



PARACAS TOURIST MARINA CONCESSION



Lima, July 2012

Transaction Advisor



LIABILITY WAIVER

The Private Investment Promotion Agency of the Peruvian State (PROINVERSIÓN) has hired QURSOR SAC (hereinafter, the Advisor) as a Transaction Advisor for the Paracas Tourist Marina Concession (hereinafter, the Concession), a project for which this Information Memorandum is issued (hereinafter, the Memorandum), prepared by the Advisor for information purposes only.

Accordingly, the Memorandum is distributed to potential investors interested in the project and provides basic information to aid in their corresponding assessments enabling the creation of a decision framework to participate in the tender whereby the Concession will be granted.

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The Memorandum includes estimates and assumptions and, as these are subject to uncertainty and its corresponding risks, the Advisor does not promise or guarantee that they will be achieved in the future. Thus, it must be understood that discrepancies between such estimations and assumptions and actual results may occur.

Any recipient of this Memorandum and the investors who consider entering the tender for the Concession, and the Concessionaire itself, are obliged to perform their own information gathering and analysis for the project, exempting PROINVERSIÓN and its Advisor, including their personnel and representatives, from any liability arising herefrom.

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1. Project Objective

The main objective of the Paracas Tourist Marina Project Concession is providing an adequate boarding service for tourists or passengers heading to Islas Ballestas or any other destination within the area of influence of Paracas bay.

To meet this key objective, the State has built an infrastructure known as Paracas Tourist Marina, comprised of a tourist dock and complementary services, covering a general land area of 6,187.54 m² and 1,000 m² of aquatic infrastructure.

The Project's execution is expected to provide a line of action for developing high-quality tourism infrastructure in Paracas bay, with the consequent positive impact on the development of Paracas city and, in general, the region of Ica.

2. Overview of Islas Ballestas tourist destination

2.1. Paracas tourist destination general framework

As stated in the Action Plan for Paracas Tourist Destination¹ 2009-2011 prepared by MINCETUR, Paracas is among the most important receptive tourism destinations offered by travel agencies in Peru, after Cuzco, Arequipa and Puno. Albeit Paracas itself has large tourism resources, such as the Paracas National Reserve, the Paracas beach circuit and Paracas Julio C. Tello Museum, Islas Ballestas² are the ones that stand as the most important destination.

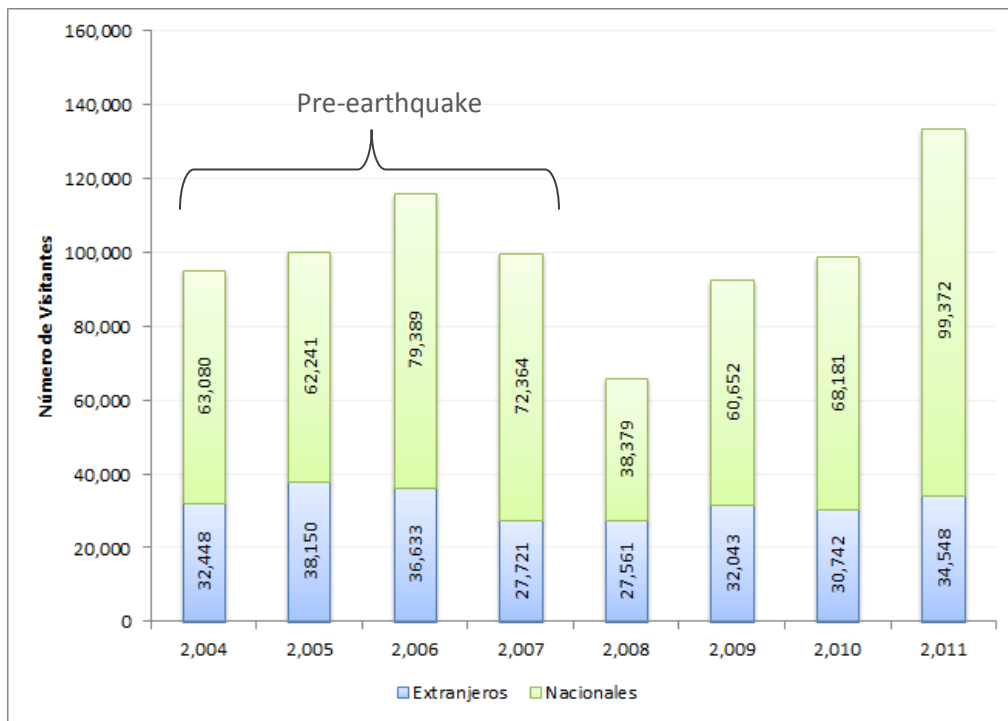
In 2011, visitors to the Paracas National Reserve (which does not include Islas Ballestas) amounted to 133,920 persons, a record in the last 7 years as can be seen in the chart below. This indicates a substantial recovery of tourist arrivals to the area after the earthquake of August 2007.

