



Company: Dubai Parks and Resorts
Conference Title: Q1 2016 Financial Results Investor Call
Host: Marwa Gouda
Date: Thursday 12th May 2016

Operator: Good day ladies and gentlemen, and welcome to the Dubai Parks and Resorts First Quarter 2016 financial results investor call. Today's conference is being recorded. At this time I would like to turn the conference over to Ms Marwa Gouda. Please go ahead ma'am.

Marwa Gouda: Thank you. Hello and welcome everyone to today's call, where we're going to be covering the Q1 2016 financial results. My name is Marwa Gouda and I head Investor Relations for Dubai Parks and Resorts. I'm joined today on the call by Sandesh Pandhare, our Chief Financial and Investment Officer; Paul La France, our Chief Project Officer; as well as Brian Machamer, who is our VP of Theme Park Operations.

Before we go into the course of the call, I just would like to remind you that the presentation is available on our website, which is now changed to dprcorporate.ae. I would like to highlight a few disclaimers, which you can find on slide 2. Through the course of today's discussion, we may make some forward looking statements. Please note that these are based on the information available to us today. You should not assume that in the future we will continue to hold these views.

During the course of the call, we provide an overview of the financial results from the quarter ended 31 March 2016, some key operational achievements, and we will also provide project updates and how we're tracking according to our strategy. We will then open the floor up for questions. With that, I will now hand over to Sandesh, who will talk you through the highlights of the quarter.



Sandesh Pandhare: Thank you, Marwa. We appreciate everyone for taking the time to join us on the call today. I know we've spoken to many of you over the course of the month since we announced our AED 1.68 billion rights issue for Six Flags Dubai, which was approved by shareholders at our General Assembly Meeting held on the 18th April. However, today's presentation focuses on the progress of our existing parks, and then we are of course happy to take your questions.

With that, if you turn to slide 4, firstly making a highlight that we are well on our way to open our integrated theme park destination later this year in October. As at the end of the first quarter, we have completed 85% of overall infrastructure construction, 76% of the overall ride systems and 65% of the overall facilities construction. We are also happy to announce that 41% of the overall show systems have been completed as well. Paul will take you through the construction progress details later on the call.

On the corporate front, we received our first international award in March for the most exclusive leisure product at OTM, India's biggest travel trade show, positioning us as an international brand, which is what we are striving towards. At the end of March, we had signed 39 lease proposals accounting for over 65% of total available lease space at Riverland™ Dubai, thus showing how we are continuing to attract local and international brands. We also launched the sale of our annual passes, details of which we will discuss later on during this call.

We wrapped up the quarter with the announcement about the launch of our AED 1.68 billion rights issue to primarily finance Six Flags Dubai, our fourth theme park at the Dubai Parks and Resorts destination. Today is the first day of subscription, meaning that rights holders can now exercise their rights to subscribe to new shares.

On the financial highlights, our assets stood at AED 9.6 billion at the end of the first quarter, and we have drawn down AED 2.3 billion of our bank facility. I will take you through further financial details later on this call.



So moving to slide number 5, from the latest available figures published by the Dubai Tourism and Commerce Marketing Authority, we see that the tourist numbers continue to show an upward trend. In 2015, Dubai's tourism increased by 7.5% in comparison to 2014, to reach 14.2 million visitors. The key source markets were India, which was up by 26%, Saudi Arabia, up by 19%, and the UK, up by 11%, in comparison to 2014 numbers.

In the first quarter of 2016, Dubai achieved 4.1 million international tourists in comparison to 3.9 million in the same period last year. We therefore remain confident in Dubai's ability to achieve the tourist target numbers leading to 2020.

With that, I will now hand over to Paul to take you through project updates.

Paul La France: Thanks, Sandesh. Good afternoon, everyone. If you just turn to slide 7, I'll take you through our updates.

First of all, we are happy to say that we are on track to open in October of this year. Overall manpower has increased from December to the end of March by 1,200, so we're up to 14,700. At the end of April, we were tracking at 17,500 manpower on the site. So that's a significant increase, so the job is really moving forward.

93% of the project procurement has been completed at the end of the first quarter. The only thing left to do is some animation, some lighting, and the rest of it is really variation, so we're pretty much there bought out on the project.

Ride production is 94% complete. The delivery is 74%, installation and commissioning is 23%. So the overall ride systems are 76% complete, tracking well against our plan. 22 rides have been installed, and testing and commission has started with TUV on the site.



In terms of show production, you may recall last year, we had some delays. However, overall we are 41% complete with 35% delivered and 55% production completed. So in line with our projection to be back on track by the end of Q2.

And as per our last call, we consolidated the report for the infrastructure facility and area development for the whole destination rather than separate pieces in order to provide you with a comprehensive view of the progress to date. So overall, infrastructure is now 85% complete for the entire destination.

In terms of facilities, last year we faced some problems increasing manpower for MEP works, however we are back on track, and have commenced the handover of some of the back-of-house facilities to operations, particularly in Bollywood Parks™ Dubai. We're also in the process of turning over the Rajmahal Theatre for rehearsals. We are currently in the process of turning over back of house for LEGOLAND® Dubai as well as motiongate™ Dubai. So the turnover process to operations is underway.

Some of the significant things, all our attractions are rapidly getting energised, that means we have permanent power and we're able to commission rides and tests. The ride and commission testing is progressing rapidly. Our focus really is on concluding all show systems, the facades, and the area development. Like I said, we are on track with the entire development, with a few issues that we need to work on, such as the Hunger Games attractions and Dragons (*How to Train Your Dragon*). We have a few issues there, but we're working on those.

If you turn to slide 8, I'll take you through some of the pictures. At the top left hand side is the front entrance of motiongate™ Dubai, and that's the film reel. And you'll see area development is started there and it's well underway. The right hand side at the top is Studio Central, or as we call it, it's really New York Street, looking at it from the other side. And that's well underway. Left hand side on the bottom is Baby Brent and you'll see some of the theming there, especially with Cloudy with a Chance of Meatballs and that's well underway. DreamWorks on the right



bottom side, which you can see it's a little difficult to see, but it's really Shrek, and that's coming up beautifully. And so that's there as well.

On the next page, you see on the left hand side the interior lobby of Rajmahal Theatre, which is currently starting rehearsals right now. The outside of Rajmahal on the right hand side, and that's done, what you are looking at is the finished product. Left hand side you're seeing the front of Lagaan, and we're near the facility, the facades are done, the inside's pretty much done, and we're working on the outside area development. On the right hand side, there's the other view of that same area.

Turn the slide and you see LEGOLAND® Dubai on the left hand side. What you're seeing there is Driving School. On the right hand side is the LEGOLAND® Water Park, or a part of the water park. Left hand side is what would be the hotel. And that's just one of the clusters of the eight, with 50 rooms each. And on the right is the French village of Riverland™ Dubai.

So again, we are making great progress, we're feeling good about it, and I'm going to hand it over to Brian.

Brian Machamer: Thank you Paul. There is for March significant milestones from a development phase at Dubai Parks and Resort. As touched on earlier in the call, we received our first international award for the more exclusive leisure product at OTM, one of India's largest travel trade shows. It recognised us as a unique attraction that showcases the very best from the east to west. OTM is India's only travel event focussed on outbound travel, which accounts for approximately 15 million travellers annually.

During the quarter, our leasing targets were also met at Riverland™ Dubai, with 39 lease proposals signed for over 65% of the total available space, and achieving over 100% of our total projected revenue in 2017.



We also participated in the Arabian Travel Market this past April for the second consecutive year. ATM is an important event for us because it gives visitors to the show a chance to truly 'Experience Amazing' and gain a full appreciation of the size and scope of Dubai Parks and Resorts. We did this by showcasing holograms, creating interactive experiences, and by bringing some of our characters and live performers to the show, which was very well received by the visitors.

This quarter we're also very lucky to have been visited by His Highness Sheikh Mohammed bin Rashid Al Maktoum, who toured our destination along with other key members from the Dubai government. The feedback from His Highness was very positive and everyone was very proud to have received his endorsement and support.

The Arabian Travel Market was particularly exciting for us because we also launched our much-awaited annual passes, providing our visitors a chance to purchase tickets on our newly launched dubaiparksandresorts.com website, which now includes our online ticket sales platform.

If you move on to slide 13, you can see the various ticket packages now. The annual passes are largely targeted for the resident market and offer them great savings. We launched both individual park annual passes as well as combination and resort-wide passes for the theme park enthusiasts. We see these ticket prices as very competitive in the market, and by pricing the annual passes at less than the cost of three individual visits, we hope to encourage repeat visitation. We aim to launch the sale of our single day theme park tickets close to the opening in October.

I'll now hand it back over to Sandesh, who will take you through our quarter financials.

