OFFERING CIRCULAR

PD SUKUK LIMITED
(incorporated in the Cayman Islands as an exempted company with limited liability)

U.S.$1,000,000,000
Trust Certificate Issuance Programme

Under this U.S.$1,000,000,000 trust certificate issuance programme (the "Programme"), PD Sukuk Limited (in its capacities as issuer and as trustee, the "Company") may, subject to applicable laws, regulations and directives, from time to time issue trust certificates (the "Certificates") in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below).

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.$1,000,000,000 (or its equivalent in other currencies calculated as provided in the Programme Agreement described herein), subject to increase as described herein.

Certificates may be issued on a continuing basis to one or more of the Dealers specified under "Overview of the Programme" and any additional dealer(s) appointed under the Programme from time to time by the Trustee (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. Subject to the relevant Dealer(s) (as defined herein) and the terms of the Offering Circular to the "Relevant Dealer" shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Certificates.

The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors".

Each Series (as defined herein) of Certificates issued under the Programme will be constituted by: (a) a master declaration of trust dated 5 July 2021 (the "Master Declaration of Trust") entered into between the Trustee, Private Department of Skh Mohamed Bin Khalid Al Nahyan – LLC (the "Obligor" or the "Company") and The Law Debenture Trust Corporation p.l.c. as donees of certain powers and as delegate of the Trustee (in such capacity, the "Delegate"); and (b) a supplemental declaration of trust (the "Supplemental Declaration of Trust") in relation to the relevant Tranche (as defined herein). Certificates of each Series confer on the holders of the Certificates from time to time (the "Certificateholders") the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the "Trust") over the relevant Trust Assets (as defined herein).

Application has been made to the London Stock Exchange plc (the "London Stock Exchange") for the Certificates issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the London Stock Exchange's International Securities Market ("ISM"). The ISM is not a United Kingdom ("UK") regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") ("UK MiFIR").

The ISM is a market designated for professional investors. Certificates admitted to trading on the ISM are not admitted to the Official List of the UK Listing Authority. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

References in this Offering Circular to Certificates being "admitted to trading" (and all related references) shall mean that such Certificates have been admitted to trading on the ISM so far as the context permits. The Programme provides that Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Obligor and the relevant Dealer(s) (which, for the avoidance of doubt, shall exclude a regulated market for the purposes of Directive 2014/65/EU (as amended) ("MiFID II") and a UK regulated market for the purposes of UK MiFIR). The Trustee may also issue unlisted Certificates and/or Certificates not admitted to trading on any market. The applicable pricing supplement (the "Pricing Supplement") relating to the relevant Tranche (as defined herein) will state whether the relevant Certificates will be listed and/or admitted to trading on any market.

The Obligor has been assigned a corporate family rating of Ba1 with a stable outlook by Moody's Investors Service Ltd. ("Moody's") and a long-term issuer credit rating of BBB with a stable outlook by S&P Global Ratings Europe Limited ("S&P"). The Programme is expected to be rated Ba1 by Moody's and BBB by S&P. S&P is established in the European Union ("EU") and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "EU CRA Regulation"). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/credit-ratings) in accordance with the EU CRA Regulation. The ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited in accordance with the EU CRA Regulation. Moody's Deutschland GmbH is established in the EU and is registered under the EU CRA Regulation. As such, Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/credit-ratings) in accordance with the EU CRA Regulation. Where a Series of Certificates is rated, such rating will be specified in the applicable Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by the Internal Sharia Supervisory Committee of Dubai Islamic Bank PJSC, the Internal Sharia Supervisory Committee of Emirates NBD – Al Watani Al Islami and the First Abu Dhabi Bank Internal Sharia Supervision Committee. Prospective Certificateholders should not rely on the approvals referred to above in deciding whether to make an investment in the Certificates and should consult their own Shari’a advisers as to whether the proposed transaction described in the approvals referred to above is in compliance with Shari’a principles (see "Risk Factors – Additional risks – Investors must make their own determination as to Shari’a compliance").

Arranger
Emirates NBD Capital

Dealers
Abu Dhabi Commercial Bank
Emirates NBD Capital
Mashreqbank psc (acting through its Islamic Banking Division)
Dubai Islamic Bank
First Abu Dhabi Bank

The date of this Offering Circular is 5 July 2021.
IMPORTANT NOTICES

The Trustee and the Obligor accept responsibility for the information contained in this Offering Circular and the applicable Pricing Supplement (as defined below) for each Tranche of Certificates issued under the Programme. Having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of the knowledge of each of the Trustee and the Obligor, in accordance with the facts and contains no omission likely to affect its import.

Where information has been sourced from a third party, each of the Trustee and the Obligor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Offering Circular is stated where such information appears in this Offering Circular.

Each Tranche of Certificates will be issued on the terms set out herein under "Terms and Conditions of the Certificates" (the "Conditions") as supplemented by a document specific to such Tranche called the applicable pricing supplement (the "Pricing Supplement").

This Offering Circular must be read and construed together with any amendments or supplements hereto and, in relation to any Tranche of Certificates, must be read and construed together with the applicable Pricing Supplement.

No person has been authorised by the Trustee or the Obligor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme any information supplied by the Trustee or the Obligor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Trustee, the Obligor, the Arranger, the Dealers, the Delegate or any of the Agents.

The Arranger, the Dealers, the Delegate and the Agents (each as defined herein) have not independently verified the information contained herein. Accordingly, none of the Arranger, the Dealers, the Delegate, the Agents or any of their respective directors, affiliates, advisers or agents make any representation or warranty or accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Trustee or the Obligor in connection with the Programme, nor is any responsibility or liability accepted by them as to the accuracy or completeness of the information contained in this Offering Circular or any responsibility for any acts or omissions of the Trustee, the Obligor or any other person (other than the relevant Dealer) in connection with this Offering Circular or the issue and offering of Certificates under the Programme. To the fullest extent permitted by law, none of the Arranger, the Dealers, their respective directors, affiliates, advisers and agents and the Delegate and the Agents accept any responsibility for the contents of this Offering Circular and accordingly each disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular. Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Certificate shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Trustee or the Obligor since the date hereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Arranger, the Dealers, the Delegate and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Obligor during the life of the Programme or to advise any investor in the Certificates of any information coming to their attention.

No comment is made or advice given by, the Trustee, the Obligor, the Arranger, the Dealers, the Delegate or the Agents in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Trustee, the Obligor, the Arranger
and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Certificates and on the distribution of this Offering Circular or any Pricing Supplement and other offering material relating to the Certificates, see “Subscription and Sale”. In particular, the Certificates have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States. Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act (“Regulation S”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with all applicable securities laws of any state or other jurisdiction of the United States. The Trustee, the Obligor, the Arranger, the Dealers, the Delegate and the Agents do not represent that this Offering Circular may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Certificates and should not be considered as a recommendation by the Trustee, the Obligor, the Arranger, the Dealers, the Delegate, the Agents or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Certificates. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Trustee and the Obligor.

The maximum aggregate face amount of Certificates outstanding at any one time under the Programme will not exceed U.S.$1,000,000,000 (and for this purpose, any Certificates denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Certificates (calculated in accordance with the provisions of the Programme Agreement)). The maximum aggregate face amount of Certificates which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Offering Circular or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency of payment is different from the potential investor's currency;

(d) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Some Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall investment portfolios. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.
The investment activities of certain investors are subject to investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal and tax advisers to determine whether and to what extent: (i) the Certificates constitute legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to any purchase or pledge of any Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations. In addition, potential investors should consult their own tax advisers on how the rules relating to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA") may apply to payments they receive under the Certificates.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Historical financial statements

The financial statements relating to the Company and its subsidiary (the "Group") and included in this Offering Circular are:

• the audited consolidated financial statements as at and for the year ended 31 December 2020 (the "2020 Financial Statements"), which include unaudited comparative financial information as at and for the year ended 31 December 2019; and

• the audited consolidated financial statements as at and for the year ended 31 December 2019 (the "2019 Financial Statements"), which include unaudited comparative financial information as at and for the year ended 31 December 2018.

The 2020 Financial Statements and the 2019 Financial Statements are together referred to in this Offering Circular as the "Financial Statements".

All financial information in this Offering Circular:

• as at and for the year ended 31 December 2020 has been derived from the 2020 Financial Statements; and

• as at and for the years ended 31 December in each of 2019 and 2018 has been derived from the 2019 Financial Statements,

and, in each case, the underlying records on which the Financial Statements were prepared.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company's financial year ends on 31 December and references in this Offering Circular to "2018", "2019" and "2020" are to the 12 month period ending on 31 December in each such year.

Auditors

The Financial Statements have been audited by PricewaterhouseCoopers (Abu Dhabi Branch), independent auditors (the "Auditors"), in accordance with International Standards on Auditing, who have issued unqualified independent auditor's reports on the Financial Statements.

Certain non-IFRS financial information

Certain financial information in this Offering Circular contained in "Selected financial information – Selected consolidated ratios" and "Description of the Company" has not been prepared in accordance with IFRS and also constitutes alternative performance measures ("APMs") for the purposes of the European Securities and Markets Authority Guidelines on Alternative Performance Measures. None of this financial information is subject to any audit or review by independent auditors.
**Adjusted EBITDA**

Adjusted EBITDA is not a measure of financial performance under IFRS and investors should not consider Adjusted EBITDA as an alternative to:

- operating income or net income (as determined in accordance with IFRS) as a measure of operating performance;
- cash flows from ongoing operations, investing and financing activities (as determined in accordance with IFRS) as a measure of ability to meet cash needs; or
- any other measures of performance under IFRS.

In determining Adjusted EBITDA, the Group adds back finance costs and depreciation to, and deducts finance income from, profit for the year. In addition, it adds back or deducts, as appropriate, (a) any unrealised loss or gain on revaluation of (i) investment properties and (ii) property and equipment and (b) any change in the fair value of derivatives.

The Company believes that the presentation of Adjusted EBITDA is helpful to investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, Adjusted EBITDA is not a measure of financial performance under IFRS and should be viewed as supplemental to the Financial Statements. Adjusted EBITDA does not by itself provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, Adjusted EBITDA should not be used instead of, or considered as an alternative to, the Group's historical financial results.

Other companies, including those in the Company's industry, may calculate Adjusted EBITDA differently from the Company. As all companies do not calculate Adjusted EBITDA in the same manner, the Company's presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

Some of the limitations of using Adjusted EBITDA as a financial measure are:

- it does not reflect the Company's cash expenditures or future requirements for capital expenditure or contractual commitments;
- it does not reflect changes in, or cash requirements for, the Company's working capital needs;
- it does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debt;
- it is not adjusted for all non-cash income or expense items that are reflected in the Company's consolidated statements of cash flows;
- although depreciation is a non-cash charge, the assets being depreciated will often have to be replaced in the future, and the measure does not reflect any cash requirements for such replacement; and
- the further adjustments made in calculating Adjusted EBITDA are those that management consider are not representative of the underlying operations of the Company and therefore are subjective in nature.

