

Tourism



A world-class destination for tourism

From the bustling, shopping districts of Panama City to idyllic, white sand beaches on both the Pacific and Caribbean Coasts, from rainforests — home to one of the most biologically diverse areas in the world — to the 8th wonder of the world, the Panama Canal, Panama offers a wide range of attractions concentrated in a small area

One Of The Fastest Growing Sectors In Panama



9.1% sector GDP growth forecast from 2016 to 2017 — the 3rd largest growth forecast out of 185 countries

5.5% per annum sector growth forecasted in the period 2017-2027

\$3.7bn total sector GDP contribution in 2016 — forecasted to reach US\$6.89 billion in 2027

Dynamic Growth In Tourist Numbers



in Central America for growth in the number of arrivals — growing by 21% in 2015

Tocumen International Airport served over 1.8 million arrivals in 2016

Almost half (47%) of these visitors came from South America, while 19% came from North America and 14% from Europe



2.4 million tourists arrived in 2016 — arrivals have increased by 6% per annum since 2007



From 2007 to 2016, the average spend per visitor stay has increased by 135% despite the average stay for visitors remaining relatively stable (8.4 days) during the same period

Strong Track Record Of Investment

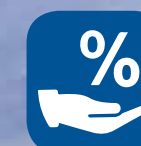


\$1.2bn total sector investment in 2016 — 5.4% of total national investment

5.7% annual growth forecasted over the next decade — total investment will reach US\$2.3 billion in 2027

\$1.8bn worth of infrastructure investment by the Panamanian Government including a metro for Panama City, new bridges, a new airport terminal and a business park

Generous Incentives



15-year exemption for companies located outside the District of Panama on property tax on land and improvements used in tourism development activities registered in the National Registry of Tourism

Companies in the tourism sector within the District of Panama are exempt from property tax for a period of 10 years

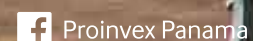
20-year exemption duty-free imports and a 20-year exemption for property tax on all hotels investing a minimum of US\$50,000



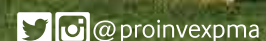
Major hotel chains established within Panama include Hilton, Hyatt, Intercontinental, Marriott, Novotel, Radisson, Ritz-Carlton and Waldorf



Casco Viejo



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World Class Connectivity



30+ airports across the Americas provide daily direct flights to Tocumen, including Bogota, Boston, Buenos Aires, Chicago, Los Angeles, New York, Rio de Janeiro and Toronto

Access from European and Middle East regions via direct flights from Amsterdam, Frankfurt, Madrid, Paris and Istanbul

Number of visitors to Tocumen, from the Americas and Europe, are expected to increase from 4.5 million in 2016, to 8.3 million in 2028.

The top 3 regions with the largest forecast growth are South America (104%), Central America (73%) and North America (71%), with the Caribbean (67%) and Europe (59%) close behind.



Rated 1st across the Americas for quality of air transport infrastructure



Panama is the continental link of 7 submarine fiber optic cables providing virtually unlimited bandwidth, with the country having the fastest broadband download speeds in Central America



Coasts on the Caribbean Sea and Pacific Ocean, with the Panama Canal connecting both

3 cruise lines offer cruises in Panama, departing from Colon, with many other international cruise lines including Panama on their route

Plentiful Supply Of Experienced Staff



296,000 employed in the sector in 2016

5.5% growth in tourism employment forecast in 2017

16.6% sector share of total national employment in 2027— around 360,000 jobs in total

Visa-Free Travel To A Foreign But Familiar Destination



Spanish is the native language of Panama while English is widely spoken. The familiarity of languages, combined with the country's use of the United States Dollar and common shopping brands and culture, is appealing to

tourists across the world, particularly those from North and South America



Tourists from Australia, Canada, the EU, UK and the United States do not require a visa for stays of up to 180 days when visiting Panama

New Meets Old: International Events Center With The Most World Heritage Sites In The Region



Panama has emerged as a center for large-scale events and has recently hosted the Jazz Festival, Mercedes-Benz Fashion Week, The Day After Festival and The International Film Festival of Panama



Construction of the new Amador Convention Center (a 58,000-square-meter facility – becoming the largest in the region – and the centerpiece of a \$300 million government campaign) is underway on the Amador Causeway



Panama has five World Heritage Sites (the most in Central America) – two cultural and three natural