¹ See page 17 of:

http://www.mincetur.gob.pe/newweb/Portals/0/Turismo/pentur/paracas_nasca/Plan_Accion_Paracas.pdf

² Islas Ballestas are not part of Paracas National Reserve, they are located in its buffer zone.

Graphic No. 1 Historical visits to Paracas National Reserve (excluding visits to Islas Ballestas) – 2004-2011

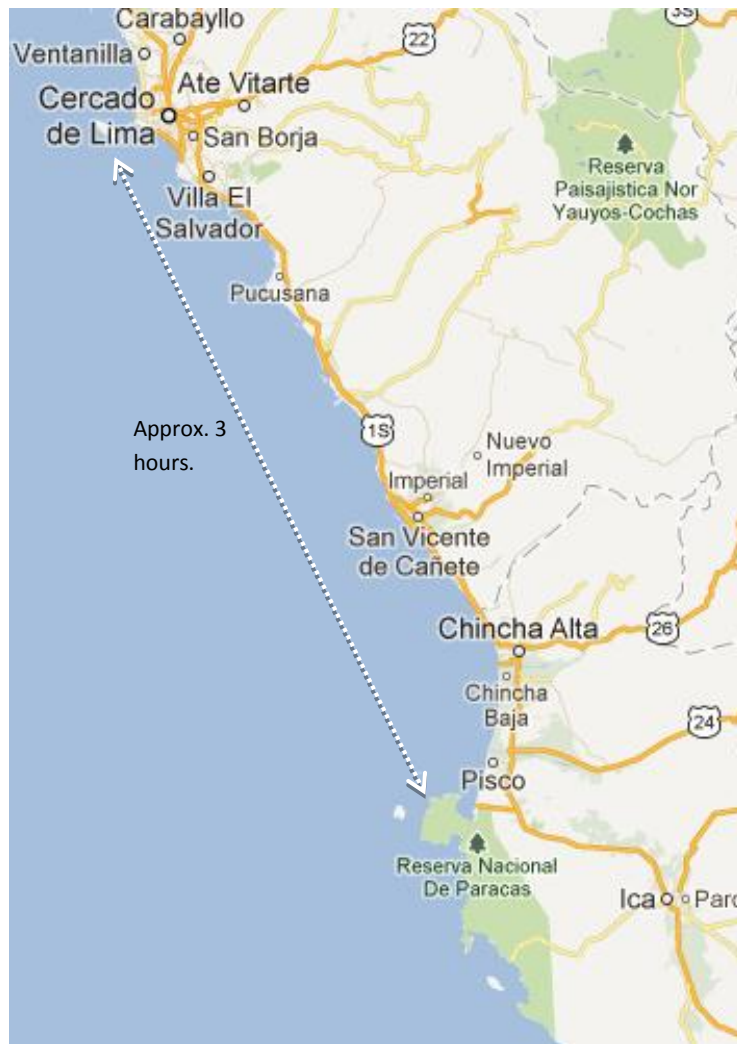


Source: MINCETUR (<http://www.mincetur.gob.pe/newweb/Default.aspx?tabid=3459>)

Legend: Number of visitors, Foreign, National

One aspect that helps tourism in the area is the appropriate access available through the South Pan-American Highway, which connects Lima to Paracas, to date, in an average travel time of 3 hours (see Picture below).

Picture 1. Location of Paracas and Lima



Source: Google Earth

2.2. Current boarding and disembarking dock of Islas Ballestas tourist destination

Current tourism activities in Islas Ballestas are carried out using the fishing terminal of El Chaco in Paracas bay, owned by FONDEPES (see Picture below) as boarding and disembarking point. This infrastructure lacks the features to transport tourists under optimum conditions.

Approximately 15 vessels work at the dock each day, and each vessel transports an average of 29 passengers.