Sandesh Pandhare: Thanks, Brian. So if you all turn over to slide number 15, here you see the break-up of our total assets, which stood at AED 9.6 billion as at end of March 2016, as well as our



cumulative pre-opening expenses, which stood at AED 235 million. In total, our assets and pre-opening expenses were at AED 9.9 billion at the end of the first quarter.

On the next slide, you'll see a summary of our interim consolidated financial statements. Our total property and equipment, as well as investment properties, increased to AED 5.8 billion compared to AED 2.5 billion as at the end of March 2015 last year. Our advances to contractors and other receivables have decreased to AED 344 million from AED 424 million as at the end of March last year, and going forward, we'll start seeing a further reduction in these advances. Cash and financial assets to add AED 3.5 billion.

On the liabilities front, we've drawn down AED 2.3 billion of our bank facilities. Our trade and other payables increased to AED 1.4 billion, primarily reflecting the payments to contractors. Due to related parties was nil. As you know, the company has not yet commenced its revenue-generating activities, hence there was no operating revenue during the period. Loss for the first quarter stood at AED 38 million, reflecting the expenditure during the pre-opening period.

On the next slide, 17, you'll see a first further breakdown of our assets and liabilities. If you take a look at the first three line items, you will see that our property, equipment, investment properties, and advances to contractors stood at a combined AED 6.1 billion. This compared with AED 3 billion as at the end of March last year. So together, these line items accounted for approximately 64% of our total asset base of AED 9.6 billion.

Our cash and other financial assets accounted for the remaining 36% of the total assets. Our total liabilities, primarily comprising of bank facilities, trade, and other payables, increased to AED 3.5 billion from AED 648 million for the same period last year. Together, they accounted for approximately 36% of the total equity and liabilities.

So on slide 18, you will see a break up of our total comprehensive income. Our general and administrative expenses increased to AED 40 million compared to 18 million during first quarter of 2015. We also started setting up our marketing and selling activities in order to continue to



engage potential customers and channel partners. Our interest income during this period was AED 19 million. So on the whole, our loss for the period was AED 38 million, as I said earlier, and this compares with AED 13 million during the same period last year.

We also reported a mark to market loss of AED 37 million on the fair value of our cash flow hedges for our debt facility. This mainly reflects the deferral of interest rate hike, which was priced in by the market during the first quarter.

Moving on to slide 19, you'll see a consolidated segment of our cash flows for the period, reflecting the movements in our investing and financing activities, the details of which we've discussed before. So this brings us to the end of our presentation. I'll now hand over back to Marwa.

Marwa Gouda: Thank you. Thank you Paul, thank you Brian, and thank you Sandesh. I will now hand over to the operator, who will let you know how to start the Q&A session.

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question, please press the star or asterisk key followed by the digit 1 on your telephone. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. If you find that your question has already been answered, you may remove yourself from the queue by pressing *2. Once again, please press *1 to ask a question. We will pause for just a moment to allow everyone to signal.

Once again, ladies and gentlemen, please press *1. Our first question today comes from Jag Pasunoori of Franklin Templeton. Please go ahead.

Jag Pasunoori: Hello everyone. Thanks a lot for hosting the call and taking my call questions. I have a couple of questions like, how is the demand for your annual passes so far, and the second question is about I just want to understand your operational leverage. I was wondering if you



have more number of visits than you had assumed, your margin will improve significantly or not.

Just to relate it to that, if you can give me what are your estimated fixed costs in 2017?

Sandesh Pandhare: Sure. Thanks. So on the first question, we've obviously started pocketing sales of annual passes. It's still premature and early stages. The intent is really, I think, for let's say, LEGOLAND® Dubai to start marketing to the schools and the children, so then they talk to their parents, and the parents start talking to parents, and the word kind of gets around. And we are happy with the progress so far, but again, as I said, it's very preliminary.

With regards to your second question on the operating leverage, yes, I think you will see that our EBITDA margins moved from 25% in 2017 to 27.5% in the third year, which is 2019. And a lot of that is basically because of the operating leverage that we will see once we start seeing uptick in the visitation numbers.

Now staff costs, which are about 25% of our total revenue, are largely fixed, although I think if you start seeing a big increase or a big decrease, we might be able to make it slightly semi-variable. Marketing costs, which is 10% of our total revenues, is largely variable. We have royalty and operator fees, most of which are again largely variable. There's a small element of fixed cost in that. COGS is again largely variable. So it's a mix of fixed and variable. I would think that our fixed expenses are probably about 60% of our total cost structure.

