

# EFFECTIVE TECHNICAL AND INVESTMENT RISK MANAGEMENT REDUCES RISK ON MAJOR PROJECTS



Atlantis, The Palm, Dubai is located on a 125 acre plot at the head of the Palm Jumeirah's crescent and is the largest individual development on the Palm Jumeirah. The resort consists of the 1500 room Royal Towers hotel, 27,000 sq ft retail centre, marine and freshwater aquarium exhibits which house a 2.8 million gallon ambassador tank with approximately 50,000 fish and a 65 acre water park with a 2.1 km transportation river and dolphin lagoon.

The project had a budget of US\$1.5 billion. It was developed by the joint venture company Kerzner Istithmar Limited whose sponsors are Istithmar, a Government of Dubai owned Investment Company and Kerzner International Limited, a leading international developer and operator of luxury destination resorts and hotels.

As the project was developed by a joint venture company there were two aspects and interests on the project to be protected. EC Harris were appointed as technical consultants for the US\$1.1 billion loan facility to provide reporting and advice on various technical aspects of the project to the funders to ensure that there was sufficient financial security around the project at all times.

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## Creating solutions

EC Harris' experience and expertise in managing all aspects of a built asset lifecycle enabled project monitoring and detailed reporting to be carried out regularly, providing the

## Case Study | Atlantis, The Palm, Dubai

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funders with the information required. Regular inspections of the construction works were carried out checking on the programme, workmanship and quality of the project as it progressed.

Monthly meetings were held with the development team to discuss progress, financial and technical issues and to obtain essential information required by the funders in accordance with their loan facility agreements.

### Added value

In addition to the monitoring and reporting of the project EC Harris proactively undertook additional audits on the project.

**Financial Audit** - Ahead of each draw down a random audit on the key construction contracts was carried out. This audit follows the trail from the contractor's valuation, developer's valuation check process and authorisation through to the final payment. This audit provides further clarity on the financial status and assists the developer with their on site financial house keeping.

**Health and Safety Audit** - In addition to the developers own Health and Safety management EC Harris undertook independent audits on the project. The advantage this gave was to allow the identification of site management issues providing additional strength to the reports the funders received on such important issues. Audit results were fed back to the developer's team for their implementation.

**Environmental Audit** - An environmental audit was carried out to provide information on the development management structure and performance.

EC Harris' proactive approach to working with both the investors and the developer assisted in the fundamental reporting aspects of the project but also enabled a closer team working relationship between the joint venture partners. The initial reporting and monitoring works plus the additional audits carried out enabled the joint venture company to reduce risks to the project which could have had a negative impact on both parties.

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