One Of The Highest Standards Of Living In Latin America



Panama City is ranked as having the highest standard of living in Central America in 2017, and 5th best throughout the wider Latin America & Caribbean region



Panama is considered one of the safest countries in Latin America

Reliability of police services rated 1st in Central America and 3rd in Latin America



Panama also ranks 1st globally in Gallup-Healthways Global Well-Being Index

Medical And Wellness Tourism



Panama is ranked 10th globally for its medical tourism industry



Panama offers first class medical treatments by American-trained, English speaking doctors – on average 50% cheaper than the United States



Panama is home to a cluster of high-class spa resorts located throughout the country

Calzada de Amador

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Panama City

Founded in 1519, Panama City is a vibrant, diverse city located on the Pacific Coast combining the modern skyscrapers of the downtown district with historic areas such as the colonial era ruins of Panama La Vieja while being located on the doorstep of some of Central America's richest rainforests

Panama City can offer a diverse range of activities including:

Panama Canal – The 8th Wonder Of The World

A mechanical marvel that provides a 48-mile long passage connecting the Atlantic Ocean to the Pacific Ocean, the Panama Canal enables visitors to board a cruise ship and take either a partial or complete crossing of the Canal, or alternatively, explore the Miroflores Visitor Centre, where large balconies offer visitors visibility on operations as ships move through the canal

Wide Variety Of Leisure & Entertainment

Panama City is home to the largest shopping mall in Latin America, Albrook Mall – home to many international fashion brands, entertainment facilities and a number of food courts

Districts such as Calle Uruguay in Bella Vista are well known for their thriving nightlife, which includes many restaurants, bars and nightclubs

Casinos are also a popular attraction for tourists, with international tournaments, top-of-the-line equipment and technology and shows by major performing artists

Although Casco Antiguo is known as the historical district of Panama City, it also hosts the most exciting nightlife and a plentiful supply of international cuisine. It is home to the Presidential Palace, another popular tourist attraction

The ruins of Panama La Vieja – the oldest European settlement on the Pacific Coast and a World Heritage Site – are located nearby Panama City

Connectivity To Popular Tourist Destinations

Albrook also has a small domestic airport close to the city center as well as the largest bus terminal in the country – Panama City can act as a base for quick connectivity to other popular destinations in the country such as Chiriquí and Bocas Del Toro and even those further afield such as Costa Rica

Ideal Base For A Range Of Outdoor Activities

Panama City offers a range of hikes, including Cerro Azul and Ancon Hill

Cinta Costera – a 26-hectare green space in Panama City – offers bike paths and stunning scenery and the Amador Causeway's bike path (6km) offers splendid views of the city to one side and a view of the Pacific entrance to the Panama Canal on the other

The volcanic island of Taboga has an array of beautiful beaches and clear waters ideal for snorkeling, scuba diving, kayaking and hiking, and is only 20 km from Panama City

Within the city there are many recreational spaces for tourists and locals to enjoy, including Parque Urraca with basketball courts, a soccer field and a baseball diamond

Frank Gehry's famous Biodiversity Museum, The Biomuseo, offers a unique insight into how Panama changed the natural world, highlighting the natural and cultural history of the country

