Viability of Strategy**
  - › In 2004 (Venetian) and 2008 (Palazzo), Las Vegas Sands sold mall assets in Las Vegas to General Growth Properties (NYSE: GGP)
  - › In 2009, Spun out ~30% of Sands China stake



## Deeply Discounted Value Could be Highlighted Through 3<sup>rd</sup> Party Valuation and Disclosure of the Value of The Mall, Lodging and Gaming Assets

- Disclose valuations through supplemental financial statements prepared by management, third party appraiser or pursuant to International Financial Reporting Standards (IFRS)
  - Sands China currently reports the value of their Malls under IFRS, highlighting the substantial value created and the discount the malls are trading at
  - Valuing the Lodging and Gaming assets will illustrate the substantial discount to private market values those business are trading at
  - Disclose a detailed accounting of separate Mall, Lodging and Gaming EBITDAs on a quarterly basis and disclose net asset value on a semi-annual basis
  - Improved disclosures would allow investors and analysts to determine their own real estate based valuations

## Bottom Line: LVS is a Property Company and When Valued as Such It Can be a Double to Current Pricing

- Equinix (NASDAQ: EQIX), a datacenter operator and developer, is an excellent example of what can happen to valuation when sustainable high-growth businesses rooted in real estate are valued as property companies
- EQIX: ~100% return year-to-date in 2012
  - » **Comments on February 15<sup>th</sup>, 2012 by Equinix CEO<sup>1</sup>:** “First and foremost, I think it's very important to note that my responsibility and one of my key responsibilities for 2012 is really to look at this – the possibility of turning or becoming a REIT over some period of time. We have to look at that very seriously in 2012.”

Company	Date	Forward 12-Month EBITDA Multiple
Equinix	Jan 1 <sup>st</sup> , 2012	~8x
Coresite <sup>2</sup>	Jan 1 <sup>st</sup> , 2012	~12x
Equinix	CURRENT	~12x
CoreSite <sup>2</sup>	CURRENT	~12x

- » Equinix has yet to clear all hurdles to converting to a REIT, but investors are valuing it as such and the same will likely occur for LVS

# Development: \$30 Billion Value Created and \$25 Billion More to Come

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## **LVS Developments have created more than \$30B in value above construction costs since 2004 with more to come**

- Stabilized Macao and Singapore developments since 2004 generating ~40% cash-on-cash returns on 2013 estimates, while new developments target minimum of 20% returns, a low bar on historical basis
- Shareholders getting \$23<sup>1</sup> per share in present value of current development plans for FREE

### **Current Developments/As of Right Development Valued at \$14 per share:**

- Sands Cotai Central: \$11 per share
  - Sands' Cotai will stabilize in early 2014 with annual EBITDA of \$1.2 billion and total cost of \$4.5 billion (of which \$3.6 billion has already been spent)
- Parcel 3 ("The Parisian") development rights in Macao: \$3 per share
  - Parcel 3 in Macao and the Four Seasons condo tower development are shovel-ready

### **Future Projected Developments at \$9 per share:**

- Future Integrated Resort development in new markets \$8 per share
  - LVS' current development pipeline is robust and diversified across multiple markets globally: Japan, Korea, Vietnam, Madrid, etc.
- Standalone Mall/Lodging development: \$1 per share
  - With little to no debt on the Mall and Lodging Companies/REITs, the mall and hotel development companies could pursue meaningful non-gaming-related developments around the world and in Asia specifically

# 50% Discount on AFFO Multiple Basis: Growth Company at a Value Price

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- **LVS Trading at HALF the cash flow multiple of REITs despite TWICE the growth**
  - At 11-12x 2013 Stabilized AFFO<sup>1</sup>, LVS Trades at less than half the REIT AFFO multiple
  - At 23x 2013 estimated AFFO for REITs in the S&P 500, LVS has a lot of catching up to do
- LVS would trade in-line with REITs at \$85 per share and have double the cash flow growth at 25%
- Sands' AFFO multiple will only get cheaper as developments come on line if share price does not rise sharply

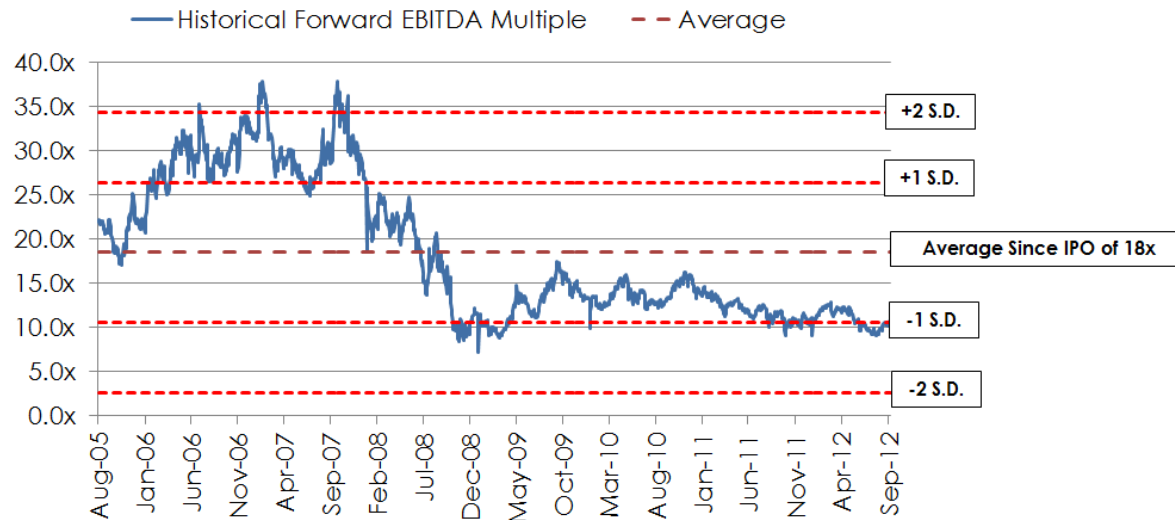
REITs in S&P 500 <sup>2</sup>	Sector	2013e AFFO Multiple	2013e AFFO Growth
Vornado Realty Trust	CBD Office	32x	-7%
Boston Properties Inc	CBD Office	31x	12%
Prologis Inc	Industrial	28x	4%
AvalonBay Communities Inc	Apartments	27x	12%
American Tower Corp	Cellular Towers	24x	23%
Equity Residential	Apartments	24x	9%
Simon Property Group Inc	Regional Malls	24x	5%
Public Storage	Storage	21x	14%
HCP Inc	Healthcare	20x	8%
Ventas Inc	Healthcare	20x	0%
Kimco Realty Corp	Shopping Centers	19x	9%
AIMCO	Apartments	17x	15%
Host Hotels & Resorts Inc	Lodging	16x	30%
Health Care REIT Inc	Healthcare	16x	11%
<b>Las Vegas Sands (Current Price)</b>	<b>Integrated Resorts</b>	<b>11x - 12x</b>	<b>25%<sup>3</sup></b>
<b>Average 2013e AFFO Multiple</b>		<b>23x</b>	<b>10%</b>