For a reconciliation of reported profit for the year to Adjusted EBITDA for each of 2020, 2019 and 2018, see "Selected financial information – Adjusted EBITDA".
Presentation of Other Information

Currencies

Unless otherwise indicated, in this Offering Circular, all references to:

- "dirham" and "AED" are to the lawful currency of the United Arab Emirates; and
- "U.S. dollars" and "U.S.$" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this Offering Circular has been expressed in dirham. The Company's functional currency is dirham and the Company prepares its consolidated financial statements in dirham. The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid-point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.$1.00.

Third party information

Where third party information has been used in this Offering Circular, the source of such information has been identified. Where any data included in this Offering Circular is referred to as having been estimated, all such estimates have been made by the Company using its own information and other market information which is publicly available. Although all such estimations have been made in good faith based on the information available and the Company's knowledge of the market within which it operates, the Company cannot guarantee that a third party expert using different methods would reach the same conclusions.

Where information has not been independently sourced, it is the Company's own information.

Definitions

Capitalised terms which are used but not defined in any section of this Offering Circular will have the meaning attributed thereto in the Conditions or any other section of this Offering Circular. In addition, the following terms as used in this Offering Circular have the meanings defined below:

- references to "Abu Dhabi" are to the Emirate of Abu Dhabi;
- references to "Dubai" are to the Emirate of Dubai;
- references to "EEA" are to the European Economic Area;
- references to "GCC" are to the Gulf Cooperation Council (comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE);
- references to the "Government" are to the government of Abu Dhabi; and
- references to a "Member State" are to a Member State of the EEA;
- references to the "MENA region" are to the region comprising the Middle East and North Africa; and
- references to the "UAE" are to the United Arab Emirates.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of law is a reference to that law or provision as extended, amended or re-enacted.

Rounding

The Company presents its consolidated financial statements in AED. The financial statement data in this Offering Circular has been rounded to the nearest AED 1,000, with AED 500 and above being rounded up and AED 499 and below being rounded down and, in some cases, to the nearest AED 1 million, with AED 500,000 and above being rounded up and AED 499,999 and below being rounded down. As a result of such rounding, the totals of financial statement data presented in tables in this Offering Circular may vary slightly from the arithmetic totals of such data. Where used in the financial statement tables in this Offering Circular,
the figure "0" means that the data for the relevant item has been rounded to zero and the symbol "~" means that there is no data in respect of the relevant item.

All percentages in this Offering Circular have been calculated to one decimal point, with 0.05 being rounded up. Percentage changes and other percentage data relating to the Company's consolidated financial information have been calculated on the basis of the unrounded financial statement data contained in the Financial Statements.

Websites and Web Links

Any websites and/or web links referred to in this Offering Circular are included for information purposes only and the content of such websites or web links is not incorporated into, and does not form part of, this Offering Circular.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Offering Circular may be deemed to be forward looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seeks", "estimate", "project", "will", "would", "may", "could", "continue", "should" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position of the Obligor, or the business strategy, management plans and objectives for future operations of the Obligor, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Obligor's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are contained in the sections entitled "Risk Factors" and "Description of the Company" and other sections of this Offering Circular. The Obligor has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These forward-looking statements are based on numerous assumptions regarding the Obligor's present, and future, business strategies and the environment in which the Obligor expects to operate in the future. Important factors that could cause the Obligor's actual results, performance or achievements to differ materially from those in the forward-looking statements are discussed under "Risk Factors".

Forward-looking statements speak only as at the date of this Offering Circular and, without prejudice to any requirements under applicable laws and regulations, the Trustee and the Obligor expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this Offering Circular to reflect any change in the expectations of the Trustee or the Obligor or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Trustee and the Obligor cannot assure potential investors that projected results or events will be achieved and the Trustee and the Obligor caution potential investors not to place undue reliance on these statements.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET

The Pricing Supplement in respect of any Certificates may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET

The Pricing Supplement in respect of any Certificates may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Certificates and which
channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE "SFA")

Unless otherwise stated in the applicable Pricing Supplement all Certificates issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from: (a) engaging in proprietary trading; (b) acquiring or retaining an ownership interest in or sponsoring a "covered fund"; and (c) entering into certain relationships with "covered funds". The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, the Obligor, the Arranger, the Dealers, the Delegate or the Agents, or any of their respective affiliates makes any representation regarding: (i) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes); or (ii) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" ("AFIBs") within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the "FSMA")) which has not been authorised, recognised or otherwise approved by the FCA. Accordingly, this Offering Circular is not being distributed to, and must not be passed on to, the general public in the UK.

The distribution in the UK of this Offering Circular or any Pricing Supplement, as the case may be, and any other marketing materials relating to the Certificates is being addressed to, or directed at: (a) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"); (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (b) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes)
(Exemptions) Order 2001 (the "Promotion of CISs Order"); (ii) persons falling within any of the categories of person described in Article 22 (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be promoted. Persons of any other description in the UK may not receive and should not act or rely on this Offering Circular or any Pricing Supplement, as the case may be, or any other marketing materials in relation to any Certificates.

Prospective investors in the UK in any Certificates are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the UK Financial Services Compensation Scheme.

Any prospective investor intending to invest in any investment described in this Offering Circular should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public in the Cayman Islands to subscribe for any Certificates and this Offering Circular shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any Certificates.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Offering Circular and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the "CBB") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Circular and any related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Offering Circular or any related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

NOTICE TO RESIDENTS OF MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Offering Circular or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Obligor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.
NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

STABILISATION

In connection with the issue of any Tranche of Certificates, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) in the applicable Pricing Supplement may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the Issue Date (as defined herein) of the relevant Tranche of Certificates, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche of Certificates. Any stabilisation action must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of the Stabilisation Manager(s)) in accordance with all applicable laws and rules.
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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Certificates, is supplemented by the applicable Pricing Supplement. The Trustee, the Obligor and any relevant Dealer(s) may agree that Certificates shall be issued in a form other than that contemplated in "Terms and Conditions of the Certificates", in which event, if appropriate, a supplement to this Offering Circular will be published.

Words and expressions defined in "Form of the Certificates" and "Terms and Conditions of the Certificates" shall have the same meanings in this overview.

Trustee: PD Sukuk Limited, as trustee for and on behalf of the Certificateholders and as issuer of the Certificates, an exempted company with limited liability incorporated on 6 April 2021 under the Companies Act (As Revised) of the Cayman Islands and formed and registered in the Cayman Islands with company registration number 373981 with its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands.

The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party. PD Sukuk Limited shall on each Issue Date issue the Certificates to the Certificateholders and act as Trustee in respect of the Trust Assets for the benefit of the Certificateholders.

Trustee's Legal Entity Identifier ("LEI"): 549300HHJBXEVFTBRJ94.

Obligor: Private Department of Shk Mohamed Bin Khalid Al Nahyan – LLC. See further "Description of the Company".

Ownership of the Trustee: The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1.00 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held by MaplesFS Limited, with registered office at P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands on trust for charitable purposes.

Administration of the Trustee: The affairs of the Trustee are managed by MaplesFS Limited (the "Trustee Administrator"), who provide, inter alia, corporate administrative services and director services and act as share trustee for and on behalf of the Trustee pursuant to the corporate services agreement (as amended and restated from time to time) made between the Trustee and the Trustee Administrator (the "Corporate Services Agreement").

Arranger: Emirates NBD Bank PJSC.

Dealers: Abu Dhabi Commercial Bank PJSC, Dubai Islamic Bank PJSC, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC and Mashreqbank psc (acting through its Islamic Banking Division) and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche of Certificates.

Delegate: The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent, Calculation Agent and Transfer Agent:  
Citibank N.A., London Branch.

Registrar:  Citigroup Global Markets Europe AG.

Initial Programme Amount:  Up to U.S.$1,000,000,000 (or its equivalent in other currencies) aggregate face amount of Certificates outstanding at any one time. The amount of the Programme may be increased in accordance with the terms of the Programme Agreement.

Issuance in Series:  The Certificates will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Certificates of each Series will have the same terms and conditions (which will be completed in the applicable Pricing Supplement) or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue.

Distribution:  Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:  Subject to any applicable legal and/or regulatory and/or central bank requirements, any currency agreed between the Trustee, the Obligor and the relevant Dealer.

Maturities:  The Certificates will have such maturities as may be agreed between the Trustee, the Obligor and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency (as defined in the applicable Pricing Supplement).

Issue Price:  Certificates may be issued at any price on a fully paid basis, as specified in the applicable Pricing Supplement. The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, the Obligor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Status of the Certificates:  Each Certificate will represent an undivided pro rata ownership interest in the relevant Trust Assets (pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust), will be a limited recourse obligation of the Trustee and will rank pari passu, without preference or priority, with all other Certificates of the relevant Series issued under the Programme.

In respect of each Series, the Trustee shall hold the Trust Assets for such Series on trust absolutely for and on behalf of the Certificateholders of such Series pro rata according to the face amount of Certificates held by each holder. The "Trust Assets" in respect of each Series will comprise: (a) all of the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Portfolio; (c) all of the Trustee's rights, title, interests, benefits and entitlements,
present and future, in, to and under the Transaction Documents (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to clause 17.1 of the Master Declaration of Trust); (d) all moneys standing to the credit of the Transaction Account from time to time; and (e) all proceeds of the foregoing.

**Periodic Distribution Amounts:** Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Pricing Supplement.

**Cross-Default:** The Certificates will have the benefit of a cross-default provision, as described in Condition 14 (*Dissolution Events*).

**Negative Pledge and Other Covenants:** The Certificates will have the benefit of a negative pledge and certain other covenants granted by the Obligor, as described in Condition 5 (*Obligor Covenants*).

**Dissolution on the Scheduled Dissolution Date:** Unless the Certificates are previously redeemed or purchased and cancelled in full, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Pricing Supplement.

**Dissolution Amount:** Means, in relation to each Certificate, as the case may be:

(a) the Dissolution Distribution Amount, being:

(i) the sum of: (1) the outstanding face amount of such Certificate; and (2) any due but unpaid Periodic Distribution Amounts relating to such Certificate; or

(ii) such other amount specified in the applicable Pricing Supplement as being payable upon any relevant Dissolution Date; or

(b) the Early Dissolution Amount (Tax);

(c) the Optional Dissolution Amount;

(d) the Certificateholder Put Option Dissolution Amount;

(e) the Change of Control Put Option Dissolution Amount;

(f) the Tangibility Event Put Option Dissolution Amount; or

(g) the Clean Up Call Right Dissolution Amount.