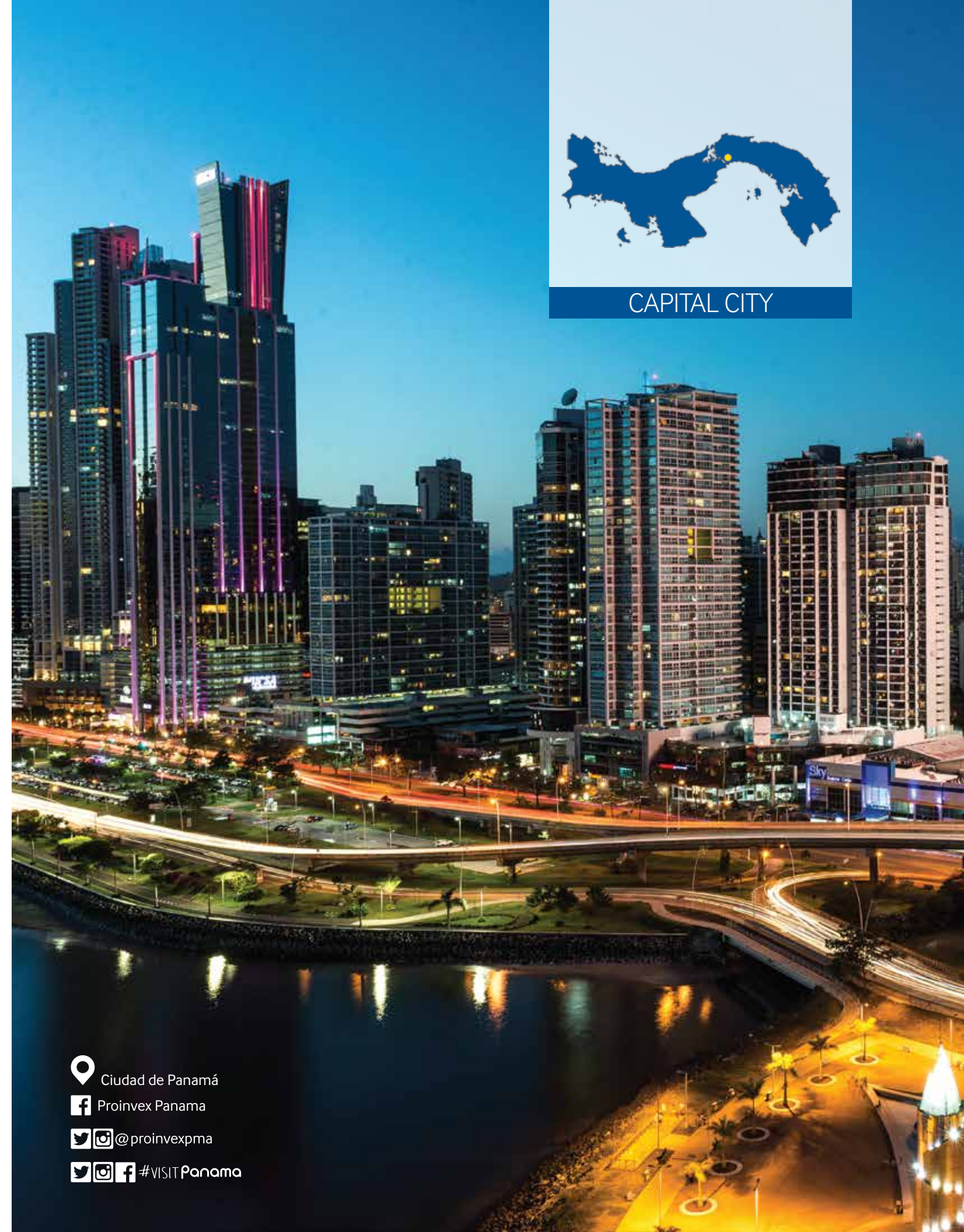
Investment Opportunities

With diverse cuisine, historical districts, a bustling nightlife and major global hotel chains, Panama City has something to offer everyone. The City is also emerging as a hub for shopping and business tourism – the Albrook Mall is home to many renowned international brands, whilst the Amador Convention Centre will support a range of international business exhibitions and conventions when opened in 2018

There are also investment opportunities for cruise ship companies in the Panama Canal, who can take advantage of the existing high-quality infrastructure as well as the strategic positioning connecting to North and South America and the Caribbean



CAPITAL CITY



Ciudad de Panamá



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The Pacific Coast Of Panama

Panama's Pacific Coast contains many white sand beaches and beautiful blue waters. This coastal area is home to a variety of all-inclusive resorts, golf courses, vacation and retirement communities, surf breaks, and much more

Perfect Beaches

Beaches along the Pacific Coast can range in popularity and accessibility. Playa El Uverito is a popular beach about 10 minutes from the town of Las Tablas, with hotels, local restaurants and grocery stores nearby. However, Playa Wizard can be more difficult to access, either by water taxi, boat tour or 30 minute walk through the forest but offers a more scenic and secluded beach

Tourist Friendly Towns

Small, historical towns such as Chitré and Parita attract many tourists due to their churches, parks and carnivals while Coronado has been a tourist hotspot for years due to its coastal location and high level of tourism infrastructure

A World Class Fishing Destination

Bahía Piña is a remote paradise where famous sport-fishing championships take place, attracting fishermen from all over the world. It is best known for its all year round world-class deep-sea fishing