### III. Industry Fundamentals and Valuation



- **LVS Gaming Co Worth \$48 Per Share**

- Current LVS stock price implies Gaming assets priced at \$8 per share after Malls/Lodging fairly valued
- Historically LVS has traded at 18x forward EBITDA; today Gaming's implied multiple is 2x
- REITs at 18x 2013e EBITDA with less growth highlight discounted valuation
- \$42 - \$53 per share Gaming valuation conservatively using 13x to 14x EBITDA Multiple on Asian gaming assets



- **LVS' Gaming Assets Likely to Generate 15% Same Store EBITDA Growth Next Several Years**

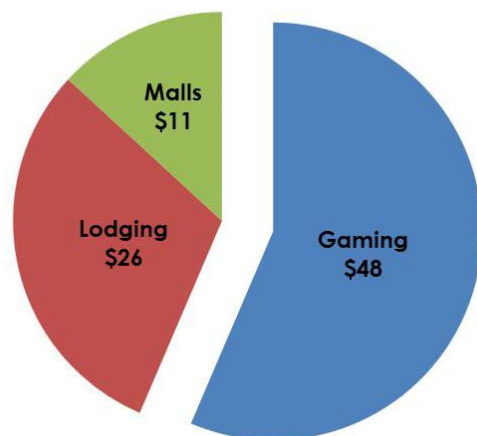
- Macao EBITDA growth driven by growing mass-market, continued market penetration, margin expansion and little new supply in high growth Cotai strip
  - » LVS will operate 40% of four and five-star hotel rooms in Macao by 2013, which should drive gaming market share gains
- Singapore EBITDA growth driven by increased visitation, growing market share and transition to limits on local gaming
- Las Vegas less than 5% of stabilized LVS EBITDA, but will experience modest growth as limited supply meets increasing demand
- Same store growth to accelerate in 2015 – 2016 as current development stabilizes amidst no new supply

# LVS Gaming Co: Valuing The Best Pure-Play Gaming Company in The World

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**LVS Fair Value Per Share: \$85**



USD Millions, except for per share data	EBITDA		Multiple		Fair Value/Share	
	Low	High	Low	High	Low	High
Macao	\$1,319	\$1,540	13.0x	14.0x	\$20.70	\$26.10
Singapore	\$1,223	\$1,270	13.0x	14.0x	\$19.20	\$21.50
US	\$161	\$167	10.0x	11.0x	\$1.90	\$2.20
<b>Subtotal</b>	<b>\$2,703</b>	<b>\$2,976</b>	<b>12.8x</b>	<b>13.8x</b>	<b>\$41.80</b>	<b>\$49.80</b>
Share of Macao Development Rights					\$0.82	\$2.20
Share of Future Integrated Resort Development					\$3.80	\$5.70
CIP/Four Seasons Development Profit					\$1.00	\$1.00
Cash Flow Generation 3Q12 - YE13					\$5.35	\$5.73
Other Adjustments					(\$10.80)	(\$11.10)
<b>Fair Value of LVS Gaming Co</b>					<b>\$42.00</b>	<b>\$53.30</b>

## Macao Gaming Revenue Expected to Triple to over \$100B by 2020<sup>1</sup>

### • Supply

- No new casinos until 2016
- Government mandated limit on new supply of only 3% growth annually for new tables

### • Demand

- 16 million of China's 1.4 billion people, or 1%, traveled to Macao in 2011 which compares to 11% of the U.S. population to Las Vegas
- Over 75% of LVS Gaming EBITDA is from mass-market, which is expected to grow 25% annually
- VIP will likely grow at 8% - 12% after 42% CAGR the past 5 years
- Significant visitation growth expected due to infrastructure improvements: visitation has grown at a 13.4% pace over the past 10 years
  - » Gongbei Border Gate expanded to handle 500K visitors per day, a 66% increase
  - » Hong Kong-Zhuhai-Macao Bridge scheduled for completion in 2016
  - » Quadrupled passenger capacity with Taipa Pac-On Ferry Terminal in 2013
  - » Guangzhou-Zhuhai High Speed Rail to bring 400K passengers per day to Macao

# Macao's Incredible Market Penetration Opportunity



## Macao is actively expanding capacity at entry bottlenecks

- Gongbei Gate handled nearly 50% of the visitation into Macao and has recently been expanded to handle 500,000 people per day
- Taipa Pac-On Ferry doubling capacity to 15M per year

## Improved high-speed rail will improve Mainland China penetration

- Guangzhou-Zhuhai and Wuhan-Guangzhou High-Speed Rails will significantly reduce travel times and bring substantial traffic to Macao

Mainland China Visitation to Macao			
Province	Population (M)	Visitation Growth (Y/Y %) <sup>1</sup>	Population Penetration (%) <sup>1</sup>
Guangdong	104	9.2%	7.9%
Hunan	66	38.8%	0.9%
Hubei	57	33.3%	0.8%
Zhejiang	54	16.3%	1.1%
Fujian	37	17.1%	2.5%
Chongqing	29	42.3%	0.7%
Beijing	20	22.3%	1.6%
Shanghai	13	16.2%	3.8%
Tianjin	13	47.2%	1.0%

Source: DSEC, Wall Street research, Company reports, Image from the Transport Politic

(1) Visitation growth based on trailing 12-month data ending July 2012. Population penetration calculated using trailing 12-month visitation over provincial population. DSEC provincial data limited to July 2010