Current dock activities for visiting Islas Ballestas are carried out from 8:00 am and 2:00 pm. Sometimes, due to the weather, services are suspended, and thus it is inferred that, in average, the dock can operate 345 days a year.

Picture 2 View of El Chaco fishing dock (current boarding point to Islas Ballestas)



Source: www.paracas.com

2.3. Islas Ballestas experience

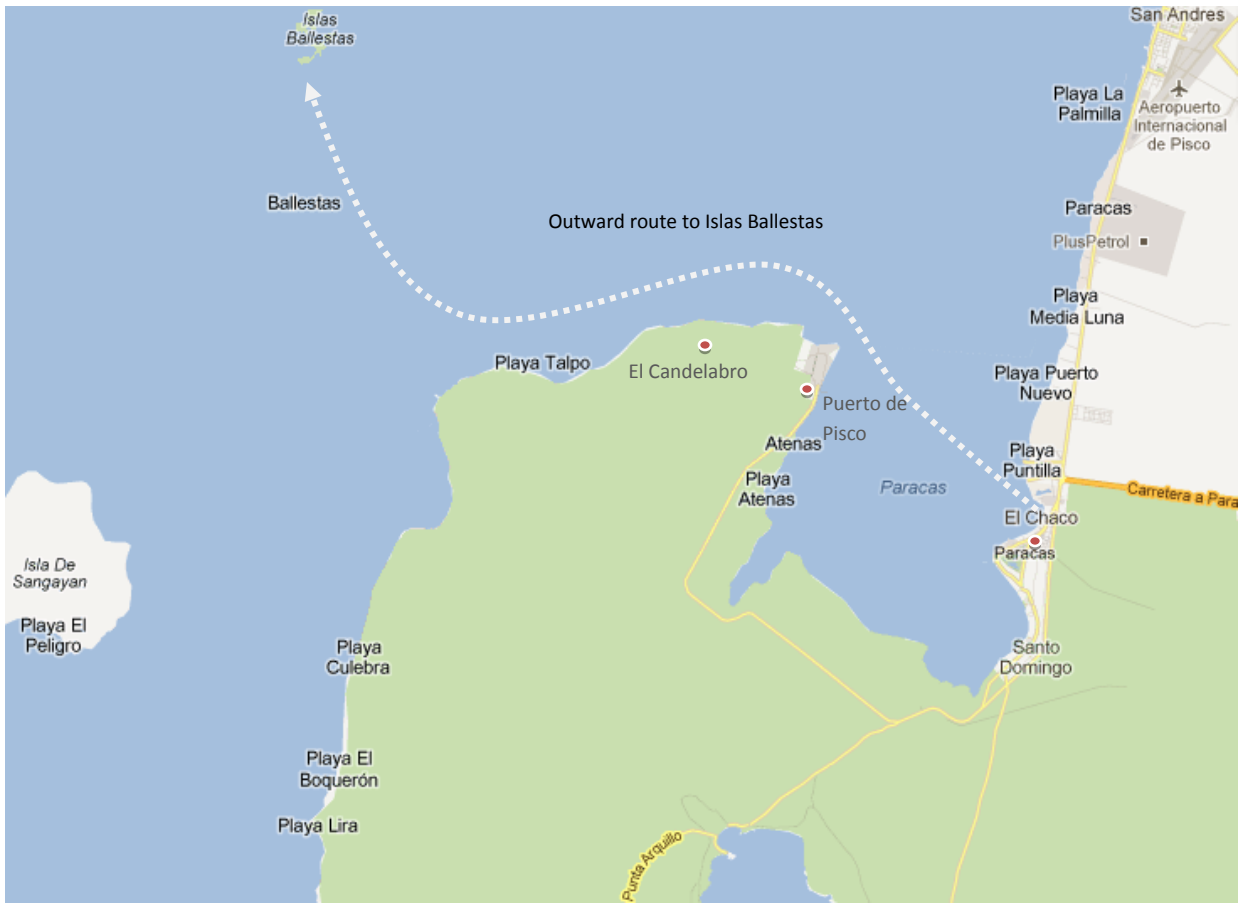
Islas Ballestas are rock formations located in Paracas National Reserve buffer zone, and are habitat and shelter to diverse sea and bird species, such as sea lions, penguins, guanay cormorants, Peruvian boobies, terns, etc. The outward trip in small vessels takes approximately 30 to 45 minutes and includes a view of *Candelabro*, a geoglyph of mysterious origins. Waters during the journey are very calm, and approaching Islas Ballestas is an unforgettable experience where tourists seem to be welcomed by harmless sea lions, who make noises as a vessel draws close and jump in apparent joy caused by the arrival of visitors.

