

INTERNAL MEMO

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|-----------------|--|----------------|---------------------------|
| To: | Investment Committee (IC) | IM Ref: | M- M-YWW/048/DV/IM/21/001 |
| From: | Jonathan Brown Executive Director Development, Real Estate and Theme Parks | CC: | |
| Project: | Yas Water World, Abu Dhabi, Yas Island | | |
| Subject: | Requesting Approval on Proposed Expansion Strategy | | |
| IC Role: | For IC Approval | | |
| DoA Ref: | D3.1 & F 1.7 | | |
| Date: | 10 th August, 2021 | | |

Dear Investment Committee

1. Purpose

The Development Department request Miral Investment Committee approve the proposed phased expansion of the existing Yas Water World park. The memo outlines the Business Case, phasing options and estimated costs associated with the development.

2. Business Case

An expansion of Yas Water World (YWW) has been proposed, and the supporting business case and presentation has analysed the potential commercial benefit of undertaking this Project by comparing the projected profitability of YWW should no expansion occur or if the Project goes ahead through the following Scenarios:

- **Scenario 1** – Expansion project upfront in 1 phase with uplift in attendance based on Survey data (see Appendix)
- **Scenario 2a** – Expansion project in 3 phases (every two years) with uplift in based on internal review of Survey data.
- **Scenario 2b** – Expansion project in 3 phases (every two years) with uplift in attendance based on Farah (Operator) analysis on uplift.

The table below summarises the attendance and profitability impact of each scenario versus YWW with no expansion. To note, the analysis has incorporated Farah's data on projected attendance for YWW with no expansion (see Appendix), where it is targeted to get back to 2019 attendance levels by the time the first expansion is due to open (2024).

| AEDm | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| No Expansion | | | | | | | | | | |
| Attendance | 560 | 581.8 | 604.7 | 623.7 | 646.7 | 670.6 | 695.4 | 721.2 | 741.1 | 761.6 |
| EBITDA | -6.3 | -4.5 | -2.7 | -1.4 | 0.4 | 2.2 | 4.2 | 6.2 | 7.4 | 8.6 |
| Scenario 1 Expansion | | | | | | | | | | |
| Attendance | 749.4 | 756.8 | 665.5 | 699.9 | 707.7 | 708.9 | 710.4 | 721.2 | 742.6 | 795.1 |
| EBITDA | 11.4 | 11.5 | 1.4 | 4.1 | 4.3 | 3.8 | 3.3 | 3.8 | 5.1 | 9.4 |
| Scenario 2a Expansion | | | | | | | | | | |
| Attendance | 636.3 | 642.7 | 608.1 | 641.9 | 649.2 | 670.6 | 695.4 | 721.2 | 741.1 | 761.6 |
| EBITDA | -0.5 | 1.6 | -3.0 | 0.1 | 0.3 | 2.1 | 4.3 | 6.5 | 7.8 | 9.2 |
| Scenario 2b Expansion | | | | | | | | | | |
| Attendance | 621.3 | 662.3 | 672.7 | 715.4 | 762.6 | 772.3 | 794.2 | 857.0 | 900.0 | 908.8 |
| EBITDA | -2.1 | 10.3 | 10.9 | 15.1 | 19.9 | 20.3 | 22.2 | 28.6 | 32.5 | 32.5 |

It is recommended to progress the expansion of YWW on the basis of a three-phase approach. This is based on operator feedback which outlines a higher visitor attendance and market impact with renewed ride experiences. Despite the additional timeframe and Opex costs associated with the phased delivery of the expansion, the projected uplift in visitor attendance drives a high revenue. Projected Market penetration is highlighted in below table.

| With Expansion Options | | |
|--------------------------------------|---|--|
| Scenario 1 Penetration Uplift | 2.93% for first 2 years reducing to 1.46% thereafter for resident market only | Based on survey data (see Appendix) capturing 60% of participants they would visit an expanded YWW 1.72x pa over 1.64x pa. This provides a 2-year honeymoon uplift after which the penetration is reduced by 50% and subject to the same degradation assumption as above. Maximum of these assumptions and Farah's projection on no expansion attendance projections |
| Scenario 2a Penetration Uplift | 1.22% for first 2 years reducing to 0.61% thereafter for resident market only | 25% capture of uplifted visitors only, as it is assumed a smaller scale expansion would not captivate the market as significantly. Furthermore, this uplift would only be on the first phase. Similar degradation to Scenario 2 applies. Maximum of these assumptions and Farah's projection on no expansion attendance projections |
| Scenario 2b | 16% - 20% uplift in Yr 1 attendance for Phase 1 16%-25% uplift in Yr 1 attendance for Phase 2 20-24% uplift in Yr1 attendance for Phase 3 +2% capture rate of international market | This is based on feedback from the Farah team, which is based on uplift in the resident market following the opening of Dawamma waterslide. See Appendix |

