Delivering Dubai Parks and Resorts within the AED 10.5 billion projected budget on time has been our overarching goal since we started this complex project. It was a challenging goal and 2016 put the organisation to the test with shifting timelines, overlapping delivery schedules, and a move from construction into operations.

We are proud to have delivered a truly unique leisure and entertainment destination that will continue to attract visitors from across the globe to Dubai, to experience over 100 rides and attractions available.

The months leading up to our target October opening saw challenges with regards to ride installation, testing and certification. We worked closely with our third party certification agency, TÜV SÜD, and the Dubai Municipality, to implement European safety standards across all rides and attractions. Despite our original plan to open the whole destination to the public on the same day, we opted for a staggered opening approach to the different elements of the destination.

The staggered opening approach has resulted in lower visitation numbers for the operational period 31 October 2016 – 31 December 2016, and consequently lower revenue figures, than our initial plan because not all the theme parks were available to the public during this period. The revenue for this operational period was AED 74.5 million, achieved in large part from more than 320,000 visits to the theme parks.

During the year ended 31 December 2016, the Company had achieved AED 75.9 million in revenue and a loss of AED 485 million, largely reflecting the pre-operating expenses which are captured within the total project budget of AED 10.5 billion. The 2016 financial results, therefore, must be viewed against this backdrop. We believe it is too early in the operating life of DPR to suggest that the results are indicative, or can be used to infer any future trends.

In April, our shareholders approved an increase in the share capital of the company by AED 1.68 billion, primarily to finance Six Flags Dubai as DPR’s fourth theme park.

**Increase in share capital**  
*AED 1.68 bn*

Our shareholders approved an increase in share capital by AED 1.68 billion to finance Six Flags Dubai, DPR’s fourth theme park. We raised AED 2.67 billion through debt and equity funding, of which AED 1.68 billion was raised via a rights issue that was 1.25 times oversubscribed.

**Total assets**  
*AED 12.8 bn*

At the end of 2016, our total assets were AED 12.8 billion: AED 10.3 billion is held in property and equipment, investment properties, inventories, advances, and other receivables.

**Total equity**  
*AED 8 bn*

After the rights issue, our total equity was AED 8 billion and our total debt facilities AED 5.2 billion, bringing the total estimated cost of Phase I and II of DPR to AED 13.2 billion.
According to our projections, theme park revenue will account for the majority of our revenues. In 2016, 85 percent (AED 63.4 million) of our total AED 74.5 million revenue came from the theme parks.
We raised a total of AED 2.67 billion, of which AED 1.68 billion was raised via the 1.25 times oversubscribed rights issue concluded in May and the remaining AED 993 million through debt financing from Abu Dhabi Commercial Bank, Dubai Islamic Bank and Sharjah Islamic Bank.

Following the conclusion of the rights issue, our total equity share capital stands at AED 8 billion, and our total debt facilities at AED 5.2 billion, bringing the total estimated project cost of Phase I and II of DPR to AED 13.2 billion (with a total land size of 30.6 million square feet).

As at 31 December 2016, our total assets stood at AED 12.8 billion, of which AED 10.3 billion was held in property and equipment, investment properties, inventories, advances and other receivables. Our cash and other financial assets stood at AED 2.5 billion. At year end, we had drawn down AED 3.4 billion of our AED 4.2 billion financing facility for Phase I of DPR and we expect to start drawing down the AED 993 million facility, earmarked for Six Flags Dubai, in late 2017.

**Theme Parks**

DPR opened its first theme park, LEGOLAND® Dubai, to the paying public on 31 October 2016. This was followed by Bollywood Parks™ Dubai on 17 November 2016 and by MOTIONGATE™ Dubai on 16 December. So all three theme parks were only operational in tandem for two weeks, and the LEGOLAND® Water Park as well as the Lapita™ Hotel opened on 2 January 2017. This is of course reflected in the visitor numbers and revenue figures we report for 2016.

During the two operational months from 31 October 2016, we recorded 323,489 visits to our theme parks as a result of the staggered opening of the destination. Only 5 percent of our visits were driven from tour and travel operators. As our sales and marketing efforts crystallise in 2017, we expect to increase visitations from this segment as a result of our tie-ups with various reputable international tour operators and local destination management companies, and through tie-ups with leading Dubai hotels. We remain confident, therefore, as to the long-term prospects of the theme parks as major revenue drivers for the business.

According to our studies and projections, theme park revenue will account for the greatest proportion of our revenues, and this is reflected in the 2016 results. Almost 85 percent, or AED 63.4 million, of our total AED 74.5 million revenue achieved during the operational period was derived from the theme parks.