Jag Pasunoori: Ok. Great. Thank you. If I can ask you one more question, like how are you in terms of your expenditure? Are you kind of within the budget, or overshooting?

Sandesh Pandhare: As of now, we are on target and on budget with regards to the total project expenditure of AED 10.5 billion.

Jag Pasunoori: Ok, great. Thanks a lot.



Operator: Thank you. We now take a question from Josh Baul of United Securities. Please go ahead.

Josh Baul: Hello. Thank you for taking the call. I just have a quick question on the annual passes. If and when we say X amount you recognise, will you be recognising the income before it opens, or only after it opens? So can we expect any operating income in Q2 and Q3, or only after it opens? Thank you.

Sandesh Pandhare: So it's only after we open. And from the time that guests basically start consuming or using those annual passes. So until then, we book them as deferred revenues.

Jos Baul: Ok. So unless that ticket is pretty much used, it'll still stay on as deferred revenues. Even if the park is open.

Sandesh Pandhare: Correct. Correct.

Jos Baul: Ok, ok. Fair enough. Thank you.

Operator: Thank you. Ladies and gentlemen, as a reminder, to ask a question, please press *1. We now take a question from Shabbir Kagalwala of Al Rayan Investment. Please go ahead.

Shabbir Kagalwala: Thank you for the call. I just have a follow up question on the last one. You said that the revenues are going to be recognised after it opens, and when the annual pass is used. For the first time? For example, if I use an annual -- I buy an annual pass today. And I used it tomorrow. But I have that annual pass for a year. So the revenues are going to be deferred for the year? Or they're going to be recognised from tomorrow?

Sandesh Pandhare: So the way we recognise would be from the first time that you enter the park, let's say the pass has a validity of 12 months, so we will recognise it on a proportionate basis monthly over the next 12 months. Is that clear?



Shabbir Kagalwala: Also, another question. Hello, yes? Hello?

Sandesh Pandhare: Sorry, just wanted to make sure you understood that.

Shabbir Kagalwala: Hello?

Sandesh Pandhare: Yes, go ahead.

Shabbir Kagalwala: Can you hear me? These ticket prices that you have mentioned, the annual passes, etc. Are these just introductory prices, or we could see some increases with relation to inflation going forward, or just that these are introductory prices?

Sandesh Pandhare: These are the prices that we've announced right now as introductory prices. Usually, what you would do is when the prices are announced, you tend to keep them fixed for the season and then evaluate them every year during the next season.

Brian Machamer: Or if you happen to adjust your headline ticket price at each of the theme parks, they could of course correlate to an increase into the annual pass, because they're very much linked together.

Shabbir Kagalwala: Do you have any plans to offer bundles? For example, if there is a single ticket for two different parks, or three different parks?

Sandesh Pandhare: Yes, we will have all types of combos, so if you want to do the Hollywood Park and the Bollywood Park, or you want to do a Bollywood Park and a hotel, there will be different types of combinations. And all these prices will be disclosed closer to the opening of the park.

Shabbir Kagalwala: Ok, so disclosed closer to the opening.. ok.



Sandesh Pandhare: Yes.

Shabbir Kagalwala: Ok. Just one last question on the achievement in the Riverland retail space, where you have achieved 65% occupancy, you were able to achieve 100% of your revenue. So this is because your expectations were low, or because the leases signed have been higher than the normal space?

Sandesh Pandhare: I would say that our projections were realistic. We are happy to see an increase in the overall lease rates. But it's not all lease rates. So what you see is a combination of higher lease rates as well as a combination of some of the more premium space also getting leased out first. So it's a combination of both.

Shabbir Kagalwala: Higher lease rates and premium space. Ok, thank you.

Operator: Thank you. We now have a follow up question from Jos Baul of United Securities. Please go ahead.

Jos Baul: Hello, just a follow up question. These annual passes, how many entries can a person have? Is it like every day or is there a limit on this? Because if you look at the price, it's like just about three times the price of a single park ticket. Could you just elaborate?

Sandesh Pandhare: Unlimited. You can come 365 days a year.

Jos Baul: Ok. So the single park ticket is one day, say motiongate, AED 330, that is for just one day.

Sandesh Pandhare: Yes. Let me just highlight, on the annual passes, typically you will see people coming like 5 times, 6 times, maybe a little more, a little less. But every time they come, they consume food, retail, they bring with them their friends. So it's a way of enhancing revenues.