**Dissolution Events:** The Dissolution Events are described in Condition 14 (*Dissolution Events*). Following the occurrence of a Dissolution Event which is continuing, the Certificates of the relevant Series may be redeemed in full at an amount equal to the relevant Dissolution Distribution Amount and the Trust in relation to the relevant Series shall be dissolved by the Trustee on any Dissolution Event Redemption Date. See Condition 14 (*Dissolution Events*).
| **Early Dissolution for Tax Reasons:** | Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 11 (Taxation) or the Trustee has received notice from the Obligor that the Obligor has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents, in each case, as a result of a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series and such obligation cannot be avoided by the Trustee or the Obligor, as applicable, taking reasonable measures available to it, the Obligor may, in accordance with Condition 10(b) (Capital Distributions of the Trust – Early Dissolution for Tax Reasons) require the Trustee, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Pricing Supplement) give notice to Certificateholders (which notice shall be irrevocable), to redeem the Certificates in whole but not in part at an amount equal to the relevant Early Dissolution Amount (Tax) on any Early Tax Dissolution Date subject to and in accordance with Condition 10(b) (Capital Distributions of the Trust – Early Dissolution for Tax Reasons). |
| **Optional Dissolution Right:** | If so specified in the applicable Pricing Supplement, the Obligor may, in accordance with Condition 10(c) (Capital Distributions of the Trust – Dissolution at the Option of the Obligor), require the Trustee, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Pricing Supplement) notice to the Certificateholders (which notice shall be irrevocable) to redeem all or, if so specified in such notice, some of the Certificates only on any Optional Dissolution Date subject to and in accordance with Condition 10(c) (Capital Distributions of the Trust – Dissolution at the Option of the Obligor). Any such redemption of Certificates shall be at the relevant Optional Dissolution Amount. |
| **Certificateholder Put Option:** | If so specified in the applicable Pricing Supplement, the Trustee shall, at the option of the holder of any Certificates, upon the holder of such Certificates giving not less than the Minimum Notice Period nor more than the Maximum Notice Period (each as specified in the applicable Pricing Supplement) to the Trustee, redeem such Certificates on any Certificateholder Put Option Date at the relevant Certificateholder Put Option Dissolution Amount subject to and in accordance with Condition 10(d) (Capital Distributions of the Trust – Certificateholder Put Option). |
| **Change of Control Put Option:** | If so specified in the applicable Pricing Supplement, the Trustee shall, at the option of the holder of any Certificates, upon the holder of such Certificates giving notice within the Change of Control Put Option Period to the Trustee, redeem such Certificates on any Change of Control Put Option Date at the relevant Change of Control Put Option Dissolution Amount subject to and in accordance with Condition 10(e) (Capital Distributions of the Trust – Change of Control Put Option). |
| **Tangibility Event Put Option:** | If a Tangibility Event occurs, upon receipt of a notice of the same from the Obligor in accordance with the Service Agency Agreement, the Trustee shall promptly deliver a Tangibility Event |
Notice to the Certificateholders specifying that, among others, as determined in consultation with the Shari'a adviser, the Certificates shall no longer be tradable. Upon receipt of the Tangibility Event Notice, Certificateholders may elect within the Tangibility Event Put Option Period to redeem all or any of their Certificates. Accordingly, the Trustee shall, upon the holder of any Certificates giving notice within the Tangibility Event Put Option Period to the Trustee, redeem such Certificates on any Tangibility Event Put Option Date at the relevant Tangibility Event Put Option Dissolution Amount subject to and in accordance with Condition 10(l) (Capital Distributions of the Trust – Tangibility Event Put Option).

On the date falling 15 days after the Tangibility Event Put Option Date, the Certificates will be delisted from any stock exchange on which the Certificates have been admitted to listing.

Clean Up Call Option:

In accordance with Condition 10(g) (Clean Up Call Option), if 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 10 (Capital Distributions of the Trust) and/or Condition 13 (Purchase and Cancellation of Certificates), as the case may be, the Obligor may, in accordance with Condition 10(g) (Clean Up Call Option) require the Trustee, upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale and Substitution Undertaking, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period to the Certificateholders in accordance with Condition 17 (Notices), to redeem all (but not some only) of the Certificates at the Clean Up Call Right Dissolution Amount on the relevant Clean Up Call Right Dissolution Date subject to and in accordance with Condition 10(g) (Clean Up Call Option).

Total Loss Event:

Following the occurrence of a Total Loss Event, save where the Wakala Assets forming part of the relevant Wakala Portfolio have been replaced in accordance with the Service Agency Agreement, the Certificates of the relevant Series will be redeemed in full on the Total Loss Dissolution Date at the relevant Dissolution Distribution Amount subject to and in accordance with Condition 10(h) (Capital Distributions of the Trust – Dissolution following a Total Loss Event).

Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries:

Pursuant to Condition 13 (Purchase and Cancellation of Certificates), the Obligor and/or any of its subsidiaries may at any time purchase Certificates in the open market or otherwise. If the Obligor wishes to cancel such Certificates purchased by it and/or any of its subsidiaries (the "Cancellation Certificates"), the Obligor may surrender such Certificates for cancellation in accordance with the Conditions and the Master Declaration of Trust, and following the service of a cancellation notice by the Obligor to the Trustee pursuant to the Master Declaration of Trust, require the Trustee, any time prior to the Scheduled Dissolution Date, to cancel any Certificates surrendered to it by the Obligor for cancellation.

Limited Recourse:

Each Certificate of a particular Series will represent an undivided pro rata ownership interest in the Trust Assets for such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets.
Certificateholders will otherwise have no recourse to any assets of the Trustee (other than the relevant Trust Assets) or the Obligor (to the extent that it fulfils its obligations under the Transaction Documents to which it is a party) or the Delegate or any Agent or any of their respective affiliates in respect of any shortfall in the expected amounts due from the relevant Trust Assets to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee and the Obligor shall be extinguished. See Condition 4(b) (Status and Limited Recourse – Limited Recourse).

Denomination of Certificates:
The Certificates will be issued in such denominations as may be agreed between the Trustee, the Obligor and the relevant Dealer(s) and as specified in the applicable Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The minimum denomination of each Certificate will be €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency as at the Issue Date of such Certificates).

Form and Delivery of the Certificates:
The Certificates will be issued in registered form only. The Certificates will be represented on issue by beneficial interests in a global certificate (the "Global Certificate"), which will be deposited with, and registered in the name of a nominee for, a common depositary (the "Common Depository") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. See the section entitled "Form of the Certificates". Certificates in definitive form evidencing holdings of Certificates ("Definitive Certificates") will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances.

Clearance and Settlement:
Certificateholders must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg (or any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Trustee and the Obligor). Transfers within and between each of Euroclear or Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Withholding Tax:
Subject to Condition 9(b) (Payment – Payments subject to Applicable Laws), all payments by the Trustee in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, Taxes imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholder after such withholding or deduction shall equal the respective amounts due and payable to any Certificateholder which would have otherwise been receivable in the absence of such withholding or deduction, except in circumstances set out in Condition 11 (Taxation).

Further, in accordance with the Master Declaration of Trust, the Obligor has unconditionally and irrevocably undertaken to
(irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11 (Taxation), pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or an account of Taxes) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to Condition 11 (Taxation).

The Transaction Documents to which it is a party provide that payments by the Obligor thereunder shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes unless such withholding or deduction is required by law and, in such case, provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amount as would have been receivable by it if no withholding or deduction had been made.

Listing and Trading:

Application has been made for Certificates issued under the Programme to be admitted to trading on the ISM.

Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, the Obligor and the relevant Dealer(s) in relation to the relevant Series (which, for the avoidance of doubt, shall exclude a regulated market for the purposes of MiFID II and a UK regulated market for the purposes of UK MiFIR). Certificates which are neither listed nor admitted to trading on any market may also be issued.

The Pricing Supplement will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Certificateholder Meetings:

A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 18 (Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination).

Tax Considerations:

See the section entitled "Taxation" for a description of certain tax considerations applicable to the Certificates.

Governing Law and Dispute Resolution:

The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and construed in accordance with, English law. Each Transaction Document (other than the Master Purchase Agreement, each Supplemental Purchase Agreement and each Sale Agreement) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. The Master Purchase Agreement, each Supplemental Purchase Agreement and each Sale Agreement will be governed by the laws of Abu Dhabi and, to the extent applicable in Abu Dhabi, the federal laws of the UAE.

In respect of any dispute under any Transaction Document to which it is a party (other than the Master Purchase Agreement, each Supplemental Purchase Agreement and each Sale Agreement), the Obligor has agreed to arbitration in London under the Arbitration Rules of the London Court of International Arbitration (the "Rules"). The Obligor has also agreed to submit
to the exclusive jurisdiction of the courts of England or the courts of the Abu Dhabi Global Market (the "ADGM") in respect of any dispute under such Transaction Document, subject to the right of the Trustee and/or the Delegate (as applicable) to require any dispute to be resolved by any other court of competent jurisdiction.

In respect of any dispute under any of the Master Purchase Agreement, each Supplemental Purchase Agreement and each Sale Agreement, the Obligor has agreed to submit to the exclusive jurisdiction of the courts of Abu Dhabi.

The Corporate Services Agreement will be governed by the laws of the Cayman Islands and subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.

Waiver of Immunity:

To the extent that it may be able to claim, in any jurisdiction, for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Obligor or any of its assets or revenues, the Obligor has agreed that it will not claim, and has irrevocably and unconditionally waived, such immunity to the full extent permitted by the laws of such jurisdiction in relation to any Proceedings or Disputes under any Transaction Document to which it is a party. See Condition 22(f) (Governing Law and Dispute Resolution – Waiver of Immunity) for further information.

Transaction Documents:

The Transaction Documents in relation to each Series shall comprise the Master Purchase Agreement, as supplemented by each relevant Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking, any Sale Agreement, the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices, acceptances, notices and confirmations delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series), the Master Declaration of Trust, as supplemented by each relevant Supplemental Declaration of Trust, the Agency Agreement and the relevant Certificates (each a "Transaction Document" and, together, the "Transaction Documents").

Rating:

The rating(s) of any Series of Certificates to be issued under the Programme which is to be rated will be specified in the applicable Pricing Supplement.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (or are endorsed by an EEA-registered credit rating agency certified in accordance with the EU CRA Regulation). Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation and, as such, are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA.
Selling and Transfer Restrictions: There are restrictions on the distribution of this Offering Circular and the offer, sale or transfer of Certificates in the United States of America, the EEA, the UK, Hong Kong, Japan, Malaysia, Singapore, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of the Certificates. See "Subscription and Sale".