# Singapore Gaming: LVS Is Dominant Player with 50%+ Market Share & Years of Runway

## • Supply

- 10-year gaming duopoly in Singapore suggests no new supply until 2020

## • Demand

- Government-sponsored tourism initiatives targeted to drive 7% growth annually through 2015
  - » Marina Mass Transit Station
  - » International Cruise Ship Terminal
- Mainland China visitation to Singapore grew 35% in 2011, compared to total Singapore visitation growth of 13%
- Fertile backyard of millionaires: approximately 17% of Singapore households are millionaires, which is the highest in the world
- 2013 a transition year as local entry restrictions target low income players

Country	Proportion of Millionaire Households
Singapore	17.1%
Qatar	14.3%
Kuwait	11.8%
Switzerland	9.5%
Hong Kong	8.8%
UAE	5.0%
U.S.	4.3%
Israel	3.6%
Taiwan	3.2%



# Marina Bay Sands Will Benefit From International Market Penetration

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## Market Penetration Opportunities:

- China negligible population penetration accounting for only 12% of visitation into Singapore
- Indonesia 1.1% population penetration accounting for 20% of visitation into Singapore.
- Malaysia 3.5% population penetration accounting for 8% of visitation into Singapore

## Infrastructure Improvements:

- International Cruise Ship Terminal will double Singapore's cruise ship capacity
- Marin MRT extension will allow easier access from the Marina South to Marina Bay Sands

- **Supply**

- **Limited supply next 5 years:** Limited new construction for the next 5 years due to longer lead times and limited strip availability<sup>1</sup>
  - » 50,000 slot machines and 2,500 gaming tables along 4.2 miles of Las Vegas Boulevard South

- **Demand**

- **Visitation to reach new peak in 2012:** 39 million visitors in 2011, up 7% over the past two years
- **High-end baccarat revenue trends still strong** at nearly 20% of revenues from 13% 5 years ago and growing due to increasing high-end demand from Asia
- **Other demand indicators continuing to recover**
  - » Las Vegas Strip gaming revenues of \$6.1B, 11% below 2007 peak levels

# LVS Mall Co/REIT: Valuation Supported By High Quality Global Mall Transactions

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## • LVS Mall Co/REIT Worth \$11 Per Share

- LVS Mall Co/REIT should generate 15%+ revenue growth in 2013 driven by increased market penetration, duty-free retail dynamics, an emerging captive consumer, limited supply growth and rising market rents
- **LVS Mall assets valued at 22.5x – 25.0x EBITDA multiple (4.0% – 4.5% cap rate)**
- Valuation supported by private market transactions in the 4.0% - 5.5% cap rates in Singapore, Hong Kong and China
  - » Sands' Mall sales productivity of \$1,600 psf is likely double that of its peer group
  - » Operates in higher-growth, captive consumer markets
  - » No portfolio of this high quality has traded before

Private Market Transactions				
Asset	Location	Date	Size (\$M)	Est. Cap Rate
Sim City	Hong Kong	2012	\$116	3.5%
Laguna City	Hong Kong	2012	\$198	4.0%
Hongkou Plaza	China	2011	\$1,007	4.4%
Mong Kok	Hong Kong	2012	\$133	4.4%
Nan Fung Plaza	Hong Kong	2011	\$151	4.5%
Festival Walk	Hong Kong	2011	\$2,412	4.5%
Maritime Bay	Hong Kong	2011	\$76	4.8%
Po Wing Building	Hong Kong	2012	\$148	5.0%
Belvedere Garden	Hong Kong	2012	\$163	5.2%
Minhang Plaza	China	2011	\$502	5.9%
<b>Avg. China/Hong Kong Mall Transactions</b>			<b>\$491</b>	<b>4.6%</b>
Chijmes	Singapore	2012	\$137	3.9%
Compass Point	Singapore	2012	\$420	5.6%
<b>Avg. Singapore Mall Transactions</b>			<b>\$278</b>	<b>4.8%</b>
Tokyu Plaza Omotesando	Japan	2012	\$765	3.9%
Mozo Wonder City	Japan	2011	\$681	4.2%
Ebis Q Plaza	Japan	2012	\$107	4.5%
Yodobashi	Japan	2011	\$370	5.0%
Vioro	Japan	2012	\$133	5.2%
Shimbashi Place	Japan	2012	\$261	5.4%
Qanat Rakuoku	Japan	2012	\$110	5.6%
Olinas Mall & Olinas Core	Japan	2012	\$286	6.1%
Icot Nakamozu	Japan	2012	\$108	6.4%
<b>Avg. Japan Mall Transactions</b>			<b>\$314</b>	<b>5.1%</b>
Ruhr-Park	Germany	2012	\$112	4.8%
Victoria Quarter	U.K.	2012	\$221	5.3%
German Retail Portfolio	Germany	2012	\$388	5.5%
<b>Avg. Europe Mall Transactions</b>			<b>\$240</b>	<b>5.2%</b>
Mall at Green Hills & Gardens on El Paseo	U.S.	2011	\$560	4.5%
King of Prussia Mall	U.S.	2011	\$1,136	5.1%
<b>Avg. U.S. Mall Transactions</b>			<b>\$848</b>	<b>4.8%</b>
<b>Avg. Overall Comparable Mall Transactions</b>			<b>\$412</b>	<b>4.9%</b>
<b>LVS Mall Co / REIT Applied Multiple</b>				<b>4.0% -4.5%</b>

# LVS Mall Co/REIT: Valuation Supported By High Quality Global Mall Transactions

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- LVS Mall sales productivity levels more than 2x greater than public company peers
  - » Sands' Mall Co/REIT in Asia generates \$1,600 average sales per square foot , compared to \$400 to \$700 sales per square foot for public mall peers
- Public market comps support LVS' valuation
  - » Sands' Mall EBITDA expected to grow 20%, significantly outpacing the expectations for other high-quality mall operators
    - Sands' stabilized Macao Malls grew revenues by 34% in 2011, far better than peers
  - » Sands' Mall Co/REIT will have no leverage post spin-out, which will allow for:
    - Substantially accretive external development and acquisition activities
    - Safety of pristine balance sheet and a very low cost of capital