Brian Machamer: Especially in Dubai, where the residents of Dubai have a lot of friends and family visiting, it's a great way for the residents to visit the park and not have to pay for a ticket every time they come to visit.

Jos Baul: Ok, so you're kind of just locking up revenues. And this food and beverage, what kind of agreement do you have with the leaseholders? Do you take 20% of revenues, or how does it work?

Sandesh Pandhare: So we have a base lease rent and a percentage of revenue, whichever is higher.

Jos Baul: Ok, so it's pretty much sort of like a Dubai Mall model.

Sandesh Pandhare: Yes, and this is for Riverland, where most of the units are leased, this is a 220,000 sq ft leaseable area. Within the theme parks, all retail F&B outlets are all 100% owned by us, so you generally tend to make a lot of money on margins inside the parks.

Jos Baul: Ok. And just one final question on the debt. I think on your facility, you still have 2 billion left. Do you expect to draw that down completely before opening?

Sandesh Pandhare: Yes, largely. Now, typically you would have some retention payments, you know, payable to contractors, so there might be a small amount, which might, but largely, yes.

Jos Baul: Ok, and the capex, which park has the most left? Where is this funding going to be diverted to?

Sandesh Pandhare: So we have given the break-up of all the project capex project-wise. Obviously, motiongate™ Dubai is our flagship, so the largest of the capex will happen in motiongate. Then we have Bollywood Parks™ Dubai, LEGOLAND® Dubai, we have also significant capex on the overall infrastructure and upkeep of the project and the destination. So all the numbers are already given in the IPO prospectus.



Jos Baul: I was not asking that. Out of the remaining that is drawn down, most of it is going to be for which park in the next few months, just completion-wise, if you're looking at it?

Sandesh Pandhare: Sorry, can you repeat? I didn't get the question.

Jos Baul: As in the remaining funds, in the next four months, which park has the most work left to be done? Let's just put it that way. Which is almost ready to be complete?

Paul La France: motiongate™ Dubai has the most to do. It's the biggest. LEGOLAND® Dubai and Bollywood Parks™ Dubai and the Lapita™ Hotel would be the most advanced projects. And as I said, we anticipate them being there by October, we have a couple of issues in motiongate™ Dubai, particularly the DreamWorks building, which is Dragons, and then with the Lionsgate property, Hunger Games. But everything else is there going forward. So to answer your question again, motiongate™ Dubai has the most left to do, because it's the biggest park, the biggest parcel if you like, the biggest project.

Jos Baul: Ok. And with these issues, you still expect to complete on time, right? Even with all these issues.

Paul La France: Yes, we have some issues with animation and with some late information that we got from the IP. But we're working through those things, yeah. So we'll see.

Jos Baul: Ok. Thank you for taking my questions. Have a good day, guys.

Operator: Thank you. We now move to Saad Qureshi of Qatar Investment. Please go ahead.

Saad Qureshi: Hi guys, good afternoon. Thank you for hosting the call. Just a few questions, one on the annual pricing. I just wanted to know how it works. For the ticket annual passes for example, is there any ride inside, or are they covered in the ticket, or it's like you if you take the ride, you



have to buy a separate ticket for them? Or is it included in the price of the say for example AED 330 ticket, or is it excluded?

Brian Machamer: For all theme parks at the resort, your one headline ticket price includes all attractions inside. So once you pay your admission and you're inside the park, there's no charge for any attractions. You can leave, go out and have lunch in Riverland™ Dubai, get your hand stamped, come back into the park if you want afterwards, or park hop to another park. But once you pay your ticket, it's no additional charge.

Saad Qureshi: Got it. And the annual pass, I am assuming one annual pass is for one person, right?

Brian Machamer: Correct.

Saad Qureshi: Ok. The question was asked previously, you start charging the revenue on the annual pass from the day the person enters the park using that card. Is it from the day, or does it have fixed expiry from which the revenue is amortised from the deferred revenue? For example, if I purchased an annual pass today, and if I use it 4-5 months later, will you start charging the revenue after 4-5 months, or you will start amortising the revenue from today, when I have purchased the pass?

Sandesh Pandhare: No. So it's from the time that you make the first entry. So for example, let's say we open in October. But you make your first entry on 1 January. That is the time that we start then accounting and recognising the revenues. From 1 January until 31 December of that year.

Saad Qureshi: Until 31 December of that year. Ah, ok, ok. Got it. Got it.