Theme park revenue is composed primarily of admissions revenue, which accounted for 65 percent of theme park revenue. In-park spend, which includes photography, retail, food and beverage, and associated services, as well as other revenues, accounted for the balance of 35 percent of theme park revenues.

On the cost side, staff costs represent one of the Company’s most significant costs. Over 70 percent of our total staff of 3,184 employees at the end of the year were employed directly at the theme parks. As we continue to experiment with park operating hours and manpower plans, reducing staff costs will be one of our key cost-saving measures in 2017.

**Retail and Hospitality**

Our financial model for Riverland™ Dubai, DPR’s retail and dining destination, is to lease out the 234,000 square feet of gross leasable area (GLA) to third-party tenants. Our leasing efforts during the course of 2015 and 2016 proved very successful. As at 31 December 2016, we had signed 51 lease proposals, accounting for 84 percent of the GLA.

Riverland™ Dubai opened to the public on 31 October 2016. By year end, 28 units were operational, including key tenants such as Big Chef and the Irish Village. We have also chosen to operate a few select units such as our own brand, Al Mashowa, an Emirati seafood restaurant, as well as a multi-purpose events venue and select kiosks throughout the dining destination.

Our on-property hotel, the Polynesian-themed Lapita™ Hotel, opened to paying guests during the first week of January, so did not generate any revenue in 2016.

As the Lapita™ Hotel becomes fully operational, and more units in Riverland™ Dubai open to the public, we believe that retail and hospitality offer considerable potential to make a positive contribution to revenue growth and profitability.

**Additional Revenue Streams**

In November, we announced that we had signed an MOU with Meraas, our majority shareholder, to provide project management services for select projects currently under development by Meraas, including the Dubai Arena, which is being built as part of City Walk Dubai.
This is central to the Company’s strategy to create long-term shareholder value by leveraging existing expertise to provide project management services or operational experience to select companies.

We also signed a five-year agreement with Dubai First to offer a co-branded MasterCard credit card, which will offer card members rewards, benefits and service throughout DPR. Similarly, we signed sponsorship agreements with Etisalat as our official telecommunications partner, PepsiCo as DPR’s official beverage partner, and McDonald’s as the official quick service restaurant. We continue to explore additional sponsorship opportunities within the destination.

These tier 1 sponsorship agreements will provide additional revenue for the Company and we are happy to announce that we have already met our sponsorship revenue targets for 2017. The sponsorship ties will also help create brand association, result in strategic initiatives, and help reach a larger captive audience through co-branded products.

Future Outlook
2017 will be our first full year of operation within a newly created industry for the region, so it will be a year of learning and adapting. Our focus will be on enhancing overall guest satisfaction, increasing attendance levels through highly targeted sales and marketing campaigns in our key source markets, increasing revenue per capita from theme park visitors, and achieving the most suitable cost-saving measures. To this extent, we have identified various areas for enhancing efficiency and we hope to reduce our total direct and operating costs by about 20 percent.

The first quarter will be our first fully operational quarter, and we expect that the following quarters, which take in Ramadan and the summer months, will give us a chance to learn what operating a fully functioning destination really entails and how we can best manage the occasionally cyclical nature of our business.

We expect a more realistic picture of attendance levels, in-park spend and other KPIs to emerge by the end of 2017.

By then, our B2B initiatives, including active engagement with the tour and travel trade, international PR and marketing campaigns, local promotions and multi-package deals, will have started to bear fruit. This will give us the hard data we need to be able to refine or adapt our operating model.

We will continue to deploy funds towards the construction of Six Flags Dubai and we expect to remain on track for a late 2019 opening. We will also deploy funds towards the development of LEGOLAND® Hotel Dubai – a 60:40 joint partnership between DXB Entertainments and Merlin Entertainments.

DXB Entertainments is a financially sound company in terms of its capital structure; is fully funded; has a healthy balance sheet and an experienced management team committed to prudent financial management. Our ability to weather short-term turbulence, and confidence in our long-term growth story, gives us grounds for cautious optimism.

Total revenue

<table>
<thead>
<tr>
<th>Component</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>Theme park</td>
<td>AED 63.4m</td>
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<tr>
<td>Retail and hospitality</td>
<td>7%</td>
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<tr>
<td>Others</td>
<td>8%</td>
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<tr>
<td><strong>Total revenue</strong></td>
<td>AED 74.5m</td>
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</tbody>
</table>

Theme park revenue

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme park</td>
<td>85%</td>
</tr>
<tr>
<td>Admissions</td>
<td>65%</td>
</tr>
<tr>
<td>In-park spend</td>
<td>32%</td>
</tr>
<tr>
<td>Others</td>
<td>3%</td>
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</tbody>
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