United States Selling Restrictions: Regulation S, Category 2.
RISK FACTORS

Each of the Trustee and the Obligor believes that the following factors may affect its ability to fulfil its obligations relating to Certificates issued under the Programme. Most of these factors are contingencies which may or may not occur. In addition, factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme are also described below.

Each of the Trustee and the Obligor believes that the factors described below represent the principal risks inherent in investing in the Certificates issued under the Programme, but the inability of the Trustee to pay Periodic Distribution Amounts, Dissolution Amounts or other amounts on or in connection with any Certificates or to pay any amount in respect of the relevant Dissolution Amounts or other amounts on or in connection with any Certificates may occur for other reasons which may not be considered significant risks by the Trustee or the Obligor based on information currently available to them or which they may not currently be able to anticipate.

Although the Trustee and the Obligor believe that the various structural elements described in this Offering Circular lessen some of these risks for Certificateholders, there can be no assurance that these measures will be sufficient to ensure payment to Certificateholders of any Periodic Distribution Amount or the relevant Dissolution Amounts in respect of the Certificates of any Series on a timely basis or at all.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this section.

Risk factors relating to the Trustee

The Trustee was incorporated under the laws of the Cayman Islands on 6 April 2021 as an exempted company with limited liability and has a limited operating history. The Trustee has not and will not engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of Trust Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the relevant Transaction Documents relating to each Series.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets relating to each Series of Certificates, including the obligation of the Obligor to make payments to the Trustee under the relevant Transaction Documents.

The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee from the Obligor of all amounts due under the Transaction Documents to which it is a party (which in aggregate may not be sufficient to meet all claims under the relevant Certificates and the Transaction Documents in the event that the Obligor does not fully perform its obligations thereunder). As a result, the Trustee is subject to all the risks to which the Obligor is subject, to the extent such risks could limit the Obligor's ability to satisfy in full and on a timely basis, its obligations under the Transaction Documents to which it is a party. See "Risk Factors – Risk factors that may affect the Obligor's ability to fulfil its obligations in respect of the Transaction Documents" for a further description of these risks.

Risk factors that may affect the Obligor's ability to fulfil its obligations in respect of the Transaction Documents

Risks relating to the company's properties

The Company has been adversely affected in 2020 by the measures taken in response to the COVID-19 pandemic

COVID-19 was first identified in Wuhan, Hubei Province, China in late 2019. Since then it has spread rapidly, infecting people and causing a substantial number of deaths around the world. Almost all countries that were significantly affected, including the UAE, introduced preventative measures to try to contain the spread of the virus, including border closures and restricting the movement of their citizens. The measures resulted in the temporary closure of numerous businesses in those countries and widespread job losses. To address these factors many governments, including in the UAE, introduced significant support programmes for qualifying citizens and businesses.
It remains unclear how long the COVID-19 preventative measures will be in place in most countries and what their ultimate impact will be on global and local economies.

In response to the COVID-19 impact on their domestic economies, many countries cut interest rates and announced stimulus and/or support measures. In the UAE, both the Federal government and the Abu Dhabi government have announced a range of support measures, including a federal programme of reduced utility bills for entities in the tourism, hospitality and trade sectors and Abu Dhabi measures to (i) subsidise water and electricity for citizens and commercial and industrial activities, (ii) provide up to 20 per cent. rental rebates for the restaurant, tourism and entertainment sectors and (iii) suspend tourism and municipality fees for 2020 in the tourism and entertainment sectors. Further announcements could be forthcoming and it is unclear what impact these measures will ultimately have.

The Company operates principally in the residential sector of Abu Dhabi, renting apartments and villas to expatriate and local tenants. The Company's business was adversely impacted in 2020 by COVID-19. Its revenue fell by AED 62 million, or 15.8 per cent., in 2020 compared to 2019, reflecting declines in rental revenue as tenants were affected by the pandemic and revenue from its operating hotel fell due to lower room rates, reduced food and beverage revenue and reduced occupancy. The Company's net impairment loss on financial assets increased in 2020 to AED 11 million from AED 1 million in 2019, principally reflecting the impact of COVID-19 on its expected credit losses for trade receivables. Further, in 2020, the Company recognised an unrealised loss on revaluation of its investment properties of AED 28 million compared to an unrealised loss of AED 23 million in 2019, which reflected the impact of COVID-19 on the Company's rental income from these properties in 2020.

No assurance can be given as to when the impact of COVID-19 on the Company will cease and the Company remains subject to the risk that any recurrence of COVID-19, including any more infectious or virulent variation of it, in the UAE or globally, and any measures imposed to combat that recurrence, will be likely to materially adversely affect its business.

The success of the Company's business is dependent on the UAE's economy and is significantly affected by trends in the UAE's real estate markets

Almost all of the Company's 27 completed properties are currently located in Abu Dhabi, with one being located in Dubai. The Company has two further properties under construction, one each in Abu Dhabi and Dubai, and two vacant plots in Abu Dhabi which it is planning to develop in the medium term. As a result, the Company's ability to generate profits is dependent on, among other things, economic conditions in the UAE and the state of the real estate market in Abu Dhabi and, to a lesser extent, in Dubai. Adverse economic conditions in the UAE, however arising, could cause a loss of investor confidence, a decrease in consumer purchasing power, reduced tourism and unanticipated changes in Abu Dhabi's and Dubai's demographic mixes, any or all of which may negatively impact the real estate markets in Abu Dhabi and Dubai and reduce demand for the Company's properties and services.

According to property research published by JLL in relation and summarised under "Overview of the UAE – Recent developments in the Abu Dhabi and Dubai real estate markets", residential rental rates in Abu Dhabi declined throughout 2018, 2019 and 2020. Reflecting this adverse trend, the Company's revenue fell by 7.1 per cent. from AED 424 million in 2018 to AED 394 million in 2019 and by 15.8 per cent. to AED 332 million in 2020, although the Company's revenue in 2020 was also significantly affected by the impact of COVID-19.

There is no assurance that the Company will not continue to be materially adversely affected in the future by negative economic or real estate market trends, particularly in light of the ongoing impact of the COVID-19 pandemic as discussed above. These developments could result in some or all of the following outcomes:

- reduced occupancy rates in the Company's residential properties the majority of which are leased on rolling one-year contracts, which would reduce its revenue;
- lower room or occupancy rates in the Company's operating hotel which would reduce its profitability;
- a reduction in the Company's collection of rent from tenants and other contractual payments on a timely basis or at all;
lower rent levels and the terms on which lease renewals and new leases are agreed being less favourable, thereby reducing profitability;

- the Company's ability to obtain funding being constrained and/or a significant increase in its cost of funding; and

- further negative changes in the fair value of the Company's properties.

The Company is subject to risks associated with the expiration of leases entered into by its tenants

The Company is subject to the risk that, upon the expiration or early termination of leases, leases may not be renewed by existing tenants or entered into by new tenants, or the terms of renewal or re-letting (including the cost of the required renovations or concessions to tenants) may be less favourable to the Company than the previous lease terms. These factors could result in higher vacancy rates, lower rental income, potential decreases in the fair value of the Company's residential properties, or otherwise materially adversely affect the Company.

All of the Company's residential tenants occupy their properties under rolling one-year lease contracts. As a result, in declining residential rental market conditions, the Company may experience higher volumes of leases that are not renewed and may choose to offer discounted lease rates or other incentives to attract tenants to these properties. For example, in both 2020 and 2019 the Company's revenue from its residential properties was negatively impacted by lower average rental rates, see "Financial review – Results of operations".

The Company's ability to generate desired returns on its residential properties will depend on its ability to manage those properties on appropriate terms

The Company's ability to achieve returns on its residential properties will be affected by its ability to generate demand for those properties from tenants at rents that it believes are attractive.

Revenue earned from, and the value of, the residential properties held by the Company may be materially adversely affected by a number of factors, including:

- its ability to fully let its residential properties and to achieve target rental returns;
- its inability to collect rent and other contractual payments from tenants on a timely basis or at all;
- the amount of rent and the terms on which lease renewals and new leases are agreed being less favourable than current leases;
- a competitive rental market, which may affect rental levels or occupancy levels at the Company's residential properties;
- adverse events negatively impacting the Company's reputation; and
- changes in applicable laws and regulations, including, for example, the imposition of rent caps, which lead to reduced revenue, or unforeseen capital expenditure to ensure compliance.

Negative changes in any one or more of these factors could materially adversely affect the Company. For example, in 2020 the Company experienced negative changes in the fair value of all of its completed residential properties driven by the effect of weaker market conditions on rental rates, see "Financial review – Principal factors affecting results of operations – Changes in the fair value of the Company's residential properties”.

The hotel industry is subject to certain general risks

The Company currently owns one hotel in Abu Dhabi and has a second hotel under construction and nearing completion in Dubai. These hotels are managed by third party hotel operating companies. The Company's revenue from its operating hotel contributed 15.8 per cent. of its total revenue in 2020, 21.8 per cent. in 2019 and 20.6 per cent. in 2018, in each case before eliminations. The hotel industry depends on attracting guests and a number of factors, many of which are outside the Company's control, could negatively affect the number of guests staying at the Company's hotels. These include:
the impact of wars or terrorist attacks in the MENA region, which could result in reduced numbers of visitors to Abu Dhabi and Dubai;

major travel impediments, such as airline strikes, border closures, extreme weather conditions, natural disasters, outbreaks of diseases (including COVID-19) and other health concerns and rising fuel costs;

adverse effects of international market conditions, which may reduce demand for business travel, or poor economic conditions in key source markets for visitors to Abu Dhabi and Dubai;

increased competition and periods of oversupply of hotel and guest accommodation in Abu Dhabi and Dubai which may affect occupancy and room rates at the Company's hotel;

increases in operating costs, for example due to inflation, utility costs, increased tax and insurance costs, and other factors;

seasonality, particularly in the very hot summer months in the UAE; and

changes in applicable regulations.

The performance of the Company's hotels depends in large part upon the performance of, reputation of and developments affecting the third-party hotel management companies that manage its hotels

The Company's hotels are managed by third-party hotel management companies pursuant to hotel management agreements. Under the terms of these agreements, the management companies control the daily operations of the hotels. Although the Company monitors each management company's performance and has the right to review and object to the annual budget for each hotel prepared by each such company, it does not have the direct authority to require the property to be operated in a particular manner or to govern any particular aspect of the property's daily operations (for example, setting room rates or managing particular personnel). As a result, even if the Company believes that either or both of its hotels is being managed inefficiently, it may not be able to require the relevant management company to change its method of operation of the property concerned. In addition, should the Company wish to change a management company it may be unable to do so under the relevant management agreement or may need to pay substantial termination fees and may experience significant disruption at the hotel concerned. The effectiveness of the Company's management companies in running its hotels will, therefore, significantly affect the revenue, expenses and value of those hotels.