Sandesh Pandhare: If you enter on 1 December this year, then we will recognise from 1 December until 30 November next year.

Saad Qureshi: 30 November. Ok.



Sandesh Pandhare: Because you have a 12 months validity to use that annual pass.

Saad Qureshi: Noted. And based on your current projection and the current progress, when do you expect to break even? Like in which quarter do you roughly estimate to break even?

Sandesh Pandhare: We projected break even in 2018. So on a quarterly basis, it will be somewhere in the middle.

Saad Qureshi: Ok. Ok, thanks. I don't have any other questions at the moment.

Sandesh Pandhare: Great, thank you.

Operator: Thank you. Our next question comes from Ayub Ansari of Sico Bahrain. Please go ahead.

Ayub Ansari: Hello gentlemen, thank you for the call. Just two questions. Number one, I was looking at the single ticket pricing provided in the presentation, which is very similar to the one provided in the IPO prospectus. So is it safe to assume that earnings and revenue guidance has not changed? That's my first question.

And my second question is relating to the Six Flags expansion. Do you plan to release some more details on the revenue and earnings projections from the Six Flags expansion? Thank you.

Sandesh Pandhare: So on the first question, you will see that we've tweaked the prices a little bit compared to the IPO projections. motiongate™ Dubai is the same at 330, Bollywood Parks™ Dubai was at 240, we've increased it to 285, and that has primarily been on the back of a tremendous response that we are seeing from our trade partners, travel and tour agents.

LEGOLAND® Dubai we've dialled down slightly to 295 from 300, so optically it does appear slightly better value, and then LEGOLAND® Water Park we increased it from 200 to 240 based on the regional



peer benchmarking. Now we have not revised our revenue and earnings guidance because we do have other stress points. So whatever increase we see here will be largely compensated through other things.

On the Six Flags front, we have actually given the revenue and the earnings projections in the prospectus. So we go live with Six Flags in fourth quarter of 2019. We have given out the projections for Six Flags for the subsequent three years. So you'll see that in 2020, we're talking about 2.9 million visits annually, AED 893 million of revenue, and net profitability right from the first year on the Six Flags expansion.

Ayub Ansari: Ok. Ok, thank you.

Sandesh Pandhare: And the prospectus is all available on our website or with other sources.

Operator: Thank you. We now take a question from Talal Khamis of NBK Capital. Please go ahead.

Talal Khamis: Hi, how are you? Thank you for taking the call. I just had a couple of questions regarding the construction. In the show system, can you explain to us what is the show system? Is it more of the theatre, theatrics, or what is the installation commissioning at 1%? Where would it be at park opening? Will it be at 50? Can you open the park when it's below 100%? Also, for area development, where do expect it to be when the park opens, the trees, the gardening, would it be at 100? And if you can elaborate more on Six Flags, whether the same team that's doing Dubai Parks are the ones that are going to implement Six Flags, or is it going to be a completely other team? Thank you.

Paul La France: Ok, we'll start with first of all, show systems. Show systems, you can look at them two ways. When you think of a Rajmahal theatre for instance, that would be all the theatrical equipment that runs the show. But in this case, most of the attractions, and we're not talking about that. Show systems deal with animated figures, animated props, video, audio, special effects, all those types of things that go when you're on a ride, and they're all the things you see



- scenery, that type of thing. So that's what show systems are. They're put in to an attraction sometimes before the ride, but for the most part, after the rides. They're the final touches inside the show box. That's that one question.

You said testing and commissioning. What we'll be at at grand opening will be 100% done with testing and commissioning. At soft opening, we could be about 70%. At soft opening, you know you'll open the attraction. When I say soft opening, that's guests coming, non-paying guests, that's before the grand opening, and that's just to test the systems and all. We'll be opening the park for a day, then going down for two days, finishing things up, and tweaking things up. So if you go from 70% to 100% in that month of soft opening, for testing and commissioning.

Similar to area development. Area development at grand opening will be 100% complete, and at soft opening, it may be 85% complete, with some work going on night when guests aren't there, tweaking things, your BGM and your area development, which is your audio, you might be changing soundtracks at night, so it won't be 100% at soft opening, but we anticipate 100% completion at the grand opening.

Now, to the Six Flags team. The Six Flags team is going to be comprised of, and this is the way you typically do it, we've done other things like this, the Six Flags team will be, let's call it the All Star team comprising of the team we have working right now. The best people we have on the team now will be working on that project. That's typically the way you do this. The timing is perfect for that, and that's what we're anticipating doing. We're going to be transferring people to that project in the summertime right after this whole issue with the rights is finalised, we'll be deciding to transition people to that team in that time frame.