Picture 3. Approaching the *Candelabro* area



Source: www.paracas.com

Picture 4. Outward trip to Islas Ballestas



Source: Google Earth

Picture 5. Sea lions on the way to Islas Ballestas



Source: <http://matongo.wordpress.com/2010/04/14/islas-ballestas>

2.4. Attractions and Access Facilities to Paracas Bay

2.4.1. Water Sports

Paracas bay has mild weather all year long, with an average temperature of 23°C. Due to its calm waters, this area is perfect for recreational water activities and sports such as windsurf, jet boats, kayak, etc.

2.4.2. Consolidated Hotel Investments

There are three high-category consolidated hotel investments in the bay:

- a) Libertador Paracas Hotel (<http://www.libertador.com.pe/luxury-collection/hotel-paracas/informacion-general>),
- b) La Hacienda Hotel (http://www.hoteleslahacienda.com/esp/paracas/index_paracas.html) y
- c) Double Tree Hilton Hotel (<http://doubletree1.hilton.com/es/dt/hotel/PIOPEDT-Doubletree-by-Hilton-Resort-Peru-Paracas/index.do>).

All of them receive a constant flow of national and foreign tourists.

2.4.3. Private Investments Underway

To date, the following investments are under execution:

- a) San Agustín Hotel (<http://www.hotelessanagustin.com.pe/hotels/paracas>), to be inaugurated in September 2012.
- b) Shamrock Paracas Lagoon condominiums (<http://www.shamrockperu.com/portal/proyecto/shamrock-paracas-lagoon>)
- d) Nuevo Paracas nautical condominiums (<http://www.nuevoparacas.com>)

2.4.4. Transportation concessions to be executed or completed in the area

The following is expected:

- a) Pisco Port concession (<http://www.proinversion.gob.pe/0/0/modulos/JER/PlantillaFichaHijo.aspx?ARE=0&PFL=0&JER=1748>), allowing for the mooring of larger international tourist cruises,
- b) Works in Road Network No. 6 (<http://www.coviperu.com/mcon.html>), including Chincha beltway, which will permit to further reduce travel time between Lima and Paracas, and
- c) Completion of works and startup of Pisco Airport (<http://www.adp.com.pe/portal/es/acerca-de/donde-estamos.aspx>)

3. General Information of the Infrastructure to be Granted in Concession by the Peruvian State

As stated above, the project is comprised of tourist infrastructure known as Paracas Tourist Marina. Its characteristics are described below.

3.1. General Location

The infrastructure is located in Block E of Chaco-La Puntilla Tourist Project, in El Chaco area of Paracas bay, district of Paracas, province of Pisco, department of Ica.

The components of the infrastructure to be granted in concession are distributed as follows:

- Land works: To be built in Block E, with a land area of 6,187.54 m².
- Dock: Aquatic infrastructure with an area of approximately 1,000 m² including a 120 m long dock and diverse components.

Picture 6. Panoramic view of the Infrastructure



3.2. Land Works

Land works are comprised basically of the following:

- a) Parking area (28 spaces)
- b) Tourist services area
- c) Stands area (4)
- d) Restrooms area
- e) Office area

- f) Multi-use area (1)
- g) Food and beverage area (coffee shop and restaurant)

Picture 7. Facade of the premises (from Av. Los Libertadores)



Picture 8. Stands area – 1st floor



Picture 9. Passenger service area – 1st floor



Picture 10. Restaurant exterior area – 2nd floor



Picture 11. Back of the premises (from seafront)



3.3. Dock

The 120 m long dock is comprised of:

- a) Tourist movement area
- b) Resting area
- c) Boarding and disembarking area

Picture 12. Lateral view of the dock



Picture 13. Aerial view of the dock



Picture 14. General perspective of the dock



3.4. Investment of the State in the Infrastructure to be Granted

Estimated State investment in the infrastructure is USD 2.6 million, including IGV.

3.5. Construction Company

The company commissioned by MINCETUR to be in charge of the construction is Consorcio Paracas, comprised of ROALSA Contratistas Generales S.R.L. and SEIPSA del Oriente S.A.