As both of the Company's hotels are managed by third party hotel management companies, adverse publicity or other adverse developments that may affect these companies or their brands generally may also materially adversely affect the Company.

The Company's objectives may conflict from time to time with the objectives of either or both of its hotel management companies, which may adversely impact the operation and profitability of either or both of the Company's hotels

The hotel management companies which operate the Company's hotels and their affiliates have non-exclusive arrangements with the Company and own, operate or franchise hotels other than the Company's hotels, including hotels that may directly compete with the Company's hotels. Therefore, a management company may have different interests to the Company with respect to short-term or long-term goals and objectives, including interests relating to the brands under which the management company operates. Such differences may be significant depending on many factors, including the remaining term of the Company's management agreement, trade area restrictions with respect to competition by the management company or its affiliates, or differing policies, procedures or practices. Any of these factors may adversely affect the operation and profitability of either or both of the Company's hotels.

The insolvency of a hotel management company may adversely affect the operations of the Company's hotel managed by it and the Company's ability to obtain revenue generated by that hotel

All revenue generated at the Company's operating hotel is, and any revenue generated at its second hotel will, when it becomes operational, be, deposited into accounts controlled by the relevant management company which operates the hotel and which pays operating and maintenance expenses for the hotel in
accordance with its management agreement. In the event of the insolvency of a hotel management company, there is a risk that payment of operating and other expenses for the hotel that it manages and payment of revenue to the Company may be delayed or otherwise impaired. In addition, many services such as international sales, maintenance of a centralised reservation system and other similar services, are performed for the Company’s hotels on a centralised basis by its hotel management companies. As a result, the insolvency of a management company may significantly impair its ability to deliver such centralised services, which could significantly adversely affect the occupancy rates at the hotels managed by it, including any owned by the Company.

The Company may be unable to identify and complete acquisitions and successfully operate acquired properties

The Company continually evaluates the market for available properties and may acquire assets suitable for its portfolio when opportunities exist. For example, in December 2018 it acquired the Bait Khalidia building in Dubai.

The Company's ability to acquire properties on favourable terms and successfully operate them involves significant risks, including:

- the Company may be unable to acquire a desired property because of competition from other market participants with more capital;
- even if the Company is able to acquire a desired property, competition from other market participants may significantly increase the purchase price of such property;
- the Company may be unable to realise the intended benefits from acquisitions or achieve anticipated operating or financial results;
- the Company may be unable to finance the acquisition on favourable terms or at all;
- the Company may underestimate the costs to make necessary improvements to acquired properties;
- the Company may be unable to quickly and efficiently integrate new acquisitions into its existing operations resulting in disruptions to its operations or the diversion of management's attention; and
- market conditions may result in higher than expected vacancy rates and lower than expected rental rates.

If the Company is unable to successfully acquire, develop, redevelop and operate new properties, its ability to grow its business, compete and meet market expectations will be significantly impaired, which would adversely affect the Company's business model.

The Company may acquire new properties or sell existing properties which may expose it to unidentified liabilities

The Company may from time to time acquire new properties, including the property described in the previous risk factor. These and any other property acquisitions that the Company may make in the future could expose it to unanticipated liabilities and/or difficulties in mitigating contingent and/or assumed liabilities. In addition, the Company may in the future dispose of certain properties that it owns, which could also expose it to certain risks.

Although the Company intends to conduct due diligence in relation to each property acquisition, including, when considered appropriate, through expert appraisals of various aspects of the properties being acquired, this may not identify all issues relating to the properties concerned. In connection with each purchase, the Company intends to obtain representations and warranties from the seller about, and/or indemnities in respect of, the properties it acquires, although no assurance is given that it will, in all cases, be successful in any claim made against the seller in relation to any representations, warranties and indemnities obtained, including, for example, as a result of the seller becoming insolvent. The Company may also become involved in disputes or litigation concerning any representations, warranties and indemnities that it has obtained, which may be costly and time consuming to pursue.
In connection with any property sale, the Company expects to be required to give representations and warranties about, and/or to give indemnities in respect of, the property sold and to be liable to pay damages to the extent that any representations or warranties turn out to be inaccurate and/or substantiated claims are made under the indemnities. The Company may become involved in disputes or litigation concerning any representations, warranties and indemnities that it gives and may be required to make payments to third parties as a result of any dispute or litigation if it is unable to successfully defend the relevant claims. If the Company does not have cash available to conduct litigation or to make any required payments, it may be required to borrow funds. If it is unable to borrow funds to make any required payments, it may be forced to sell further assets to obtain funds. No assurance can be given that any such sales could be effected on satisfactory terms or at all.

The Company's capital expenditure and other maintenance costs in relation to its properties may be higher than expected

The Company must maintain or improve the condition of its properties in order for them to remain desirable to tenants and to generate revenue over the long term. Further, maintaining or improving the condition of the Company's properties is essential to capturing the rental value uplift of any increase in market demand. Maintaining a rental property to market standards can entail significant costs.

The Company's future maintenance and capital expenditures may exceed its budget as a result of cost increases due to unforeseen circumstances, including shortages of and price inflation in respect of materials, equipment and labour, adverse weather conditions, accidents and unexpected delays. In addition, numerous other factors, such as the age of the relevant building structure could also result in the Company incurring substantial maintenance costs.

Any of these circumstances could negatively affect the ability of any contractor employed by the Company to complete maintenance or refurbishment projects on schedule or within the estimated budget, and even if the contractors are successful in doing so, the Company may not be able to recoup its investments. Any failure by the Company to undertake appropriate maintenance and refurbishment work could adversely affect the rental revenue earned from the affected property.

Real estate valuation is inherently subjective and uncertain, and real estate investments are illiquid

Real estate assets are inherently difficult to value. The Company's valuations are subject to substantial uncertainty and subjective judgements, and are made on the basis of assumptions which may not be correct. There can be no assurance that any sale by the Company of any of its investment or hospitality properties in the future will be at a price which reflects the most recent valuation of the relevant property, particularly if the Company sold the property in adverse economic conditions. In addition, the real estate market is affected by many factors, such as general economic conditions, supply and demand and other factors, that are beyond the Company control and may materially adversely impact the fair value of its properties after their most recent valuation date. Because real estate investments in general are relatively illiquid, the Company's ability to promptly sell one or more of its properties in response to changing conditions is limited.

The Company's financial results in 2020 were affected by changes in the fair value of its residential properties. Any gains or losses arising from changes in the fair value of the Company's investment properties are required to be included in the Company's income statement for the period in which they arise. In 2020, the Company recorded a net unrealised loss on revaluation of its investment properties of AED 28 million, principally reflecting adverse market conditions driven by COVID-19. There is no assurance that the Company will not experience significant fair valuation losses in respect of its investment properties in future periods, see "The success of the Company's business is dependent on the UAE's economy and is significantly affected by trends in the UAE's real estate markets" above.

Risks relating to the Company Generally

The Company's business may require external financing which may be difficult or expensive to obtain

As at 31 December 2020, the Company's total borrowings amounted to AED 2,145 million, equal to 89.6 per cent. of its total liabilities at that date. The Company anticipates that it will continue to have material funding needs in relation to particular property acquisitions in the future or to refinance existing indebtedness. The Company aims to finance its future property acquisitions and its financial obligations
(including its obligation to make payments in respect of any Certificates issued under the Programme) through internally-generated cash flow and financing provided by third parties.

The Company's ability to obtain external financing and the cost of such financing are dependent on numerous factors, including general economic and market conditions, international and domestic interest rates, credit availability from banks or other financiers, investor confidence in the Company and the success of the Company's business. At times in the last two decades, global credit markets have experienced difficult conditions, including reduced liquidity, greater volatility, widening of credit spreads, liquidity and solvency concerns at both regional and international banks leading to significant government intervention and financial support, and decreased availability of funding generally. Any recurrence of these conditions could make it difficult or significantly more expensive for the Company to obtain additional financing, either on a short-term or long-term basis, to fund developments or to repay existing financing. In the event that appropriate sources of financing are not available or are only available on onerous terms and the Company does not have sufficient operating cash flow, this could adversely affect the Company's business through increased borrowing costs and reductions in necessary property maintenance expenditure. In addition, the Company may be forced, amongst other measures, to do one or more of the following:

- forgo business opportunities, including attractive property acquisitions;
- delay or reduce capital expenditures; or
- restructure or refinance all or a portion of its debt on or before maturity.

None of the Company's borrowings are guaranteed by its shareholders or any other party and the Company does not expect that any of its future borrowings will be so guaranteed. All of the Company's investment properties, which had a fair value of AED 4,530 million as at 31 December 2020, are secured against the Company's borrowings. As a result, the Company's ability to raise further secured debt on competitive terms will depend on the availability of suitable assets to secure. As the Certificates will not be secured, any security given by the Company over other borrowings will reduce the amount of assets available to the Certificateholders in the event of the Company's insolvency.

In addition, certain of the Company's borrowings contain covenants that require it to maintain a specified loan to value ratio, debt service coverage ratio and/or cash flow cover ratio and any material increase in the Company's borrowings could make it harder for the Company to comply with those covenants which could, therefore, restrict the Company's ability to borrow in the future. Should the Company need, in the future, to renegotiate any financial or restrictive covenants or obtain a waiver in respect of any breach of such a covenant, no assurance can be given that it will be successful. Any failure to renegotiate such covenants could restrict the Company's ability to raise financing in the future. In addition, any breach of such covenants which is not waived by the relevant lender could result in the relevant financing being accelerated and potentially trigger cross default provisions under the Company's other financing arrangements. In such a case, the Company's liquidity and financial position could be materially adversely affected.

The Company could be adversely affected if its leverage increases significantly

As at 31 December 2020, the Company's total assets reported in the 2020 Financial Statements were AED 5.4 billion. As at the same date, the Company’s total borrowings reported in the 2020 Financial Statements were AED 2.1 billion. To the extent that the Company's debt increases significantly in the future, its leverage could:

- require a substantial portion of the Company's cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness, thereby reducing its ability to use its cash flow to fund its operations, capital expenditures and future business opportunities and to pay dividends;
- expose the Company to the risk of increased interest rates with respect to its borrowings at variable rates of interest;
- limit the Company's ability to react to changes in the UAE's economy or real estate markets;
- limit the Company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements and general corporate or other purposes; and
The Company's credit ratings may change and any ratings downgrade could make it more expensive for the Company to obtain new financing and adversely affect the value of any Certificates issued under the Programme

The Company has a corporate family rating of Ba1 (with a stable outlook) from Moody's and a long-term issuer credit rating of BB (with a stable outlook) from S&P.