Other popular fishing locations in Panama include Cambutal, La Laguna de San Carlos, the Pearl Islands and Playa Morillo

Upscale Tourism

Buenaventura is one of Panama's most exclusive beach communities, only 90 minutes from Panama City. Located within a gated community, it provides high-end activities such as a Jack Nicklaus-designed golf course, sailing and a full equestrian center

Isla Contadora, an island on the Pearl Islands archipelago, offers luxury resorts, clear blue waters and white sand beaches

Water Sports And Outdoor Activities

For many tourists, Panama's Pacific coast is a popular location for surfing, with world-class surf breaks at beaches such as Playa Venao and Santa Catalina

Sarigua National Park, also known as Sarigua Desert, is perfect for hiking and exploring the oldest pre-Columbine indigenous village in Panama

More niche areas such as Cambutal hosts the largest yoga retreat in Central America, and Punta Chame has its own windsurfing school and specialist hotel known as NitroCity, and not to mention the world-class scuba diving and snorkeling experiences available in Golfo De Montijo

Ecotourism

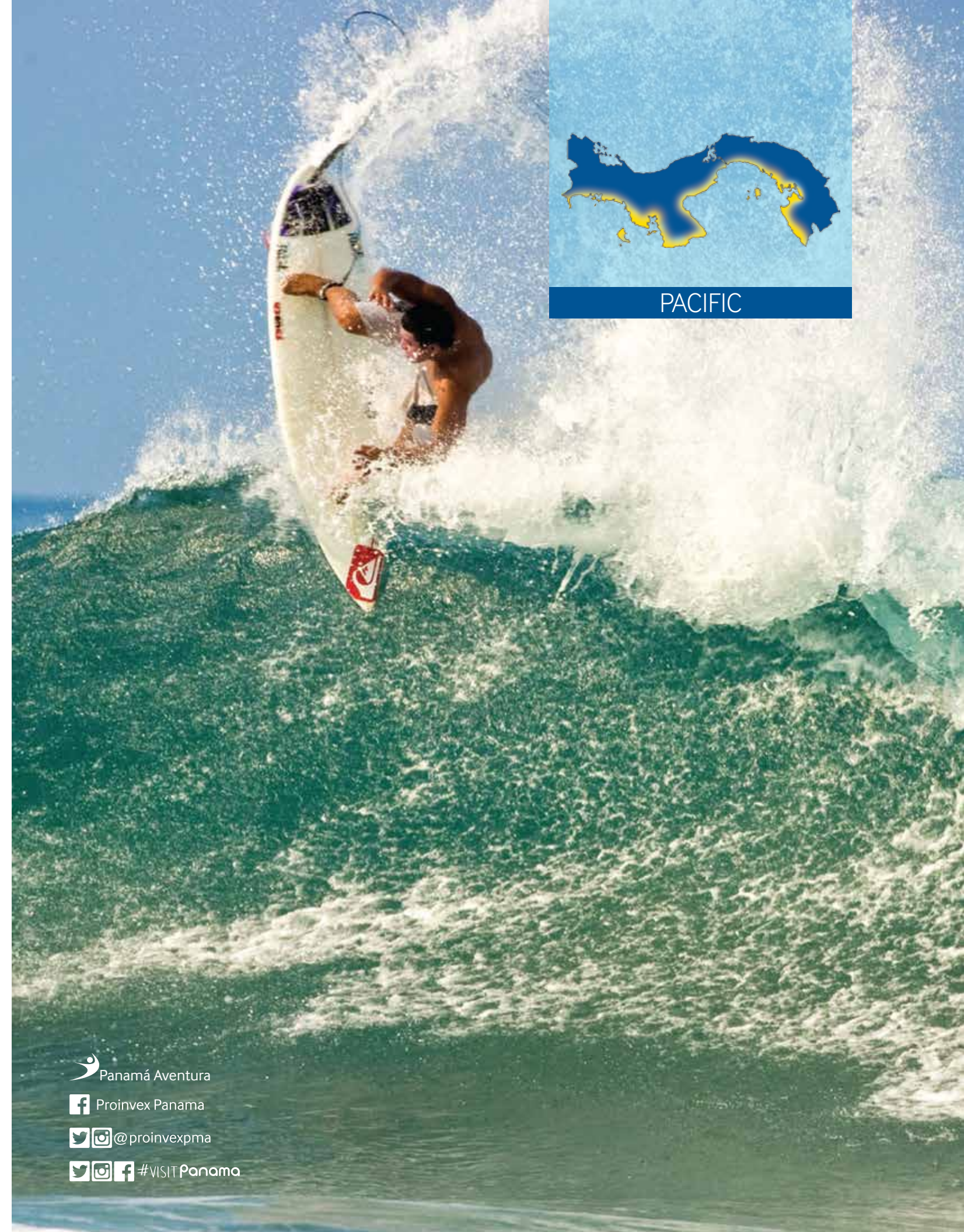
Isla de Coiba is the country's largest island and is home to Coiba National Park and its Special Zone of Marine Protection — a World Heritage Site. Visitors may take eco-tours, partake in water sport activities or simply relax on the beach. The island is best known for its world-class scuba diving with thousands of fish and sharks