Did I answer everything? Did I miss anything?

Talal Lakshmi: Yeah, actually, I got it. Just a question to follow up regarding the labour work. During the summer period, they won't be able to work 24 hours. Are you considering that as part of opening at 100%?



Paul La France: There's two things there, right? There's two things going on. You have Ramadan, which is Ramadan, and so that's the way that will be. But you have summer working hours. We have focussed hugely on outside stuff, right? Like facades and area development. And we're working huge hours right now for that, in anticipation of summer working hours.

Much of the work we do when we talk about show systems and testing and commissioning and all that stuff, many of our attractions are inside, right? And so that's all in the air conditioning. So that's not subject to summer working hours at all. It's normal working hours after Ramadan's done. So we anticipate that. Surely it's outside, because there will be work going on outside as well, it'll be more difficult than during the winter time. But we've anticipated that. Ok?

Talal Lakshmi: Alright. Thank you.

Operator: Thank you. Our next question comes from Jag Pasunoori of Franklin Templeton. Please go ahead.

Jag Pasunoori: Hi, a couple more questions. Is the ticket to the Rajmahal Theatre included in the annual pass? That's one question, and the second question is, in terms of the competition, I think IMG is coming out with their theme park that they are opening up in August this year, and then there is another coming up with a theme park with Warner Brothers with their billion dollar investments in 2018. How do you think they will be different from you, and how do you think it will impact DPR? Those are the two questions.

Sandesh Pandhare: So Rajmahal theatre prices are not included within the annual passes or within the Bollywood price. It's a separate show and a separate ticket, and obviously when we release the packages and the bundles, we will release packages around Rajmahal theatre also. So you could do a Bollywood Park™ Dubai and a Rajmahal theatre, or you do the theatre and something else. So does that answer your first question?



Jag Pasunoori: Yes.

Paul La France: Well, there's one thing just to add to that. During the daytime, the big spectacular Rajmahal show is in the evening. But during the daytime, there'll be five or six 20 minute shows to catch.

Sandesh Pandhare: Correct. So that's covered within the Bollywood pass benefits. So that's right.

Jag Pasunoori: Ok, ok.

Sandesh Pandhare: So moving to your second question, we've done a detailed benchmarking of various theme park destinations. I think we feel that more is merrier, because frankly, I think UAE will start having shades of a mini Orlando, and that will encourage more and more people to come to Dubai and Abu Dhabi and increase the visitation. We are uniquely placed, I believe. It's the largest leisure and entertainment destination in the entire Middle East. IMG, what we picked up from the press, is more of an indoor theme park. We've tried to make our theme parks more world class, you know, with indoor and outdoor, to give people that experience.

Also, I think what we picked up is IMG is about 1.5 million sq ft compared to close to 2 million sq ft for motiongate™ Dubai, which will be our opening footprint. And they're talking about 4.5 million annual visitation, compared to 3.1 million for our motiongate™ Dubai, only.

We hope everybody does well, because it really helps beef up the overall industry and make this an attractive destination, but we don't think our numbers will be impacted based on what we are seeing.

Jag Pasunoori: Ok. Can I ask one more question?

Sandesh Pandhare: Yes please.



Jag Pasunoori: Are your hands full now, with the Six Flags coming up, or are you thinking of one more theme park?

Sandesh Pandhare: I think we are full right now delivering what we set to do in October, plus with Six Flags. Obviously, as a dynamic corporate, we've got to continue to look at various alternatives and opportunities, which we'll continue to do, and we'll update the market at the right time. As of now, we are just focusing on Dubai Parks and Six Flags.

Jag Pasunoori: Ok. Thank you.

Operator: Thank you. We will now take a question from Hassen Bajji of UNB. Please go ahead.

Hassen Bajji: Hello. Thanks for the call. I've got just one question. To break even, if you look at the presentation, it looks like you are more targeting annual passes. So how many annual passes would you need to break even?

Sandesh Pandhare: Well usually what you would do is restrict your annual passes sales to a certain percentage of revenue. Because if you are selling at less than three times, then if somebody visits six times, your effective yield on the annual passes is 50% or thereabout. We projected about 69% yield on our tickets. So typically you would expect people to come to the gate and pay full price, people booking through online and paying close to full price three or four months before they actually plan their trip and come to Dubai, and then you're going to have some percentage of annual passes. So it's a combination of all these things.