In its rating report, Moody's noted that the Company's rating takes into account its portfolio of high quality, mainly residential real estate in prime central locations in Abu Dhabi, its track record of consistently strong occupancy and an improving outlook for market rental prices in Abu Dhabi, following several years of slow economic growth and a decline in 2020. The rating also reflects the Company's relatively small and geographically concentrated property portfolio, a cyclical local property market that has registered a fall in residential rents of 30 per cent. since the peak of 2015, some property development risk and high financial leverage as measured by Moody's calculation of the Company's net debt to EBITDA (as referred to in Moody's rating report) of 9.4x as at 31 December 2020. Moody’s also noted that the Company's rating could come under pressure if Moody's calculation of the Company's net debt to EBITDA does not consistently trend towards less than 8x, especially if the decline in like-for-like rental revenues does not abate, or if Moody's calculation of the Company's fixed charge coverage declines below 2.25x on a sustained basis or if the Company increases risk tolerance of its investment and development strategy or if liquidity weakened.

In its ratings report, S&P noted that the Company's rating is constrained by its limited portfolio size in a fragmented and weak Abu Dhabi real estate market and by its high leverage. The rating is supported by the Company's good asset quality, locational advantage and strong shareholders. S&P also noted that the Company's rating could be lowered in the next 12 months if revenue growth was not achieved after new asset deliveries, such that occupancy rates decrease or its operational cost base increases, or if the Company failed to maintain EBITDA (as referred to in S&P's rating report) interest coverage above two times or debt to EBITDA (as referred to in S&P's rating report) below 9.5 times on a sustainable basis, in each case in accordance with S&P's calculations.

Given the above, the Company cannot be certain that either of its credit ratings will remain for any given period of time or that either of its credit ratings will not be downgraded or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant.

Any future change in outlook, downgrade or withdrawal at any time of a credit rating assigned to the Company by any rating agency could have a material adverse effect on the Company's cost of borrowing and could limit its access to debt capital markets. A change in outlook or a downgrade may also adversely affect the market price of any Certificates issued under the Programme and cause trading in such Certificates to be volatile.

The Company faces significant competition and may be unable to lease vacant space, renew existing leases or re-lease space as leases expire

The Company competes with numerous developers, owners and operators of real estate in the UAE, many of which own properties similar to the Company's in the same markets, as well as various other public and privately held companies that may provide residential leasing space. In addition, the Company may face competition from new entrants into the real estate market. Some of the Company's competitors may have significant advantages over the Company, including greater brand recognition, greater financial, marketing and other resources, and access to less expensive facilities and property management. These advantages could allow the Company's competitors to respond more quickly to strategic opportunities or market changes. If the Company's competitors offer properties that the Company's existing or potential customers perceive to be superior to the Company's, or if the Company's competitors offer rental rates below those offered by the Company or current market rates, the Company may lose existing or potential customers, incur costs to improve its properties or be forced to reduce its rental rates.

In addition, the Company is also subject to competition in relation to its hotels, where the Company competes with entities that may have more resources and/or expertise than it, particularly in relation to attracting hotel management companies. To the extent that the Company is unable to compete effectively in relation to its residential properties or hotels, its revenues and profitability from the relevant business may be adversely affected.
The Company is exposed to operational risks, including in particular risks relating to its information technology

Operational risk and losses can result from fraud or errors by the Company's employees, failure to comply with regulatory requirements and equipment failures. In particular, the proper functioning of the Company's information technology ("IT") systems is critical to its business and ability to compete effectively. The Company's business activities would be materially disrupted if there is a partial or complete failure of any of its IT systems. Such failures can be caused by a variety of factors, all of which are wholly or partially outside the Company's control, including natural disasters, extended power outages, computer viruses and malicious third party intrusions. The Company is not in a position to protect itself against these risks and is wholly reliant on its operational risk controls and loss mitigation strategies. Losses from any failure of the Company's system of internal controls could have a material adverse effect on its business generally and its reputation.

The Company's employees could engage in misrepresentation, misconduct or improper practice that could expose the Company to direct and indirect financial loss and damage to its reputation. Such practices may include embezzling the Company's clients' funds, engaging in corrupt or illegal practices, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. It will not always be possible for the Company to detect or prevent these types of misconduct, and the precautions which the Company takes to detect and prevent such misconduct may not be effective in all cases. Any such actions by the Company's employees could expose it to financial losses resulting from the need to reimburse clients who suffered loss or as a result of fines or other regulatory sanctions, and could damage the Company's reputation.

The interests of the Company's shareholders may not be always be the same as those of the holders of Certificates

The Company is 100 per cent. owned by eleven shareholders, all of whom are members of the ruling family of Abu Dhabi. By virtue of their shareholding, these shareholders have the ability to influence the Company's business through their ability to control actions that require shareholder approval and their power to control the election of all members of the Company's board of directors (the "Board").

The interests of the shareholders may be different from those of the Certificateholders. The Company's dividend policy, which was adopted by the shareholders in December 2020, is not to pay any dividends in 2021 and 2022 and thereafter to distribute not more than the lower of (i) 70 per cent. of the annual operating profit of the Company and (ii) AED 130 million. However, there is no assurance that this dividend policy will not be altered at any time when Certificates are outstanding and any such alteration may reduce the Company's ability to make timely and full payments under any Certificates issued under the Programme.

The Company may not have adequate insurance

The Company seeks to ensure that its properties are appropriately insured. However, no assurance can be given that any existing insurance policies will be renewed on equivalent terms or at all. In addition, the Company's properties could suffer physical damage from fire or other causes, resulting in losses (including loss of rent) that may not be fully compensated by insurance. Further, certain types of risks and losses (for example, losses resulting from acts of war or certain natural disasters) are not economically insurable or generally insured. If an uninsured or uninsurable loss were to occur or if insurance proceeds were insufficient to repair or replace a damaged or destroyed property, the Company's business could be materially adversely affected.

Where an insured against event occurs, there is no certainty that any proceeds of insurance received will fully cover the loss experienced by the Company. The Company's insurance policies may be subject to deductibles or exclusions that could materially reduce the amount recoverable by the Company and, in certain circumstances, the policies could be void or voidable at the option of the insurer. In addition, the Company's insurers may become insolvent and therefore not be able to satisfy any claim in full or at all.

Legal and regulatory systems may create an uncertain environment for investment and business activities

The UAE may experience changes in its economy and government policies (including, without limitation, policies relating to property and contractual rights) that may have a material adverse effect on the Company's business.
The Company is subject to laws relating to the ownership, sale and leasing of real estate in the UAE. Such laws are subject to change and the manner in which those laws and related regulations are applied to the Company is still evolving. The Company may not adapt, forecast or position itself to successfully operate in any new regulatory environment and any such failure may have a material adverse effect on it.

In addition, certain of the Company’s operations (for example, its hotels) are subject to a range of additional laws and regulations, both at an individual emirate and federal level, and require the maintenance and renewal of commercial licences and permits. Because of the complexities involved in procuring and maintaining numerous licences and permits, as well as in ensuring continued compliance with applicable licensing regimes, there is no assurance that the Company will at all times be in compliance with all of the requirements imposed on each of its properties, although it is not aware of any material breaches that currently exist. Any failure by the Company to comply with applicable laws and regulations or to obtain and maintain requisite approvals, certifications, permits and licences could lead to substantial sanctions, including criminal, civil or administrative penalties, revocation of its licences and/or increased regulatory scrutiny, and liability for damages. In certain cases, the Company could also be forced to suspend operations until it obtains required approvals, certifications, permits or licences or otherwise brings its operations into compliance. In addition, any adverse publicity resulting from any compliance failure, particularly as regards the safety of the Company’s hotels, could have a material adverse effect on it.

No assurance can be given that the governmental authorities in the UAE will not implement new laws or regulations relating to the Company’s business or adopt fiscal or monetary policies, including those relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on the Company. For example, in December 2016, the Abu Dhabi government reintroduced a 5 per cent. cap on residential rent increases.

The Company is exposed to a range of financial risks including, in particular, the risk of losses arising as a result of adverse changes in interest rates and the risk that the existing U.S. dollar/dirham peg is terminated or altered in a manner that adversely impacts the Company

The Company’s principal interest rate risk is its exposure to the effect of increases in interest rates on its outstanding borrowings. Based on a sensitivity analysis in the 2020 Financial Statements, a 1 per cent. increase in interest rates, with all other factors held constant, would have reduced the Group’s profit by AED 22 million. The Company seeks to manage this risk through borrowing at fixed rates and the use of interest rate derivative contracts in relation to floating rate borrowings where considered appropriate. As at 31 December 2020, the Company had entered into derivative contracts which covered the full notional amount of its variable rate borrowings outstanding, being AED 1,350 million.

There is no assurance that the Company will be successful in this and the use of derivative instruments carries additional risks, including the potential to negatively impact the Company’s statement of comprehensive income and the credit risk on the derivative counterparty. In 2020, the Company recognised a gain of AED 14 million on its derivative instruments, compared to a loss of AED 40 million in 2019 and a gain of AED 23 million in 2018.

The Company’s principal foreign currency risk is the impact that any termination or negative adjustment of the existing U.S. dollar/dirham peg would have on any future borrowings denominated in U.S. dollars that it might enter into, including potentially Certificates issued under the Programme.

In addition, the Company is subject to a range of credit risks, particularly in relation to its trade and other receivables and its cash and cash equivalent balances with financial institutions, and to liquidity risk, which is the risk that it will not be able to pay its liabilities as they fall due. As at 31 December 2020, the Company’s provision for impairment on trade receivables and accrued income was equal to 47.7 per cent. of its total trade receivables and accrued income compared to 22.8 per cent. in 2019 and 30.8 per cent. in 2018.

**Risks relating to Abu Dhabi and the UAE**

The Company is subject to economic and political conditions in the UAE and in Abu Dhabi in particular

All of the Company’s current operations and assets are located in the UAE. The Company’s results of operations are, and will continue to be, generally affected by economic and political developments in or affecting the UAE and, in particular, by the level of economic activity in the UAE. A general downturn or
instability in certain sectors of the UAE's economy, or in the regional economy generally, could have an adverse effect on the Company, see " – Risks relating to the Company's properties – The success of the Company's business is dependent on the UAE's economy and is significantly affected by trends in the UAE's real estate markets" above.