La Laguna de San Carlos is ideal for camping and fishing. Mountaineering and hiking are also popular activities due to the close proximity to Cerro Picacho, which is also the perfect spot for bird watching


Investment Opportunities

Already home to a diverse range of tourist attractions including cultural sites, national parks and immaculate beaches, the Pacific Coast offers many investment opportunities particularly in infrastructure, transportation and outdoor tourist activities such as water sports and ecotourism

With an increase in affluent tourists visiting Panama — the average spend has increased by 135% between 2007 and 2016 despite the length of stay remaining stable — there is potential for investment in luxury resorts and leisure infrastructure such as golf courses



 Panamá Aventura

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4 The Caribbean Coast of Panama

The Caribbean Coast of Panama is home to the major port city of Colón which offers duty-free shopping at the eponymous Free Zone and other features of a cosmopolitan city including diverse cuisine and recreation activities. The region is also home to crystalline waters, exotic flora and fauna, and a rich cultural heritage in destinations such as Bocas Del Toro, San Blas and Portobelo

The Caribbean Coast also offers:

City Tourism In Colón

As the historical port city and the Caribbean entrance to the Panama Canal, Colón attracts a vast amount of tourists including shopping tourists who take advantage of the duty-free products available in the Colón Free Zone

The city has a range of tourist friendly activities ranging from dining and relaxing at the beach, to fishing, to snorkeling at the coral reefs and exploring the local culture

Historical Sites

Fuerte San Lorenzo — a World Heritage Site — is in the province of Colon, and is one of the most ancient Spanish fortresses in America. Besides

visiting the ruins of this historical site, tourists may enjoy activities such as bird-watching, diving, and kayaking. The journey to San Lorenzo passes through the Panama Canal's Gatun Locks and offers views of Fort Sherman, a former military base surrounded by thick jungle rich in biodiversity

Portobelo National Park is home to one of the first important strategic ports in Panama, and many tourists come to explore the ancient ruins of the port city

Beach/Ecotourism Locations

Starfish Beach was rated as one of the top 50 beaches in the world according to The Guardian, and is located within the popular district of Bocas Del Toro. Bocas town is known to attract a large number of backpackers

and surfers due to its world class surf breaks and vibrant nightlife. Bocas town also has a local airport serving daily flights to Panama City, and offers a great choice of accommodation, restaurants and bars

Ecotourism is prevalent in parts of the district such as Red Frog, known for its crystal clear waters and many wild bird and nature trails, or Boca Del Drago and Cayo Coral, both a hotspot for world-class snorkeling and peaceful beaches

The Caribbean coast is home to hundreds of remote and beautiful islands. One of which is San Blas in Guna Yala — an indigenous territory that welcomes eco-tourists by providing accommodation and restaurants. Tourists can also enjoy diving, swimming and relaxing on the beach

Investment Opportunities

Panama's Caribbean Coast offers a diverse range of attractions from World Heritage Sites to tax-free shopping in Colón, along with incredible beaches and ecotourism activities. Infrastructure, transportation and accommodation are key opportunities for investment

The Panamanian Government has recognised the need for investment with the announcement that US\$900 million is to be invested in the new Colón Free Port — a regeneration project aimed at turning 16 streets of the city of Colon into a commercial, tourist and cultural hub

In addition, the Caribbean Coast offers investment opportunities for companies operating in the upmarket leisure sector as well as those focused on exploring the beauty of Panama's natural landscape and its indigenous inhabited areas