Public Market Peers					
Company Name	Location	Market Cap (USD \$B)	2013e EBITDA Multiple	2013e EBITDA Growth	Est. Sales PSF
CapitaMalls Trust	Singapore	5.4	21x	7.0%	n/a
Unibail-Rodamco	Europe	19.5	20x	6.2%	\$744
Simon Property Group	U.S.	49.3	19x	4.9%	\$554
Taubman Centers	U.S.	4.9	19x	2.0%	\$672
General Growth Prop.	U.S.	18.6	18x	4.7%	\$505
Japan Retail Fund	Japan	3.2	18x	3.8%	n/a
<b>Mall Peer Average</b>		<b>16.8</b>	<b>19x</b>	<b>4.8%</b>	<b>\$619</b>
<b>LVS Mall Co / REIT Applied Multiple</b>		<b>9</b>	<b>22.5x - 25.0x</b>	<b>~20%</b>	<b>\$1,600</b>

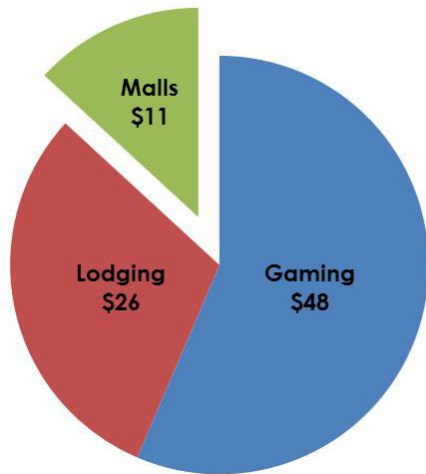


# LVS Mall Co/REIT: Valuing The Most Productive Mall REIT in The World

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**LVS Fair Value Per Share: \$85**



USD Millions, except for per share data	EBITDA		Multiple		Fair Value/Share	
	Low	High	Low	High	Low	High
Macao	\$180	\$196	22.5x	25.0x	\$4.90	\$5.90
Singapore	\$124	\$125	22.5x	25.0x	\$3.40	\$3.80
US	\$1	\$1	22.5x	25.0x	\$0.00	\$0.00
<b>Subtotal</b>	<b>\$305</b>	<b>\$322</b>	<b>22.5x</b>	<b>25.0x</b>	<b>\$8.30</b>	<b>\$9.70</b>
Share of Macao Development Rights					\$0.30	\$0.50
Share of Future Integrated Resort Development					\$0.90	\$1.40
Additional Development of Standalone Malls					\$0.30	\$0.70
<b>Fair Value of LVS Mall Co/REIT</b>					<b>\$9.80</b>	<b>\$12.30</b>

- **Luxury retail in Macao discounted due to tax savings:** Mainland Chinese consumers can shop in Macao with no sales or VAT tax, a savings of 10-40%
- **Macao retail in early stages of development with double-digit growth** expected off an already small base of \$5.4 billion, when compared to Hong Kong's \$52.4 billion annual retail sales
  - Grand Canal Shoppes at Venetian Macao reported a 24% increase in mall revenues and a 47% increase in tenant sales in 2011
  - Shoppes at Four Seasons Macao reported a 58% increase in mall revenues and a 71% increase in tenant sales in 2011
- **Mainland China retail sales have grown 17% annually over the past 5 years** with luxury retail growing at faster pace over the same time period
- **High-end retail attractive to typical gaming patron:** The demographic that shops at gaming destinations are high-income, aspirational and/or naturally willing to spend
- **Captive customer base:** Gaming/lodging patrons generate significant foot traffic and sales at the malls in addition to those consumers specifically seeking out the retail

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# LVS Lodging Co/REIT: Valuation Supported by Comparable Lodging Transactions

## • LVS' Lodging Co/REIT Worth \$26 Per Share

- LVS Lodging has stronger growth prospects given rapid growth of gaming revenues, higher occupancy, higher margins and less cyclical characteristics
  - » LVS will be the leading owner of 4- and 5-star hotels with 40% of the Macao room supply by 2013
- Las Vegas Sands assets valued at 14x to 16x EBITDA
- Best-in-class private market transactions at 17x multiple over the past 18 months
- Best-in-class public market lodging companies trading at 15x shows the conservatism of LVS Lodging Co/REIT applied multiple
  - » Sands' Lodging EBITDA expected to grow 15% annually:
    - LVS transfer pricing would more accurately reflect fair market ADR for hotel rooms
    - Stronger pricing power driven by 90% occupancy, well in excess of the ~70% occupancy in the peer comp set

Private Market Transactions				
Target	Location	Date	Size (\$M USD)	Est. EBITDA Multiple
St. Regis	Washington DC	2011	100	17x
W Boston	Boston	2011	90	17x
Viceroy Santa Monica	Santa Monica	2011	80	17x
Essex House	New York	2012	349	16x
Denihan NYC Portfolio	New York City	2011	910	15x
Hyatt Union Square	New York City	2011	104	15x
Radisson Lexington	New York	2011	335	15x
Blackstone Portfolio	Various	2012	495	14x
<b>Average U.S. Comparable Lodging Transactions</b>				<b>16x</b>
Sheraton Shenyang	China	2011	155	15x
<b>Average China Comparable Lodging Transactions</b>				<b>15x</b>
Shama Causeway Bay	Japan	2012	155	29x
Namba Oriental Hotel	Japan	2012	181	19x
Oriental Hotel Tokyo Ba	Japan	2012	240	19x
Ariake Sunroute	Japan	2012	191	18x
Kobe Meriken Park Ori	Japan	2012	132	17x
Tokyu Plaza Akasaka	Japan	2012	292	16x
Hotel Nikko Alivila	Japan	2012	228	16x
<b>Average Japan Comparable Lodging Transactions</b>				<b>19x</b>
<b>Average Overall Comparable Lodging Transactions</b>				<b>17x</b>
<b>Las Vegas Sands Applied Lodging Co Multiple</b>				<b>14x - 16x</b>