3. Project Execution Strategy

If approved, it is recommended to procure a Pre-Concept Design Consultant, Infrastructure/ MEP Consultant and Cost Consultant to conduct the following:

- Develop and test the proposed concept in further detail ensuring planning and narrative are sound,
- Develop and test the proposed phasing strategy to ensure its technical validity,
- Work with appointed cost consultant to gain further cost certainty,
- Review the existing MEP/ Infrastructure services and align these with the MEP/ infrastructure requirements for the expansion works. In addition, it is intended to review the inclusion of infrastructure works required for subsequent phases 2 and 3 and to ensure efficiencies through delivery of phase 1.
- Ensure a robust Pre-Concept package is in place in advance of Supplier / LDC engagement.

It envisages that the Pre-Concept Design Consultant and Cost Consultant fees would be in the range of AED 1,000,000. It is anticipated that the Pre-Concept Design Consultant should have international experience specific to similar water parks. The Infrastructure/ MEP Consultant + Cost Consultant shall be locally sourced.

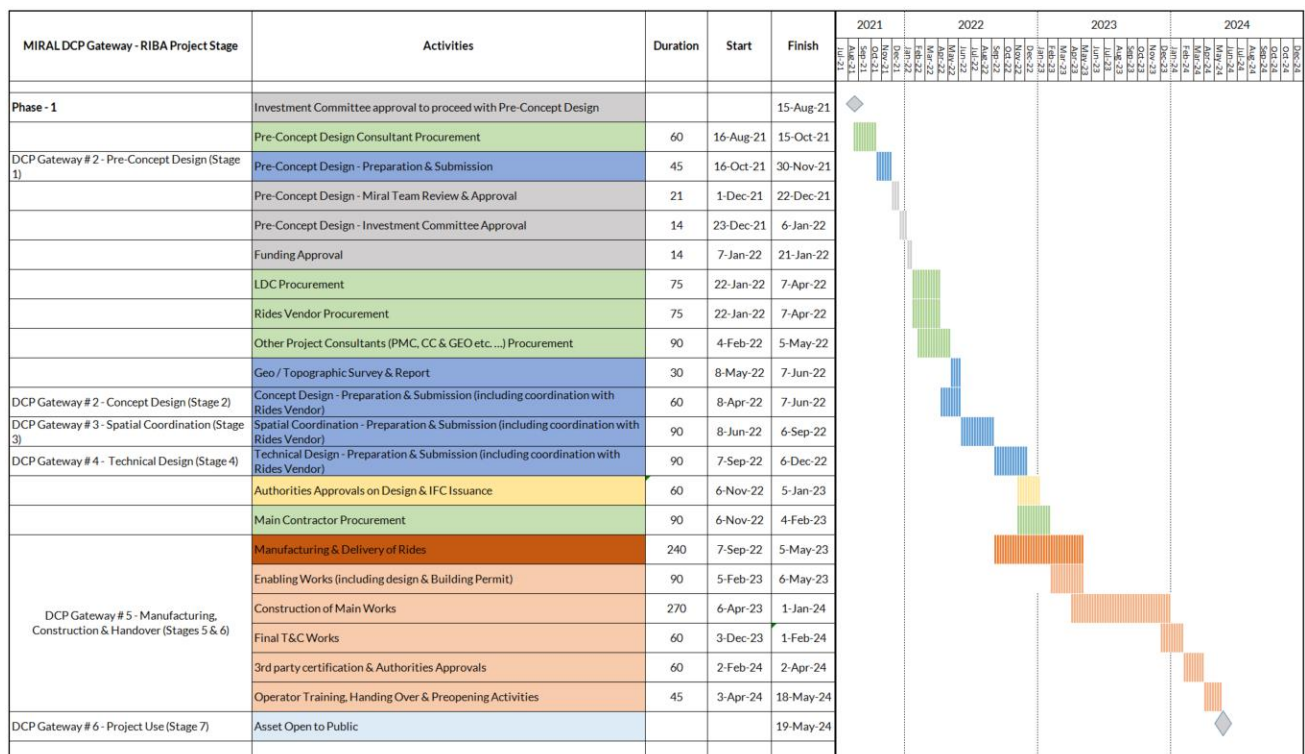
The cost of these consultants are intended to be funded from Project Pursuit and refunded by the project further to its approval. Following the Concept Design Consultants deliverables, the business plan can be re-validated and re-presented to IC as required.