San Blas



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Colón Free Port

A New Era for the City of Colon

After a long wait of 24 years, the Government has recently approved the Special System of Free Port for the city of Colón. The new regime of Colon Free Port, located on the Caribbean Coast at the strategic geographic location at the entrance of the Panama Canal, will turn 16 streets of the city of Colon into a commercial, tourist and cultural hub. The new regime will encourage development in infrastructure, promote the unique culture of the city and encourage more trade, with tax-free purchases attracting Panamanians and tourists alike

As well as increasing the flow of tourists to Colon, the new regime aims to provide additional benefits including:

- The law establishes that the national or municipal land owned by the state cannot be sold or transferred. If the land is leased or granted in concession for the establishment and development of the investments related to the new regime, it must be carried out in a period not exceeding two years
- Promote the restoration and reconstruction of these historic 16 streets of the city — granting investors the same incentives that the Old Town of Panama currently enjoys

- Provide unique business incentives to attract investors, traders and small business entrepreneurs
- Increased job opportunities for local residents

To assist in this ambitious plan, the Government is:

Investing

\$900m

Constructing

5000

new homes

Unique Set Of Incentives And Benefits

The Special System of Free Port for the city of Colon offers investors a diverse range of incentives to set up in the auspices of the new regime

Some of the incentives for potential infrastructure investors include:

- 0% tax on equipment and material imports used to restore/refurbish properties
- 0% tax on property transfer for 2 years
- 0% property tax for 30 years

- 0% income tax for 10 years
- 0% income tax on utilities for 10 years
- Fiscal credits for financing
- Preferential mortgage rates

Incentives available for importers / dealers include:

- Tax exemption on equipment and material imports used for their operations
- Tax exemption on capital or operation notice

Generous, Tax-Free Purchases

The new regime has enabled generous tax benefits on purchases, ranging from fashion to technology and from household items to toys and candy, for both Panamanians and tourists alike

Tourists



0% tax on imports and ITBMS for unlimited purchases for a wide variety of products

Local Panamanians



0% tax on imports for purchases up to US\$1,000 biannually for a wide range of products



COLON FREE PORT



Colón Puerto Libre



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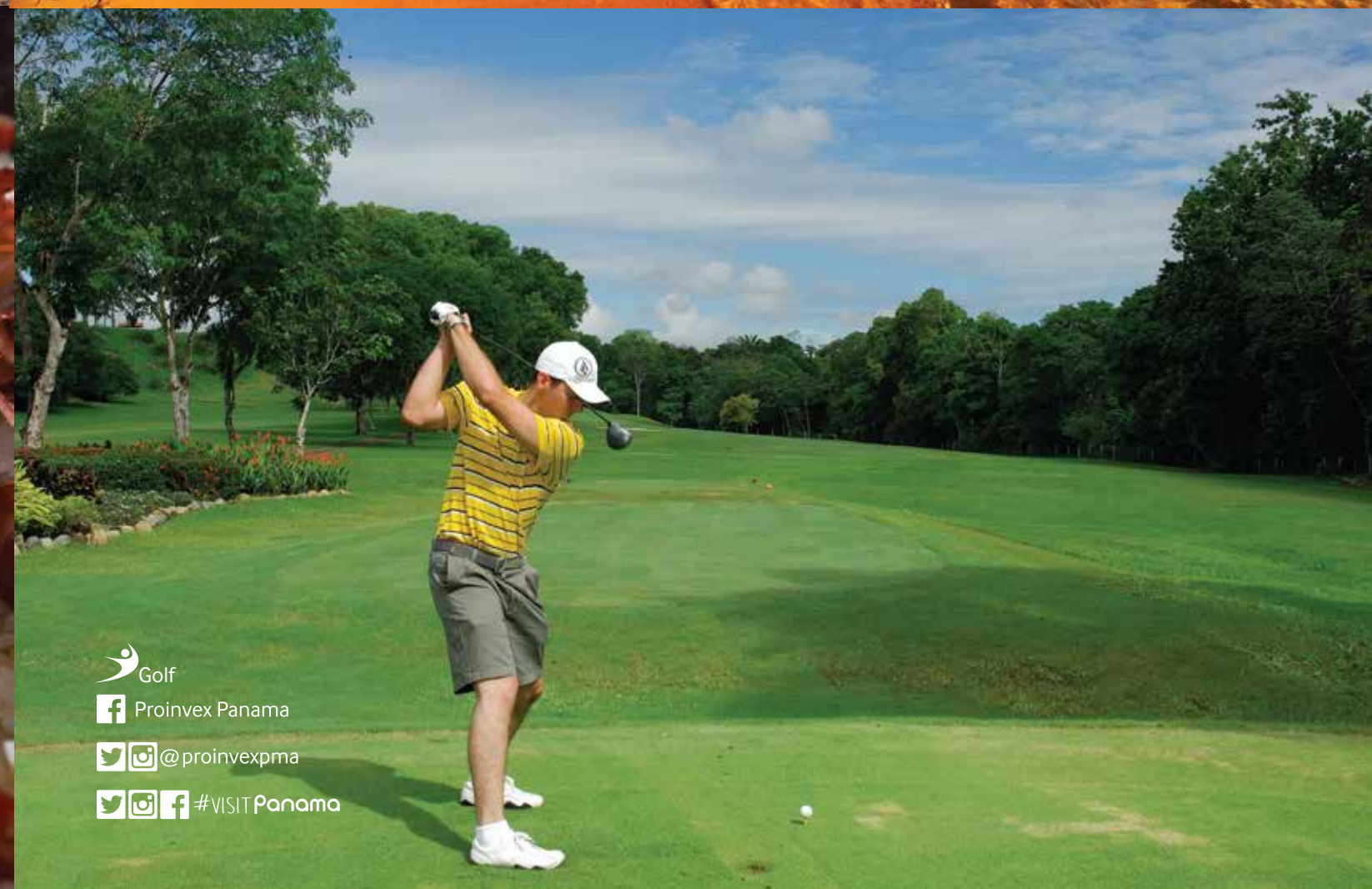
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Rainforests In Panama Provide An Eco-Tourism Paradise