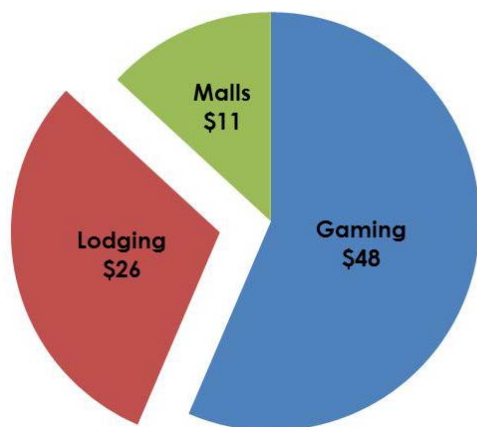
Public Market Peers				
Company Name	Ticker	Location	Market Cap (USD \$B)	2013e EBITDA Multiple
CDL Hospitality	CDREIT SP	Singapore	1.6	18x
Morgans Hotel Group	MHGC	U.S.	0.2	17x
Ascott Residence Trust	ART SP	Singapore	1.1	16x
Shangri-La	69 HK	Hong Kong	6.0	14x
Orient Express	OEH	U.S.	1.1	13x
Strategic Hotels	BEE	U.S.	1.3	13x
Pebblebrook Hotels	PEB	U.S.	1.5	13x
<b>Lodging Peer Average</b>			<b>1.8</b>	<b>15x</b>
<b>Las Vegas Sands Applied Lodging Co Multiple</b>			<b>22</b>	<b>14x - 16x</b>

# Valuing The Highest Quality Lodging REIT in The World

LANDandBUILDINGS



**LVS Fair Value Per Share: \$85**



USD Millions, except for per share data	EBITDA		Multiple		Fair Value/Share	
	Low	High	Low	High	Low	High
Macao	\$501	\$513	15.0x	17.0x	\$9.10	\$10.50
Singapore	\$409	\$421	15.0x	17.0x	\$7.40	\$8.70
US	\$336	\$349	12.0x	14.0x	\$4.90	\$5.90
<b>Subtotal</b>	<b>\$1,245</b>	<b>\$1,283</b>	<b>14.2x</b>	<b>16.2x</b>	<b>\$21.40</b>	<b>\$25.10</b>
Share of Macao Development Rights					\$0.40	\$0.80
Share of Future Integrated Resort Development					\$1.10	\$2.00
Additional Development of Standalone Hotels					\$0.10	\$0.50
<b>Fair Value of LVS Lodging Co/REIT</b>					<b>\$23.00</b>	<b>\$28.40</b>

- **LVS RevPAR growth should exceed traditional high-end hotels**

- High, 90% occupancy translates to stronger pricing power with incremental ADR (average daily rate) increases flowing completely to the bottom line
- Gaming growth of 15% plus should be comparable to lodging growth
- Gaming-related lodging generates higher margins of 40% compared to 25% - 30% for traditional high end hotels
- Transfer pricing understating future growth potential
  - ADR at the hotels is likely understated 25% due to hotel rooms being a loss leader for the gaming business
- True market pricing of the hotel rooms with proper transfer pricing and higher promotional charges to the gaming company will unlock substantial value for the lodging assets

## Macao

- **Macanese Lodging Market Significantly Underdeveloped**
  - Macao only has 26,000 rooms compared to Las Vegas with 150,000 rooms
  - Macao's visitation is growing rapidly at 13% per year<sup>1</sup> and is already 28 million compared to Las Vegas' 40 million visitors
  - Macao average stay of 1.5 nights and should grow as more hotel rooms come on line, compared to 3.5 nights in Vegas

## Singapore

- **Higher growth lodging market in Singapore:** Over the past 8 years, Singapore RevPAR has grown an average of 15% per year compared to 3% in the U.S.
- **Marina Bay Sands hotels closer to downtown and higher-paying business consumers**

## Las Vegas

- **High occupancy drives operating efficiencies:** Las Vegas hotel occupancy was 87% in 2011 versus 60% for the U.S. overall in 2011, which drives operating efficiencies
- **Largest hotel market in U.S.:** 150,000 hotel rooms versus 115,00 for second largest U.S. market
- **Convention business key source of upside for LVS:** Represents 12% of visitors in Las Vegas in 2011, compared to 21% at the peak



# LVS Lodging: A Lavish Hotel Experience

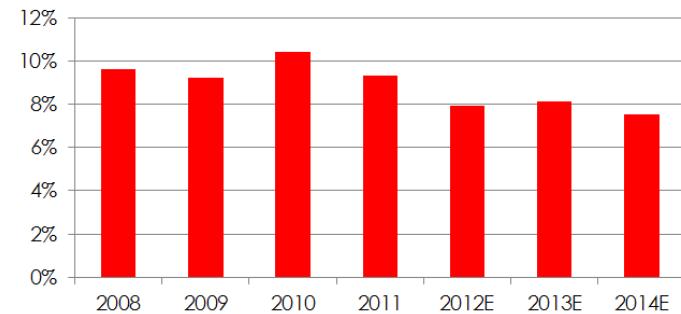
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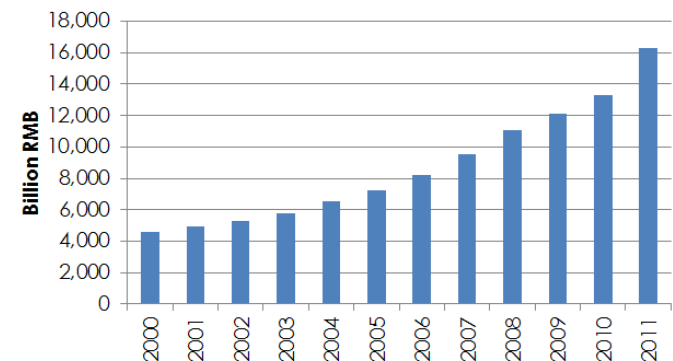
# China Macro: China Government Has Plenty Tools to Boost its Economy

- China GDP is likely to grow at 6.5% - 7.5% over the next few years, highest among major world economies
- Hard landing scenario unlikely, plenty of room for fiscal and monetary stimulus
  - China has reduced interest rates twice since June and more monetary stimulus is anticipated
  - Fiscal policy is beginning to pick up as well (including a 1 trillion RMB stimulus announced in September) as China has significant fiscal firepower that most other developed nations lack
  - More substantial fiscal and monetary measures likely following government leadership transition over the next few months
- Pickup in economy to occur after the government leadership transition and China's Golden Week
- Consumer spending to be robust as economy matures to consumption driven
  - Consumption has more than tripled in last 10 years to 16 trillion RMB in 2011 and should continue to grow in excess of 10% annually