Marwa Gouda: I think just to add to that, we're projecting that 70% of our visitors will be tourist-based, and obviously the annual pass is more targeted to the resident market.

Hassen Bajji: Ok, so if we break down that, how many annual passes are you expecting from the local market? Can we assume 50:50?



Sandesh Pandhare: No, no. 50:50 is too high a number. We haven't disclosed any specific number, but usually, you'd probably want to contain annual passes to less than 10% of the total.

Hassen Bajji: Ok, less than 10%. Ok. Ok. Thank you.

Operator: We now take a question from Saad Qureshi of Qatar Investment. Please go ahead.

Saad Qureshi: Hi, I just wanted to question on the pricing of the tickets in the annual pass. From what I see, isn't it a bit high? I don't know, you must have done the benchmarking with the other resorts in the region. For example, if I see just for motiongate™ Dubai, an average family with four individuals would be paying more than 1200 bucks for a day. It's AED 330, and if I remember correctly, the Disney ticket was around \$120 in Florida. Do you think it is a bit high, or do you think it is fine? What is your view on it?

Brian Machamer: No, I think it's competitive in the market, and when you look at other amusement parks, it's typically three times, four times your headline price. Myself growing up in Orlando, I lived there 27 years and had an annual pass at Walt Disney World even when I worked at Universal Studios. So for the local market, it's very common for you to visit two, three, four, five times a year, especially with Orlando being very similar to Dubai, with friends and family visiting. I want to take them to the theme parks, but I wouldn't want to pay for a headline ticket every time I visit. So it makes a lot of sense for the locals and residents to purchase an annual pass. So three times the headline price is pretty standard in the market.

Sandesh Pandhare: And also, to add to that, we have Merlin who is the operator for LEGOLAND® Dubai, and they have global experience. And it's the same thing with Parques. So we have enough data points across all different types of parks when we look at benchmarking here.

Saad Qureshi: Ok, just that the initial feeling was that just motiongate™ Dubai, for a family of four people here in Dubai, even if they take a single ticket, it's more than 1200 bucks, and I think



maybe they'll go once a year, but taking out 1200, for example more than AED 1000 for a visit is kind of steep. So that's just what I was thinking.

Brian Machamer: The children's ticket is not 330, there's a discount for children and seniors. So it's not 330 for everyone, but something that also happens in some cases, the guests will come, pay for a single day ticket, and realise there's a lot of attractions to see, they want to come back more often throughout the year, and they'll take that single day ticket they purchased and will upgrade them to an annual pass after they have experienced the park.

Sandesh Pandhare: I think, just to add to what Brian said, when you are visiting a theme park, the kind of memories that you take back as a family are truly memorable. When you compare with other experiences like Ski Dubai, where you are paying AED 300 for example for a 2-3 hour experience at max, I think motiongate™ Dubai is fully immersive, entertaining, interactive, with your full family, 6-7 hours, it's very attractive.

Saad Qureshi: Yeah, but the key is mainly for the residents of Dubai and people to keep coming back again and again, right? So from that point of view, I was thinking.

Sandesh Pandhare: Yeah, sure.

So effectively, the way the industry looks at it is, if as a resident, you are likely to visit let's say six times, but you are paying three times, effectively you are paying only AED 165 per trip to motiongate™ Dubai. That's the way you look at it. And then that starts becoming quite compelling.

Saad Qureshi: Right. Ok.

Sandesh Pandhare: Of course, as a resident, if your circumstance is such that you are more likely to visit only once, then you wouldn't go for an annual pass.

Saad Qureshi: Agreed. Alright, thank you. I mean I just wanted to bring this up. Thanks.



Brian Machamer: As a father, my wife and I have four children, if I could make one visit to theme parks in a city with four theme parks, that would be a miracle, if you ask me. So I think the annual pass for parents with kids is a no-brainer.

Saad Qureshi: Agreed. Ok, thank you.

Operator: Thank you. Ladies and gentlemen, as we have no further questions, I would like to hand the call back to Ms Marwa Gouda. Please go ahead.

Marwa Gouda: Thank you everyone for dialling in today. The transcript of the call will be available shortly on our website, and should you have any further questions, please direct them to me. Have a great weekend, everyone.

Operator: Thank you. Ladies and gentlemen, that will conclude today's conference call. Thank you for your participation, you may now disconnect.