Panama is a country where the concept of exotic begins in its name. The indigenous language describes the name Panama as abundance of fish & butterflies, and this concept is true as visitors will quickly discover for themselves. The abundance of wildlife, including more than 900 bird species, can be found in Panama's many national parks

Panama has ambitions to become the number one ecotourism destination in Central America by 2026.

Some of the major attractions of Panama's rainforests include:

Darién National Park — a World Heritage Site — is the largest protected area in Panama. The primeval rainforests, pristine beaches and islands and seven thriving indigenous Indian cultures, support tremendous opportunities for the development of ecotourism such as tour operators or eco-friendly accommodation

La Amistad National Park — a World Heritage Site — is a Transboundary Protected Area, equally split between Costa Rica and Panama, and covers large tracts of the highest and wildest non-volcanic mountain range in Central America

Río Chucunaque, the longest river in Panama, runs through lush rainforests within the Darién province. Tourists can avail of boat rides and tours

Cascada Tavidá, Coclé — a 30 meter high waterfall surrounded by abundant vegetation and wild flowers, that is not only a scenic attraction, but in summer, allows tourists to swim in its transparent waters

Reserva Forestal La Yeguada was the first forest reserve in the country. With a pleasant climate and a peaceful lagoon, it is a perfect place for camping and has a large potential for ecotourism development

Hiking is a very popular activity for tourists who visit the Volcán Barú or La Pintada, so tourist operating companies are important in order to provide guides and transportation services

There are a few towns in the rainforest area such as Cerro Punta and Boquete that accommodate for a larger number of tourists, due to the activities and services both towns provide including

hotels, cabins, restaurants, shops and bars. The Festival of Flowers and Coffee brings tourists from all over the world to Boquete every year. While the increased amount of foreign retirees in Boquete, has led to the emergence of many hotels and businesses relating to golf, rafting, hiking, zip lining, biking and other outdoor activities

Coffee-loving tourists are often attracted to the highlands of the Chiriquí province, where Arabica coffee is grown (considered to be the highest quality of Panamanian coffee). Local farms in the province welcome tourists to learn about the production of coffee, and to taste the coffee

Investment Opportunities

Ecotourism is becoming a very popular in Panama, and for rainforest areas it has become an important source of employment to the local communities

There are plenty of investment opportunities in tourism infrastructure in rainforest areas, such as roads, accommodation and transportation services, due to a growing number of tourists seeking adventure in Panama



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Special Incentives For Investors In Panama's Tourism Industry