**China GDP Growth to Remain Strong**

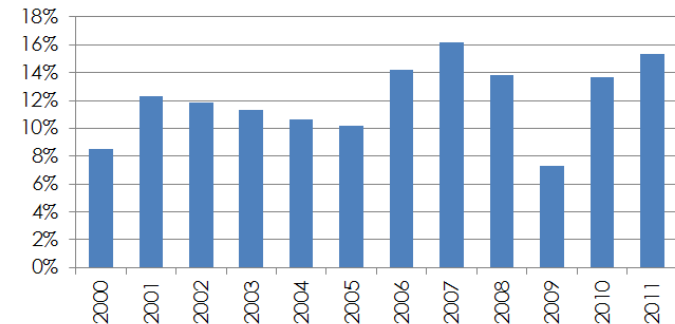


**China Consumption Growing Rapidly**



- Rural to urban Chinese population migration driving income growth
  - By 2025, 67% of Chinese population to be in urban areas, up from 43% in 2005
  - China per capita disposable income of urban households has grown 12% annually the past 10 years and likely to continue
- China savings rate of ~35% is remarkably high and a source for gambling investment
- Chinese visiting Macao have a high propensity to gamble and spend
  - Chinese visitors spend 4x the amount of non-Chinese visitors in Macao
- Las Vegas Sands' Gaming assets a magnet for Chinese consumption

**China Per Capita Disposable Income Supporting Consumption Growth**



# China Macro: Big Advantages for Chinese Shoppers to Buy Outside of China

- China was the second largest luxury retail market in the world, with \$11B of sales in China, or 25% of global luxury spending, despite less favorable tariffs and taxes

- An additional \$50B plus of Chinese luxury spending occurred outside of China

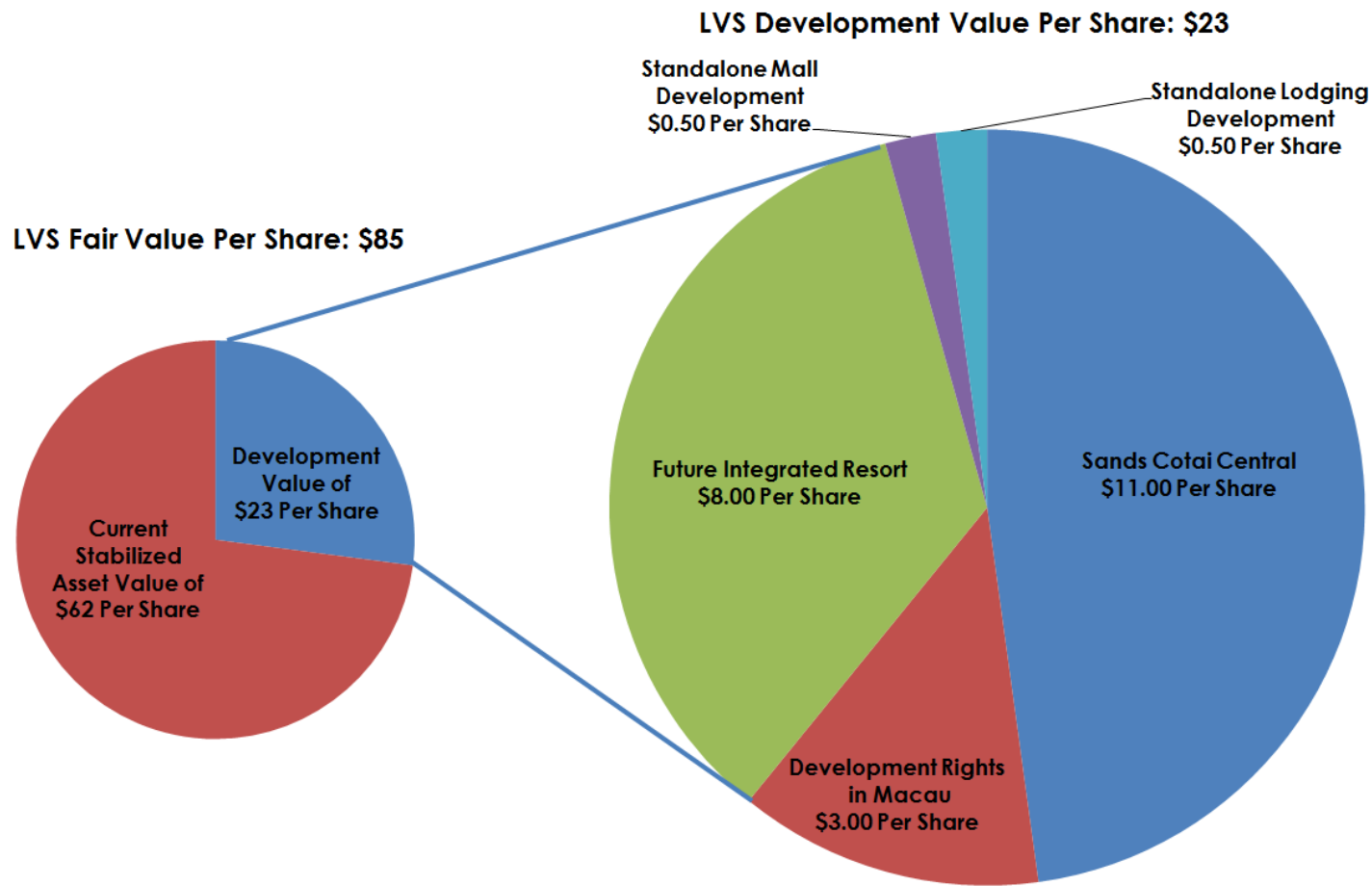
Tariffs / Taxes on Purchases of Goods in Mainland China			
Categories	Tariff Rates <sup>1</sup>	Value-Added Tax	Excise Tax
Ready-To-Wear	14.0% - 17.4%	17.0%	0.0%
Jewelry	20.0% - 35.0%	17.0%	0.0% - 10.0%
Leather Goods	10.0% - 24.0%	17.0%	0.0%
Luxury Watches	11.0% - 16.0%	17.0%	20.0%
Cosmetics	6.5% - 10.0%	17.0%	30.0%
FrAGRance	10%	17.0%	30.0%
Luxury Cars	25%	17.0%	0.0% - 40.0%

- Chinese consumers desire luxury brands, which LVS provides
  - LVS Malls have a plethora of luxury retailers and LVS hotels provide five star experience
    - » Retailers include Louis Vuitton, Hermes, Tiffany and hotels include Four Seasons
- Tariffs, value-added tax and excise taxes are prohibitive in China creating significant benefit for shoppers to buy goods outside of the country
  - Jewelry purchases in mainland China have a 20-35% tariff, 17% value-added tax and 0-10% excise tax
- Las Vegas Sands' Malls in Macao and Singapore both stand to benefit significantly