4. Agents Related to the Project

The main agents related to the Project are:

- Ministry of Foreign Trade and Tourism (MINCETUR)
- PROINVERSION
- COPESCO National Plan
- Regional Government of Ica (Dircetur Ica)
- District Municipality of Paracas
- Harbor Master and Coastguard Authority (DICAPI)
- Peru's Natural Protected Areas' National Service (SERNANP)
- Population of Paracas city and current tours operators of the seafront.

5. Historic evolution of the visits to Islas Ballestas

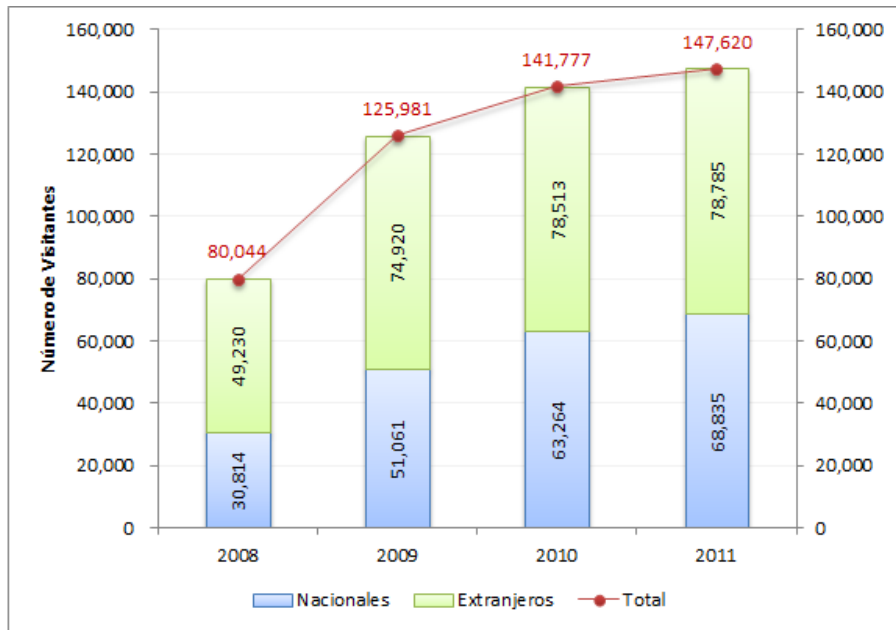
On 2011, a total of **147,620 visits** to Islas Ballestas were registered, and the composition is shown in the following Graphic. As we can see, in said year 60% of the visits corresponded to foreign tourists and the rest to national tourists.

In general, we can see that it has a growing trend.

Due to SERNANP regulations, which will be applied to preserve the fauna's habitat of Islas Ballestas, we can expect that in the future the number of visits will be limited to the physical load maximum capacity.

SERNANP has not concluded the technical studies that will allow specifying this figure yet, but it can be provisionally estimated in **300,000 visitors per year**. It should be noted that in the end, SERNANP will be the entity to formally establish and regulate compliance with this value.