Outside the District of Panama

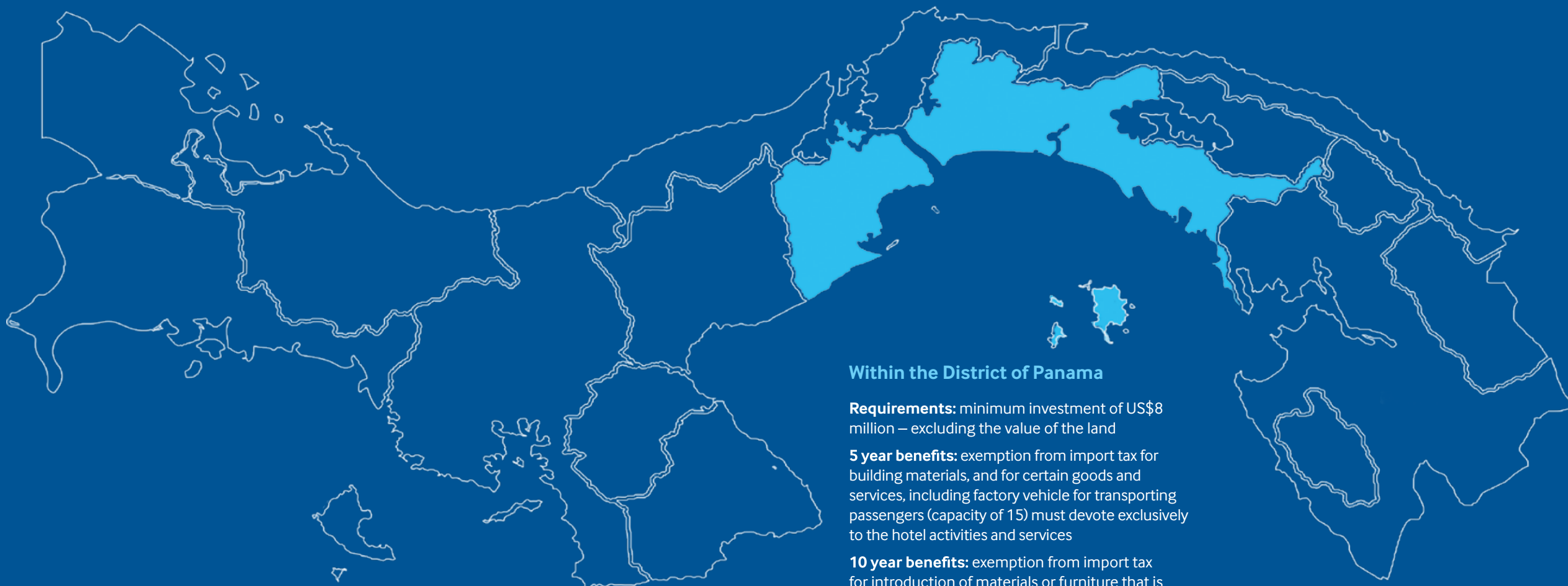
Requirements: minimum investment of US\$250,000 in new construction, minimum investment of US\$100,000 in new construction in indigenous areas and in renovations and equipment

5 year benefits: exemption from import tax for building materials, exemption from any tax or levy on the company's capital

10 year benefits: exemption from import tax for introduction of materials or furniture that is unique to the business of public tourist lodging

15 year benefits: exemption from property tax on land and improvements used in tourism development activities (must be registered with the National Registry of Tourism), exemption of income tax derived from tourism operated by the company and exemption of taxes that are levied on the use of the docks or airports built by the company

Other benefits: Vehicles that are exclusively used for tourism are subject to the selective tax on the consumption of certain goods and services, and exemption of the Special Interest Compensation Fund (Feci) of the loans which they maintain in companies



Within the District of Panama

Requirements: minimum investment of US\$8 million – excluding the value of the land

5 year benefits: exemption from import tax for building materials, and for certain goods and services, including factory vehicle for transporting passengers (capacity of 15) must devote exclusively to the hotel activities and services

10 year benefits: exemption from import tax for introduction of materials or furniture that is unique to the business of public tourist lodging, exemption from property tax on land and improvements used in tourism development activities

Other benefits: Vehicles that are exclusively used for tourism are subject to the selective tax on the consumption of certain goods and services

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