## IV. Development Roadmap and Assumptions

# Future Development: Represents \$23 Upside To Current Stock Price

- Las Vegas Sands' Outstanding Development Platform Is Valued at \$23 per Share





## Sands Cotai Central Presents Significant Upside To Current EBITDA

- **Estimated stabilized EBITDA: \$1.0B - \$1.3B**

- **Gaming EBITDA: \$560M - \$800M**

- 540 total tables (395 Mass/145 VIP)
- 2,200 slot machines
  - » Profitability per table/slot assumed to be 80% to 100% of the profitability Venetian Macao

- **Lodging EBITDA: \$360M - \$400M**

- 5,800 hotel rooms
  - » ~80% occupancy at an average daily rate of ~\$290

- **Mall EBITDA: \$80M - \$100M**

- 775,000 square feet of retail gross leasable area
  - » ~80% occupied at average rent ~\$200/ft



**Sands Cotai Central valued at up to \$20B+ upon stabilization**



## Sands Cotai Central Value Creation Highly Visible and NOT Priced Into Current Valuation

- Total estimated cost: \$4.5B
- Estimated stabilized EBITDA: \$1.0B - 1.3B
- Estimated yield on development: 23% - 29%

## Current Macao and Singapore Developments Yielding Far Above LANDandBUILDINGS Sands Cotai Central Estimates

Property	Year Opened	Cost (\$M)	2013e EBITDA (\$M)	Yield
Sands Macao	2004	\$500	\$341	68%
Venetian Macao	2007	\$2,400	\$1,205	50%
Four Seasons Macao	2008	\$1,100	\$330	30%
Marina Bay Sands	2010	\$5,500	\$1,812	33%
<b>TOTAL</b>		<b>\$9,500</b>	<b>\$3,687</b>	<b>39%</b>

## Parcel 3 in Macao and Four Seasons Macao Condo Sales: \$3 Value Per Share

- **Parcel 3: Over \$2B of value creation and expected to break ground by end of the year**
  - LANDandBUILDINGS assumptions
    - » \$2.75B investment
    - » 20% - 25% cash on cash return
    - » EBITDA breakdown: 10% Mall, 25% Lodging, 65% Gaming
    - » Development profit discounted back 6 years (stabilized in 2018)
- **Four Seasons Macao for sale condo development: Over \$500M of value creation and nearly finished; awaiting regulatory approval**
  - LANDandBUILDINGS assumptions
    - » \$400M invested in projected to date
    - » Additional \$50M needed to complete development
    - » 700,000 saleable square feet at \$2,000 psf
    - » Development profit discounted back 3 years (assuming regulatory approval in 2014) and 100% allocated to LVS Gaming Co

## Future Integrated Resort Development in New Markets: \$8 Value Creation Per Share

- In the due diligence stage for next large Integrated Casino Resort Development(s)
- New market opportunities include Japan, Korea, Vietnam and Madrid
  - LANDandBUILDINGS assumptions
    - \$8B investment Over 10 Years
      - » \$8B of investment will likely prove to be a conservative assumption as LVS has invested north of \$10B in new developments just in the past 5 years
    - 20% - 25% cash on cash return
      - » Sands will likely exceed these returns given development track record of consistently meeting and beating internal return hurdle rates
    - EBITDA breakdown: 10% Mall, 25% Lodging, 65% Gaming
      - » LVS Mall and Lodging Cos/REITs are expected to contribute to the project cost consistent with the entities earning a 12.5% - 15.0% EBITDA cash-on-cash return upon stabilization
        - For example, if a new integrated resort cost \$4B - \$5B and generates \$1B of stabilized EBITDA (20% – 25% cash-on-cash return), the Mall Co/REIT is assumed to generate \$100M (10% of total EBITDA) and is assumed to have invested \$667 - \$800M of the construction cost (equivalent to achieving 12.5 – 15.0% return on cost)
    - Development profit discounted back 10 years (stabilized in 2022)

## **Total Development Value Creation: Over \$2 per share, ~20% of the value of the Mall Co/REIT**

- Macao Development Rights share: ~\$0.50 per share
- Future Integrated Resort Development share: ~\$1.00 per share
- Standalone Mall Development: ~\$0.50 per share
  - Standalone Mall LANDandBUILDINGS Assumptions
    - » LVS Mall Co/REIT starts with little to no debt and, over a 7-year time period, takes on debt worth 50% of current asset value and uses those proceeds for development/acquisitions
      - All debt proceeds not devoted to integrated casino resort development go towards standalone mall development
      - Stand-alone malls are developed to 5.5% – 6.0% cash-on-cash yields on cost

## **Total Development Value Creation: Over \$2.50 per share, ~10% of the value of the Lodging Co/REIT**

- Macao Development Rights Share: ~\$0.50 per share
- Future Integrated Resort Development Share: ~\$1.50 per share
- Standalone Lodging Development: ~\$0.50 per share
  - Standalone Lodging LANDandBUILDINGS Assumptions
    - » LVS Lodging Co/REIT starts with little to no debt and, over a 7-year time period, takes on debt worth 25% of current asset value and uses those proceeds for development/acquisitions
      - All debt proceeds not devoted to integrated casino resort development go towards standalone lodging development
      - Stand-alone lodging is developed to 9.0% – 10.0% cash-on-cash yields on cost

## Las Vegas Sands: \$85 Fair Value Equals 100%+ Return Potential

- **Deeply Discounted at \$45 Given Market Value of Malls, Hotels and Gaming**
  - LVS shareholders are getting the gaming business nearly for FREE
- **A Growth Company at a Value Price**
  - LVS trading at HALF the cash flow multiple of REITs despite TWICE the growth
- **LVS Development Platform Has Generated Over \$30B of Value Creation**
  - Shareholders getting \$23 per share in present value of current development plans for FREE
- **Supply Constrained Markets**
  - Governmental restrictions on Asian casino growth allows LVS oligopoly to persist indefinitely
- **Incredible Asian Demand Growth Potential**
  - Continued income growth and massive infrastructure improvements will lead to rapidly growing market penetration and strong demand growth that outpaces artificially low supply