Moreover, while the policies of governmental authorities in the UAE have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. No assurance can be given that the UAE, Abu Dhabi or Dubai governments will not implement restrictive fiscal or monetary policies or regulations, including changes with respect to profit rates, new legal interpretations of existing regulations or the introduction of taxation or exchange controls which could have a material adverse effect on the Company.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of countries in the MENA region, including Algeria, Bahrain, Egypt, Iraq, Iran, Libya, Morocco, Oman, Saudi Arabia, Syria, Tunisia and Yemen. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict, civil war and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. The MENA region is currently subject to a number of armed conflicts including those in Yemen (in which the UAE armed forces, along with a number of other Arab states, are involved), Syria and Iraq as well as the multinational conflict with Islamic State. In addition, between June 2017 and January 2021, Saudi Arabia, the UAE, Bahrain, Egypt and Yemen severed diplomatic relations with Qatar, citing Qatar's alleged support for terrorism and the Qatari violation of a 2014 agreement with the other members of the GCC.

From 2019, tensions in the Gulf region have increased following the seizure by Iran of a British tanker in July 2019 and, more broadly, due to several incidents with oil tankers in the Strait of Hormuz. On 14 September 2019, the Abqaiq processing facility and the Kurais oil field in Saudi Arabia were damaged to a significant extent in apparent drone attacks, which caused an immediate significant reduction in the output of Saudi Aramco, Saudi Arabia's national oil company. There were additional attacks on Saudi Aramco facilities in Jeddah in November 2020 and in Riyadh in March 2021. There can be no assurance that a similar incident could not occur elsewhere in the Gulf region. Furthermore, the 2 January 2020 killing of the prominent Iranian military commander, General Qasem Soleimani, and subsequent political developments in Iraq have resulted in military action being taken by Iran against the United States and its interests in the region. Any continuation of, or increase in, international or regional tensions with Iran, including further attacks on or seizures of oil tankers that disrupt international trade and impair trade flows through the Strait of Hormuz, or any military action, may have a destabilising impact on the Gulf region. Although the UAE has not experienced terrorist attacks such as those experienced by a number of countries in the MENA region, there can be no assurance that extremist or terrorist groups will not target the UAE.

It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Company would be able to sustain the operation of its business if adverse political events or circumstances were to occur. Investors should also note that the Company's business and financial performance could be adversely affected by regional geopolitical events that prevent it from delivering its services.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the UAE and, in particular, could impact the numbers of tourists that choose to visit the UAE and the number of businesses interested in doing business in the UAE and, consequently, could have a material adverse effect on the Company.

The UAE's economy is dependent upon its oil revenue

The UAE's economy, and the economy of Abu Dhabi in particular, is dependent upon oil revenue. The hydrocarbon sector accounted for approximately 34.1 per cent. of Abu Dhabi's nominal GDP in 2017, 41.7 per cent. in 2018 and (according to preliminary estimates published by the SCAD) 40.8 per cent. in 2019. Abu Dhabi's economy has in the past been adversely affected by periods of low international oil prices, including in 2015 and 2016 when its nominal GDP fell by 18.9 per cent. and 2.3 per cent., respectively. Reflecting continuing difficult economic conditions, Abu Dhabi's real GDP (which excludes the impact of hydrocarbon prices) fell by 0.9 per cent. in 2017 and grew by 1.2 per cent. in 2018 and (according to preliminary estimates published by the SCAD) by 1.5 per cent. in 2019.
Hydrocarbon prices are expected to continue to fluctuate in the future in response to changes in many factors over which the Company has no control. Factors that may affect the price of oil include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand which may be affected by a wide range of factors including, as evidenced during 2020, restrictions taken to combat pandemic diseases, and expectations regarding future supply and demand, for hydrocarbon products;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude hydrocarbon producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

Declines in international prices for hydrocarbon products in the future could therefore adversely affect Abu Dhabi's and the UAE's economies which, in turn and particularly if Abu Dhabi's real estate market is also adversely affected, could have a material adverse effect on the Company. See “– Risks relating to the Company's properties – The success of the Company's business is dependent on the UAE's economy and is significantly affected by trends in the UAE's real estate markets” above.

Investing in securities involving emerging markets countries, such as the UAE, generally involves a higher degree of risk than investments in securities of issuers from more developed countries

Investing in securities involving emerging markets countries, such as the UAE, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. In the case of the UAE, these higher risks include those discussed above. In addition, there can be no assurance that the market for securities bearing emerging market risk, such as any Certificates issued under the Programme, will not be affected negatively by events elsewhere, especially in emerging markets.

International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment ceases to be attractive to such investors. If such an effect were to occur, the trading price of any Certificates could be adversely affected by negative economic or financial developments in other emerging market countries over which the UAE government has no control.

In addition, the economies of emerging markets are more susceptible to influence by macroeconomic policy decisions of developed countries than other more developed markets. In particular, emerging market economies have in the past demonstrated sensitivity to periods of economic growth and interest rate movements of developed economies. No assurance can be given that this will not be the case in the future.

As a consequence, an investment in Certificates issued under the Programme carries risks that are not typically associated with investing in securities issued by issuers in more mature markets. These risks may be compounded by any incomplete, unreliable or unavailable economic and statistical data on the UAE, including elements of information provided in this Offering Circular. Prospective investors should also note that emerging economies, such as the UAE’s, are subject to rapid change and that the information set out in this Offering Circular may become out-dated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Prospective investors are urged to consult with their own legal and financial advisers before making an investment decision.
Risk factors relating to the Certificates

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of such Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates.

An application has been made for the listing of the Certificates on the ISM but there can be no assurance that any such listing will occur on or prior to the date of this Offering Circular or at all, if it does occur, that it will enhance the liquidity of the Certificates.

Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates.

The Certificates are limited recourse obligations

The Certificates are not debt obligations of the Trustee. Instead, each Certificate represents solely an undivided pro rata ownership interest in the relevant Trust Assets relating to that Series. Recourse to the Trustee is limited to the relevant Trust Assets of the relevant Series and the proceeds of the relevant Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 14 (Dissolution Events), the sole rights of each of the Trustee and/or the Delegate, as applicable, will be (subject to Condition 15 (Enforcement and Exercise of Right)) against the Obligor to perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will otherwise have no recourse to any assets of the Trustee (other than the Trust Assets) or the Delegate in respect of any shortfall in the expected amounts due on the Certificates. The Obligor is obliged to make certain payments under the Transaction Documents directly to the Trustee, and the Trustee and/or the Delegate will have recourse against the Obligor to recover such payments due to the Trustee pursuant to the Transaction Documents.

Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

After enforcing the relevant Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 6(b) (Trust – Application of Proceeds from Trust Assets), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished.

The Certificates may be subject to early dissolution

In certain circumstances, the Certificates may be subject to early dissolution. An early dissolution feature of any Certificate is likely to limit its market value. During any period when the Trustee may (acting on the instructions of the Obligor) elect to redeem any Certificates, the market value of those Certificates generally will not rise substantially above the relevant Dissolution Amount to be paid. This also may be true prior to any dissolution period.

The Trustee may (acting on the instructions of the Obligor) be expected to redeem the Certificates when the Obligor's cost of financing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates and may only be able to do so at a significantly lower rate. Potential investors should consider re-investment risk in light of other investments available at that time.
Certificates where denominations involve integral multiples: Definitive Certificates

In relation to any issue of Certificates which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Certificates may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination.

In such a case a holder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination would need to purchase an additional face amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Certificateholder may not receive a Definitive Certificate in respect of such holding (should Definitive Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a Definitive Certificate.

If Definitive Certificates are issued, holders should be aware that Definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks factors relating to the Wakala Assets

Ownership of the Wakala Assets

The Shari’a analysis is as follows: an ownership interest in the Wakala Assets comprised within the relevant Wakala Portfolio will pass to the Trustee under the Master Purchase Agreement, as supplemented by the relevant Supplemental Purchase Agreement (together, the "Purchase Agreement"). The Trustee will declare a trust in respect of the Wakala Assets and the other Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the Master Declaration of Trust, as supplemented by the relevant Supplemental Declaration of Trust. Accordingly, from a Shari’a perspective, Certificateholders will, through the ownership interest obtained by the Trustee pursuant to the terms of the Purchase Agreement, have an undivided ownership interest in the relevant Wakala Assets.

However, no investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets. The Wakala Assets will be selected by the Obligor, and the Certificateholders, the Trustee, the Delegate and the Agents will have no ability to influence such selection. Only limited representations will be obtained from the Obligor in respect of the Wakala Assets. No steps will be taken to perfect the legal transfer of the ownership interest (including registration, if necessary) in the Wakala Assets with any relevant regulatory authority in the UAE or otherwise give notice to any lessee or obligor in respect thereof. Therefore, other than from a Shari’a perspective, Certificateholders shall not have any interest in any Wakala Assets which require perfection in order to legally transfer any ownership interest therein.

Transfer of the Wakala Assets

No investigation has been or will be made as to whether any interest in any Wakala Assets may be transferred as a matter of the law governing the contracts (if any), the law of the jurisdiction where such Wakala Assets are located or any other relevant law. No investigation will be made to determine if any Purchase Agreement will have the effect of transferring an interest in the relevant Wakala Assets.

Nevertheless, as indicated earlier, although the Shari’a analysis is such that an ownership interest in the Wakala Assets will pass to the Trustee under the Purchase Agreement, the Certificateholders will not have any rights of enforcement as against the Wakala Assets and their rights are limited to enforcement against the Obligor of its obligation to purchase all (or the applicable portion thereof, as the case may be) of the Wakala Assets pursuant to the terms of the Purchase Undertaking.
**Limitations relating to the indemnity provisions under the Purchase Undertaking and the Master Declaration of Trust**

The Obligor has undertaken in the Purchase Undertaking and the Master Declaration of Trust that, in relation to any Series: (a) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor (acting in any capacity) is in actual or constructive possession, custody or control of all or any part of the Wakala Assets, the Certificateholder Put Option Wakala Assets, the Change of Control Put Option Wakala Assets or the Tangibility Event Put Option Wakala Assets, as the case may be; and (b) if, following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor fails to pay the relevant Exercise Price, Certificateholder Put Option Exercise Price, Change of Control Put Option Exercise Price or Tangibility Event Put Option Exercise Price, as the case may be, for any reason whatsoever and thereby resulting in the Obligor's failure to comply with its obligations in accordance with clause 3.2(a) of the Purchase Undertaking, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates or the Certificateholder Put Option Certificates, Change of Control Put Option Certificates or Tangibility Event Put Option Certificates as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Option Exercise Price, the Change of Control Put Option Exercise Price or the Tangibility Event Put Option Exercise Price, as the case may be.