Graphic No. 2 Total annual visits to Islas Ballestas

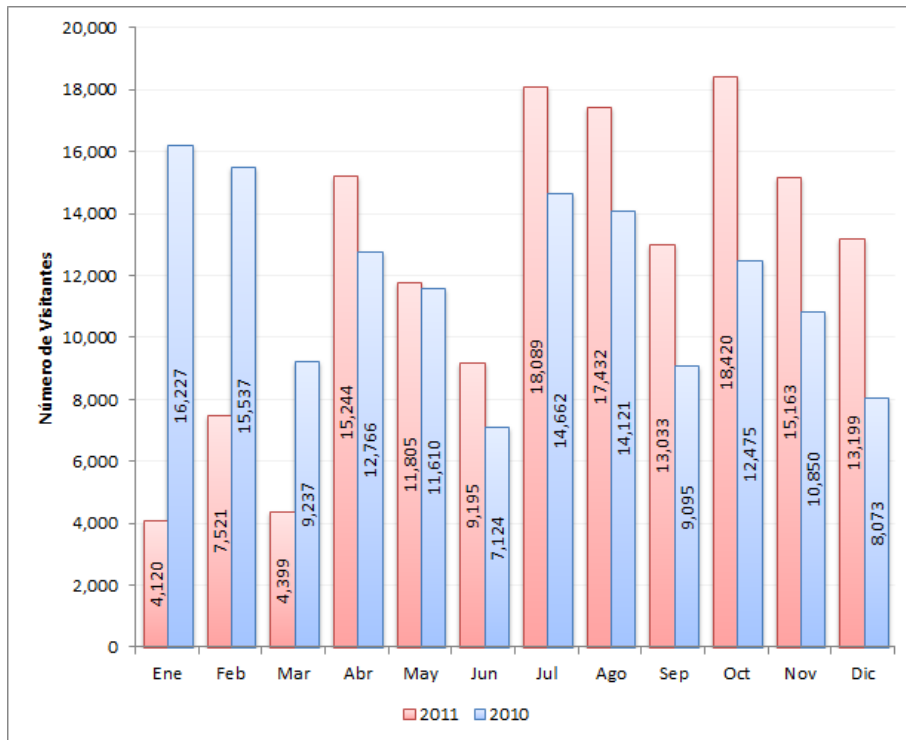


Legend: Number of visitors. National. Foreign. Total.

Source: Pisco Harbormaster's Office/SERNANP/MINCETUR

In detail, the monthly evolution of visits in years 2010 and 2011 can be seen in the following graphics.

Graphic No. 3 Monthly visits to Islas Ballestas, 2010-2011



6. Basic aspects of the Concession

6.1. Concession assets

The Concession assets mainly correspond to the following:

6.1.1. Provided by the Peruvian State

Those described above and that can be summarized in:

- a) Land works
- b) Dock or nautical infrastructure

As mentioned before, the investment carried out by the State for the execution of this infrastructure is USD 2.6 million (including IGV).

6.1.2. Additional investments by the Concessionaire

To be implemented by the Concessionaire:

- a) Service dock.
- b) Derrick for lifting and lowering minor vessels.
- c) Maneuvering yard located inside facilities.
- d) Launch.
- e) Gas station for fuel provision.

These additional investments are calculated in USD 184,000 (including IGV). It has a maximum term of one year to start its execution, once the following conditions have been proven, among others:

- a) The Concessionaire has a Financial Closing.
- b) The Concessionaire has the corresponding approval of the Technical File, including the approval of the Environmental Impact Assessment.
- c) The Concessionaire has all the corresponding permits and licenses.

6.2. Concession services

The project's income will be obtained from the offering of the following services:

- a) **Basic Services**
 - i. Carried out on land: Tourist services, restrooms, parking services, articles sale, food and beverage services.
 - ii. Carried out on dock: loading and disembarking services for the tourists visiting Islas Ballestas or other destinations in the Paracas Bay area, and vessel berthing services.

- b) **Additional Services:** Maintenance of minor vessels, anchorage services, towing services for minor vessels and fuel, water and energy supply services.
- c) **Complementary Services:** Those not included in the services mentioned above, but that can be rendered by the Concessionaire, prior approval by the Grantor, provided they are compatible with the Concession's infrastructure.

The base and additional services will be mandatorily provided by the Concessionaire.

6.3. Concession's income

Not taking into account the Complementary Services, the Concession's average income is estimated in about **USD 569,000 per year** (not including IGV).

6.4. Concession Prices and Fees

The Basic Services rendered in the Dock will have a maximum fee that will be regulated. In this case, the initial rates will be the following:

- a) Passenger loading: S/ 5.00 (including IGV). This fee includes disembarking.
- b) Dock services for vessels transporting tourists: S/ 17.00 (including IGV) per sail. This fee includes disembarking.

Once the Additional Investments are concluded, the Concessionaire will have the right to readjust such fees, taking into account as readjustment factor the Consumer Price Index (IPC).

As for the rest of the services, the corresponding Prices will be fixed freely.

6.5. Concession Term:

The Concession will have a 20-year term, which will be counted as from the Closing Date. However, the parties can agree to extend this term.

6.6. Grantor:

To date, the infrastructure belongs to MINCETUR, but it has been planned for the infrastructure to be transferred to the District Municipality of Paracas, after PROINVERSION grants the award. Therefore, the Grantor will be the holder of Infrastructure in the tender process.

6.7. Main obligations of the Concessionaire:

The main obligations of the Concessionaire are the following:

- a) Rendering of the Basic and Additional Services.
- b) Operation and maintenance of the infrastructure and assets of the Concession.

6.8. Warrants needed by the Concessionaire

The warrants required from the Concessionaire are:

- a) Performance bond on the execution of the additional investments, which as of now is estimated in S/. 250,000. The final amount of this bond will be informed once the Technical File's Additional Investment budget is determined.
- b) Contract performance bond for S/. 800,000.

6.9. Warrants provided by the Grantor:

It is expected that the Peruvian State will not grant any warrant.

7. Basic aspects of the tender process for the granting of the Concession

7.1. Competition factor:

The Competition Factor corresponds to the highest retribution granted to the Grantor. Such retribution will be expressed as a percentage of the income earned from the rendering of all the services of the Concession (including Complementary Services).

7.2. Participation Fee

To participate in the tender, the interested parties must pay a fee of USD 1,000 (including taxes). It is worth mentioning that the Tender Documents will be made public.

7.3. Stage 1 – Short-listing of Bidder

7.3.1. Technical capacity of the Strategic Partner:

In order to become a Bidder, it is required that the Strategic Partner (which can be the Bidder itself) accredits a minimum experience of 2 years (within the last 5 years) in administration or management of:

- a) Marinas, nautical clubs, yacht clubs, wharfs, marine terminals or ports, bus stations or bus terminals, airports or aerodromes,
- b) Hotels of 4 or 5 Stars,
- c) Malls,
- d) Resort condos, with experience in administering at least 60 housing units,
- e) Tour operators, in this last case, the rendering of services for at least 15 thousand tourists per year must be accredited.

7.3.2. Financial Capacity of the Bidder

In this case, it is required that the Bidder accredits a minimum equity of S/. 1 million. For consortia, such minimum equity can be the sum of all the equities of its members.

7.3.3. Other aspects related to the Strategic Partner

- a) The short-listed Strategic Partner must stay as such for the first 5 years of the Concession, at least. During such term, the strategic partner cannot be substituted.
- b) The Strategic Partner must have a minimum share of 25% of the Concessionaire's Corporate Capital, throughout the whole Concession.

7.4. Stage 2 – Selection of Successful Bidder

To become a Successful Bidder, the short-listed bidders must present the following:

7.4.1. Technical Proposal (Envelope 2)

The Bidder's Envelope 2 must contain the following:

- a) Sworn statement of compliance with basic technical specifications,
- b) Proposal of the Manual of Operations and Maintenance of the Concession,
- c) Commitment to hire a Technical Consultant on Dock Maintenance,
- d) Commitment to hire a fulltime Yacht Captain,
- e) Performance Warrant Bond for S/ 200,000.

7.4.2. Economic Proposal (Envelope 3)

- a) The Concessionaire will present the Grantor compensation economic offer, expressed as a percentage of the Concession's income.

7.5. Stage 3 – Contract award

The Concession will be granted to the Successful Bidder who offers the highest retribution to the Grantor.

7.6. Main events at Closing Date

The following should happen at the Closing Date, among other events:

- a) Incorporation of the Concessionaire Company with a Corporate Capital of S/ 340,000, subscribed and paid in.
- b) Delivery of the Concession Assets by the State.

8. Required service levels

The main services levels for the concession are summarized as follows:

- a) The vessel will set sail once it has been checked that it complies with all safety and administrative regulations required by the National Marine Authority as per the Regulations of the Control and Vigilance Law for Marine, River and Lake Activities from the Harbor Master and Coastguard Authority. These vessels must have the corresponding credentials and authorizations. Regarding any other considerations, the safety of human lives will prevail.
- b) The safe and comfortable loading and disembarking of passengers at the Dock will be carried out in a maximum time of 15 minutes, counted from the loading or disembarking of the first passenger.
- c) The space between a vessel that is ready for passenger loading or disembarking and any other anchored vessel, tied to a buoy, or that is waiting for loading or disembarking of passengers, will be of three lengths, as minimum. The base length to measure this distance will correspond to the length of the largest vessel located at a loading or disembarking area, or at the anchoring area.
- d) The daily docking or sailing of vessels will be executed following a weekly schedule, previously established.
- e) The passengers' line waiting at the counter to buy the tickets will have a maximum length of 5 meters, at any time.
- f) At the counter, each passenger cannot take more than 180 seconds to buy the tickets.
- g) Any kind of emergency response must be immediate.
- h) The quantity of vehicles inside the infrastructure must correspond to the number of parking spaces foreseen. A larger number of vehicles is not allowed.
- i) The level of satisfaction resulting from the weekly survey to the users about the services rendered by the Concessionaire must be of at least 75% per Service.