**Catalyst To Realize Value:** Spin-Out Mall and Lodging Assets into REIT or REIT-like Entities

## V. Appendix & Disclosures



- **LVS Gaming Co Valuation Assumptions**

- › EBITDA margin: Lows 30s
- › Gaming EBITDA excludes all LVS promotional allowances and the 25% premium applied to Lodging ADR
- › G&A remains with LVS Gaming Co because of its long-term management contract with the LVS Lodging Co/REIT
- › Debt, retained earnings and non-mall/lodging assets remain with LVS Gaming Co
- › Gaming will generate 65% of the EBITDA of future integrated casino resort developments, earning a 30.0% – 40.0% cash-on-cash yield on cost

- **LVS Lodging Co/REIT Valuation Assumptions**

- › EBITDA margin: Lows 40s
- › LVS Lodging Co/REIT includes the Hotels, Food & Beverage and Convention segments
- › Lodging RevPAR was grossed up on average 25% to account for understated rack rates
- › The Company starts with little to no debt and, over a 7-year time period, takes on debt worth 25% of current asset value and uses those proceeds for development/acquisitions

- **LVS Mall Co/REIT Valuation Assumptions**

- › EBITDA margin: Lows 70s
- › The Company starts with little to no debt and, over a 7-year time period, takes on debt worth 50% of current asset value and uses those proceeds for development/acquisitions

- **Net Asset Value: “Other Assets and Liabilities” Detail**

	Low	High
Cotai Ferries	(\$219)	(\$236)
Corporate/Stock Option Expense	(\$2,945)	(\$3,177)
Net Royalty Payments	\$170	\$183
Construction in Progress of Parcel 3/Four Seasons	\$356	\$356
<b>Other Assets and Liabilities</b>	<b>(\$2,638)</b>	<b>(\$2,874)</b>

- **Mall and Lodging REIT Benefits**

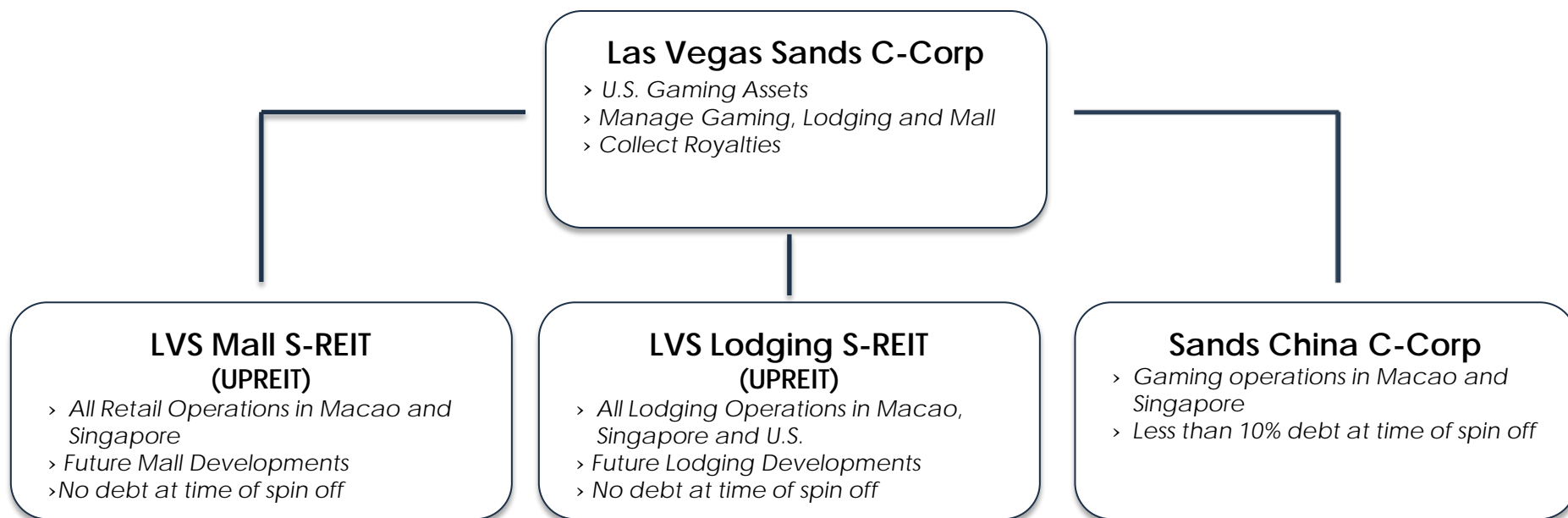
- A REIT provides for the elimination of double taxation at the corporate and individual level, provided that 90% of profit is paid out as dividends
- Utilizing an UPREIT structure delays a substantial portion of the capital gains tax until such time as the assets are sold outright
- Singapore, Hong Kong or U.S. REIT structures can be utilized to optimize tax efficiency
- Exemption from Macao corporate tax can be mitigated with REIT structure through inter-company debt and other tax optimization strategies

- **Tracking Stock** – REIT-like characteristics can be achieved through a tracking stock

- Restrictions on outright sale of Singapore assets could be mitigated through a spin-off in which LVS continues to own a majority of shares and operates the assets

# LVS: 100% Return Potential With Two REITs and Two C-Corps

- Ideal structure post spin-out with two REITs and two C-Corps
- LVS would own U.S. Gaming assets, manage the remaining Mall, Gaming and Lodging assets and collect royalties and management fees
- LVS Mall REIT would own partnership units in Singapore and Macao Mall UPREIT
- LVS Lodging REIT would own partnership units in Singapore, Macao and U.S. Lodging UPREIT
- Sands China would own partnership units in or earn fees from Macao and Singapore Gaming



Jonathan Litt is the Founder and CEO of LANDandBUILDINGS, a long/short investment firm that actively invests in securities of global real estate and real estate related companies. Prior to LANDandBUILDINGS, Jonathan Litt was Managing Director and Senior Global Real Estate Strategist at Citigroup where he was responsible for Global Property Investment Strategy from 2000 to March 2008. Jonathan Litt led the #1 Institutional Investor All American Real Estate Research Team for 8 years and was top ranked for 13 years while at Citigroup, PaineWebber and Salomon Brothers. Craig Melcher, Co-Founder and Principal at LANDandBUILDINGS, was a key member of the Citigroup team. Land & Buildings Investment Management is a Registered Investment Adviser with the SEC.

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