The procurement route for the Lead Design Consultant, vendors and Contractors shall be determined post the approval of IC, concept design update and once the full extent of the scope is known. It is anticipated that it will be through a competitive tender. Where possible, areas of works may be combined into single packages to further achieve economies of scale.

The overall programme (Design and Construction) shall be developed in order to minimize the disruption and impact on the ongoing operations of the park and in consideration of the procurement route adopted.


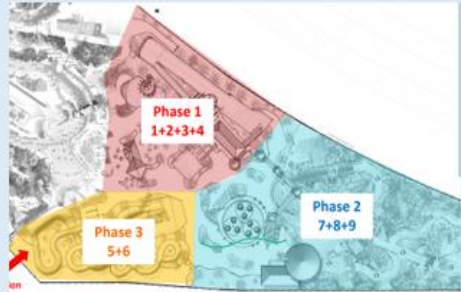
4. Programme and Phasing

Below is an initial high-level programme indicating a possible phased introduction of the upgrades in order to maximise the guest's attendance. This programme assumes an initial concept phase stage in parallel to procurement of PMC, Consultants and ride vendors. Note this programme does not consider any potential impact associated with COVID-19.



5. Project Budget

The below diagram outlines the circa 15,000sqm of land to be phased with 8nos. additional rides over three phases. It outlines the estimated development costs in regards single phase and three phases. The Capex expenditure has been informed by ride costs provided by marketing leaders in the delivery of water park rides.

| YAS WATERWORLD EXPANSION | | |
|--------------------------|--|--|
| Option | 1 Phase Approach | 3 Phased Approach |
| Image |  |  |
| Development Size | 1 Phase Only - 15,000 m2 | Phase 1 - 5,000 m2 Phase 2 - 7,000 m2 Phase 3 - 3,000 m2 |
| Estimated Amount | AED 361,438,000 | AED 425,100,000 [+ AED 63,662,000 more expensive] |
| Scope | Phase 1 - Slide Wheel with Boomerang - Showgun Slides - Warm Pool wi F&B - Python & Family Rides - Twistn'Splash - Rapid River Rides - Shipplaygorund & Bridge | Phase 1 - Slide Wheel with Boomerang - Showgun Slides - Warm Pool with F&B Phase 2 - Twistn'Splash - Rapid River Rides - Ship Playgrund & Bridge Phase 3 - Python & Family Rides |

Refer to Attachments for detailed concept and breakdown.

6. Recommendation

It is hereby requested from Miral Investment Committee the approval of the above outlined budget for expansion for the existing Yas Water World facility based on a three phased delivery strategy. Further to approval, Development will initiate the commencement of the proposed Concept Design update recommended.

Thank you and regards,

Prepared/Initiated by:

DocuSigned by:

Jonathan Brown (Miral)

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Jonathan Brown
Executive Director Development,
JB:

MY:

Recommended by:

DocuSigned by:

Mohammed Younus

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Mohammed Younus
Executive Director Projects Delivery

Reviewed by:

DocuSigned by:
Ghassan AlHaddadin (Miral)
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Ghassan AlHaddadin
Associate Director Projects Finance

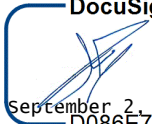
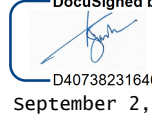
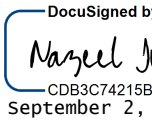
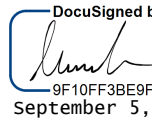
GH:

Endorsed by:

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Julien Kauffmann (Farah Experiences)
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Julien Kauffmann
CEO – Farah Experiences

JK: Approved

| Approved By Investment Committee (IC) | |
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| Suleiman Hamdan | Gurjit Singh |
| Chief Financial Officer (CFO) and IC Member | Chief Portfolio Officer (CPO) and IC Member |
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| Nazeel Juvala | Mohamed Abdalla Al Zaabi |
| Acting Head of Strategy & Innovation, IC Member and Secretary | Chief Executive Officer (CEO) and IC Chairman |

Attachments:

Appendix A_YWW Expansion Project Analysis - July 2021_v4
Appendix B_YWW Expansion Project - HL Master Programme_Rev05

SH: Approve AED1M to appoint the concept design consultant

GS:

NJ:

MAZ: