

JKH Partners with Melco in its Integrated Resort Project**Key highlights****Report date: 03.05.2024**

John Keells Group (JKH) has partnered with Melco for its integrated resort project, which is developed by Waterfront Properties (Private) Limited (WPL), a wholly owned subsidiary of JKH. According to JKH, a wholly owned subsidiary of Melco Resorts & Entertainment Ltd. (Melco) will operate the gaming facility at the Cinnamon Life Integrated Resort, developed by JKH with an investment exceeding USD 1Bn. Additionally, Melco will invest approximately USD 125Mn in fitting out and equipping the gaming space.

JKH has also disclosed that a locally incorporated subsidiary wholly owned by Melco has secured a 20-year license from the government of Sri Lanka, meeting specified criteria, to operate a casino at the integrated resort.

Expected to be the first fully-fledged integrated resort in South Asia, 'City of Dreams Sri Lanka' is anticipated to significantly enhance tourism, foreign exchange earnings, and employment opportunities in Sri Lanka.

Melco: a global brand

Melco is an owner, operator, and developer of award-winning integrated resorts around the world with hotels and casinos in Macau, the Philippines and Cyprus. Its properties include 13 luxury hotels with ~6,300 hotel rooms, MICE facilities, internationally recognized shows, and events, and over 1.2Mn square feet of gaming areas. Founded in 2004 and listed on the NASDAQ with a market capitalization of approximately USD 2.9Bn as of 29th April 2024, with over 20,000 employees.

The project 'City of Dreams Sri Lanka'

'City of Dreams Sri Lanka' formerly known as 'Cinnamon Life Integrated Resort' will feature a luxurious 687-key hotel under the 'Cinnamon Life' brand, offering a range of ballrooms, banquet facilities, and an exhibition center capable of accommodating meetings, incentives, conferences, and exhibitions (MICE) events for up to 5,000 attendees. The development will also include a 113-key exclusive hotel and a 500,000-square-foot shopping and entertainment complex, housing the gaming operations.

The 113-key exclusive hotel, situated on the top 5 floors of the integrated resort, will be managed by Melco under its ultra-high-end luxury hotel brand 'Nuwa', which has a presence in Macau and the Philippines.

Current development status

As part of the collaboration between JKH and Melco, the integrated resort, formerly known as the 'Cinnamon Life Integrated Resort', will be rebranded as the 'City of Dreams Sri Lanka'. The Cinnamon Life hotel and associated facilities are nearing completion and are scheduled to commence operations by the third quarter of 2024.

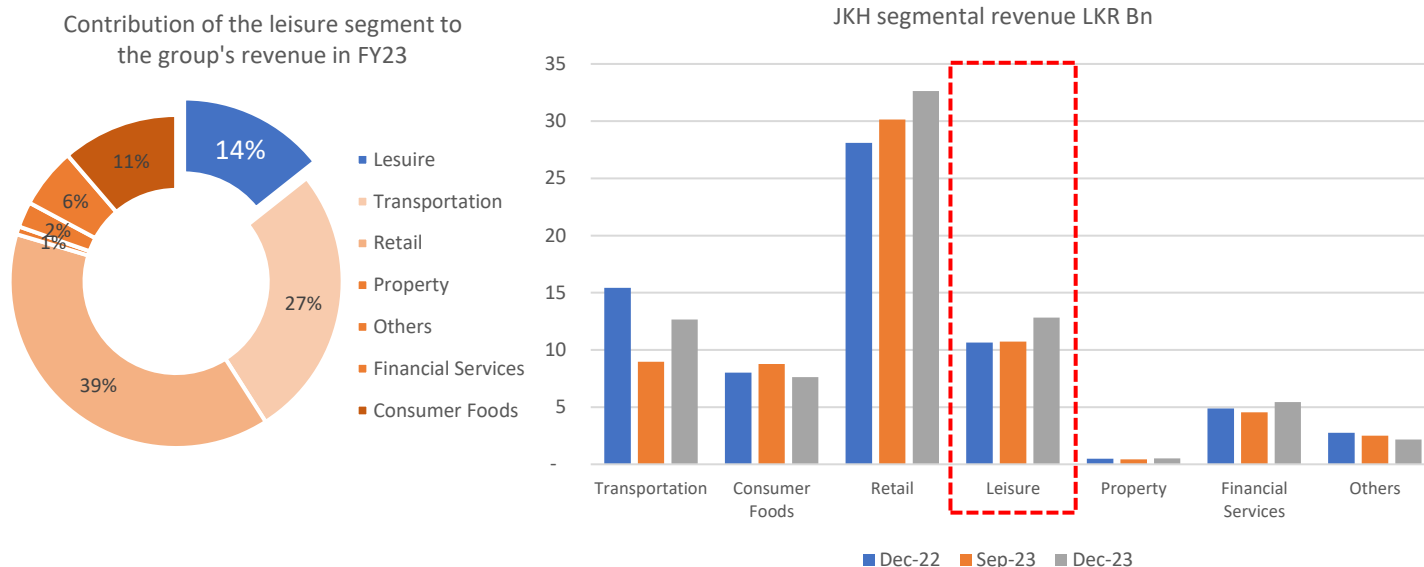
Impact on JKH

Boost the revenue from the leisure segment: JKH has diversified business interests, including transportation, consumer foods, retail, property, financial services, and leisure. At present, the leisure segment accounts for ~13% of JKH's total group revenue for FY23. However, the new project in the pipeline could significantly boost the revenue contribution from the leisure segment. The leisure sector has significant growth potential, which makes this project an exciting development for JKH.

Enhance brand value: Partnering with Melco, a globally recognized name in the integrated resort and casino industry, enhances the credibility and brand value of JKH's leisure offerings. The association with 'City of Dreams,' a renowned brand, could attract high-end tourists and business travellers to JKH's properties.

Long-term growth potential: The development of 'City of Dreams Sri Lanka' represents a long-term growth opportunity for JKH's leisure segment. As the first fully-fledged integrated resort in South Asia, it positions JKH as a pioneer in the region's leisure and tourism industry, potentially attracting ongoing investment and attention.

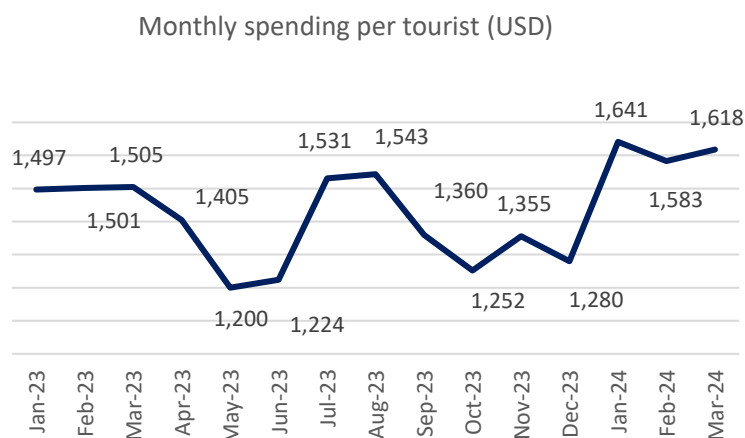
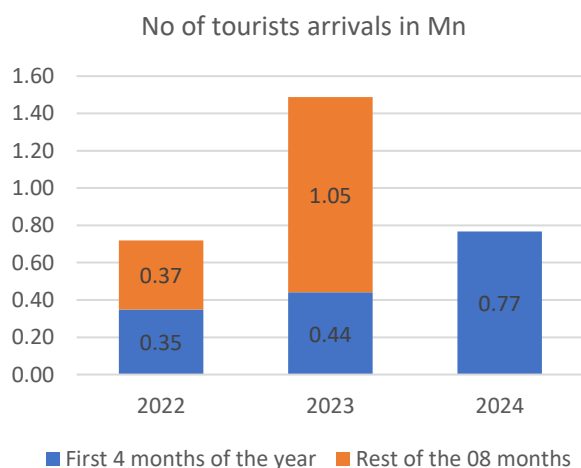
JKH earnings snapshot



Tourism boom in Sri Lanka

Global ranking of Sri Lanka as a tourist destination: Sri Lanka has recently emerged as a premier global tourist destination. Forbes magazine ranks Sri Lanka as the fourth most popular tourist destination in 2024, while Fox News lists it among the top 13 affordable vacation spots worldwide. Additionally, Sri Lanka secured the 13th spot out of 50 in the "The 50 Best Islands in the World for 2023" by Big 7 Travel. Travel Off Path's report identifies Sri Lanka as one of the top five countries poised for significant growth in 2024. Moreover, Timeout.com has crowned Sri Lanka as the number one destination for solo female travellers in 2024.

Tourist arrivals: The number of tourist arrivals has surged in recent months, experiencing a significant increase. According to the State Minister for Tourism, it is expected that Sri Lanka will attract 2 million tourists in 2024. This influx is expected to boost the revenues of leisure segments of JKH, aided by the project.



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