Subject to the satisfaction of the conditions set out in the above paragraph, if the Obligor fails to pay the relevant Exercise Price, Certificateholder Put Option Exercise Price or Change of Control Put Option Exercise Price, the case may be, in accordance with the Purchase Undertaking, the Delegate may, subject to the matters set out in Condition 14 (Dissolution Events) and the terms of the Master Declaration of Trust, seek to enforce, inter alia, the provisions of the Purchase Undertaking and the Master Declaration of Trust against the Obligor by commencing proceedings in the ADGM courts. The ADGM courts should respect the choice of English law as the governing law of the Purchase Undertaking and the Master Declaration of Trust. See "Risk Factors – Risk factors relating to enforcement – Investors may experience difficulty in enforcing arbitration awards and foreign judgments in Abu Dhabi".

However, investors should note that, in the event that the Obligor (acting in any capacity) does not have actual or constructive possession, custody or control of all or any part of the Wakala Assets comprising the Wakala Portfolio at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the condition in (a) as described above will not be satisfied and, therefore, no amounts will be payable by the Obligor under the separate indemnity provisions.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by the Obligor in order to prove for damages. Such breach of contract may be due to: (i) a breach by the Obligor of the requirement to purchase the Trustee's rights, title, interests, benefits and entitlements in, to and under the relevant Wakala Assets on the relevant Dissolution Date pursuant to the provisions of the Purchase Undertaking; and/or (ii) a breach by the Obligor (acting in its capacity as Service Agent pursuant to the provisions of the Service Agency Agreement) of its undertaking to maintain actual or constructive possession, custody or control of, or rights, title, interests, benefits or entitlements in, to or under, all or any part of the Wakala Assets comprising the Wakala Portfolio, in each case in accordance with, without prejudice to clause 4.1 of the Master Purchase Agreement, the terms of the relevant Leases.

As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the relevant Exercise Price, Certificateholder Put Option Exercise Price or Change of Control Put Option Exercise Price, as the case may be, and in turn, the amount to be paid to the Certificateholders upon redemption.

**Risk factors relating to taxation**

**Taxation risks on payments**

Payments made by the Obligor to the Trustee under the Transaction Documents to which it is a party or by the Trustee in respect of the Certificates could become subject to taxation. The Transaction Documents to which it is a party require the Obligor (acting in its relevant capacity thereunder), to pay additional amounts in the event that any withholding or deduction is required by law to be made in respect of payments made by it to the Trustee which are intended to fund Periodic Distribution Amounts and Dissolution Amounts.
Condition 11 (Taxation) provides that the Trustee is required to pay additional amounts in respect of any such withholding or deduction imposed by a Relevant Jurisdiction in certain circumstances. In the event that the Trustee fails to pay any such additional amounts pursuant to Condition 11 (Taxation), the Obligor has (pursuant to the Master Declaration of Trust) unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for, or an account of Taxes) equals any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 11 (Taxation).

Risk factors relating to enforcement

Claims for specific enforcement

In the event that the Obligor fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the Obligor's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement of a contractual obligation, which is a discretionary matter for the relevant court.

The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of the breach. No assurance is provided on the level of damages which a court may award in the event of a failure by the Obligor to perform its obligations set out in the Transaction Documents to which it is a party.

Investors may experience difficulty in enforcing arbitration awards and foreign judgments in Abu Dhabi

The payments under the Certificates are dependent upon the Obligor making payments in the manner contemplated under the Transaction Documents. If the Obligor fails to do so, it may be necessary for an investor to bring an action against the Obligor to enforce its obligations (subject to the provisions of the Conditions), which may be costly and time consuming.

Furthermore, to the extent that the enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that generally enforcement of remedies in the UAE must be pursued through the courts.

The Obligor has irrevocably agreed that certain of the Transaction Documents to which it is a party are governed by English law and that any dispute arising from any Transaction Document to which it is a party (other than the Master Purchase Agreement, each Supplemental Purchase Agreement and each Sale Agreement) will, unless the option to litigate is exercised, be referred to arbitration under the Rules with an arbitral tribunal with its seat in London. Under the Conditions, any disputes arising from the Conditions will, unless the option to litigate is exercised, be referred to arbitration in London under the Rules.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "New York Convention") entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in the UAE in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE.

There is no established track record as to how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention). This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused. Federal Cabinet Resolution No. 57 of 2018 (the "Resolution") also governs the enforcement of foreign arbitral awards in the UAE. The Resolution
confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that the conditions for enforcement of foreign arbitral awards set out in the New York Convention shall not be prejudiced by the Resolution. However, there is no established track record as to how the overlapping provisions of the New York Convention and the Resolution will be interpreted and applied by the UAE courts in practice. There is also a risk that, notwithstanding the New York Convention, the Resolution or the terms of any other applicable multilateral or bilateral enforcement convention, the UAE courts may in practice consider and apply the grounds for enforcement of domestic UAE arbitral awards set out in Federal Law No. 6 of 2018 (the "UAE Arbitration Law") to the enforcement of any non-UAE arbitral award. The UAE Arbitration Law and the Resolution are both new and it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

Under the Conditions and the Transaction Documents (other than the Master Purchase Agreement, each Supplemental Purchase Agreement and each Sale Agreement), any dispute may, at the option of the Trustee or the Delegate, also be referred to the courts of England or the ADGM courts, who shall have exclusive jurisdiction to settle any dispute arising from the Conditions or such Transaction Documents.

Where an English judgment has been obtained, there is no assurance that the Obligor has, or would at the relevant time have, assets in the UK against which such a judgment could be enforced. The Obligor is incorporated in and has its operations and the majority of its assets located in the UAE. Under current UAE federal law, the courts in the UAE are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the parties' choice of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with the interpretation of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. In addition, even if English law is accepted as the governing law, this will only be applied to the extent that it is compatible with the laws of Abu Dhabi and the UAE, and public policy, order or morals in the UAE. This may mean that the UAE courts may seek to interpret English law governed Transaction Documents as if they were governed by UAE law and there can therefore be no certainty that in those circumstances the UAE courts would give effect to such Transaction Documents in the same manner as the parties may intend.

As the UAE is a civil law jurisdiction, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty. The enforcement of a foreign judgment or arbitral award may be a lengthy process in the UAE.

In the case of any dispute under the Conditions and/or the relevant Transaction Documents, which, at the option of the Trustee or the Delegate, has been referred to the ADGM courts in accordance with Article 13(7) of Abu Dhabi Law No. 12 of 2020 (the "Amendment to the ADGM Founding Law") and Section 16(2)(e) of the ADGM Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointments Regulations 2015 (the "ADGM Courts Regulations"), any judgment, decision or order made by the ADGM courts in favour of the Delegate should, upon application by the Delegate directly to the Abu Dhabi execution courts or to the ADGM courts be enforced against the Obligor and/or its assets situated in Abu Dhabi (either by the execution court of the Abu Dhabi courts or, in the case of an application to the ADGM courts, a deputised enforcement judge of the Abu Dhabi courts) without re-examination of the merits of the case subject to the provisos and adherence to the procedures for enforcement referred to in Articles 13(3) and 13(15) of the Amendment to the ADGM Founding Law and Federal Law No. 11 of 1992 regarding the Law of Civil Procedure (as amended).

The Amendment to the ADGM Founding Law and the ADGM Courts Regulations provide for the jurisdiction of the ADGM courts to include all civil and commercial disputes where the parties to the relevant dispute have expressly agreed to submit to the jurisdiction of the ADGM courts, even where such parties are unconnected to the ADGM. None of the Trustee, the Obligor or the Delegate are connected to the ADGM.

Investors should note, however, that, as at the date of this Offering Circular, there is no established track-record as to how the Amendment to the ADGM Founding Law and the ADGM Courts Regulations will be interpreted and applied in practice and there is therefore no certainty as to how the ADGM courts intend to exercise their jurisdiction under this law should any party dispute the right of the ADGM courts to hear a
particular dispute, where any party is unconnected to the ADGM, nor is there any certainty that the Abu Dhabi courts will enforce the judgment of the ADGM courts without reconsidering the merits of the case.

Additional risks

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Certificates. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, in general, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. However, in the case of ratings issued by third country non-UK credit rating agencies, these ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to: (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended; and (ii) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Certificates changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Certificates may have a different regulatory treatment, which may impact the value of the Certificates and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

Change of law

The conditions of the Certificates and the Transaction Documents are based on English law, the laws of Abu Dhabi and, to the extent applicable in Abu Dhabi, the federal laws of the UAE, and administrative practices in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English or administrative practice after the date of this Offering Circular nor whether any such change could adversely affect the ability of the Trustee to comply with its obligations and make payments under the Certificates or the Obligor to comply with its obligations and make payments under the Transaction Documents to which it is a party.

Investors must make their own determination as to Shari’a compliance

The Internal Sharia Supervisory Committee of Dubai Islamic Bank PJSC, the Internal Sharia Supervisory Committee of Emirates NBD – Al Watani Al Islami and the First Abu Dhabi Bank Internal Shariah Supervision Committee have each confirmed that the Transaction Documents are, in their view, in compliance with the principles of Shari’a, as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or any issue and trading of any Certificates will be deemed
to be Shari'a-compliant by any other Shari'a board or Shari'a scholars. None of the Trustee, the Obligor, the Arranger, the Dealers, the Delegate or the Agents makes any representation as to the Shari'a compliance of any Certificates and prospective investors are reminded that, as with any Shari'a views, differences in opinion are possible and different Shari'a standards may be applied by different Shari'a boards. Prospective investors are advised to obtain their own independent Shari'a advice as to whether the Transaction Documents and the issue and trading of any Certificates will meet their individual standards of compliance and make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the Shari'a permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents (other than the Master Purchase Agreement, each Supplemental Purchase Agreement and each Sale Agreement) would be, if in dispute, the subject of arbitration in London under the Rules. The Obligor has also agreed under the Transaction Documents to which it is a party (other than the Master Purchase Agreement, each Supplemental Purchase Agreement and each Sale Agreement) to submit to the exclusive jurisdiction of the courts of England or the ADGM courts, at the option of the Trustee or the Delegate. In such circumstances, the arbitrator or judge (as applicable) should apply the governing law of the relevant Transaction Document in determining the obligations of the parties.

**Reliance on Euroclear and Clearstream, Luxembourg procedures**

The Certificates of each Series will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificate. While the Certificates of any Series are represented by the Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates of any Series are represented by the Global Certificate, the Trustee will discharge its payment obligation under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in a Global Certificate.

Holders of ownership interests in a Global Certificate will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

**Exchange rate risks and exchange controls**

The Trustee will pay Periodic Distribution Amounts and Dissolution Amounts on the Certificates and the Obligor will make any payments under the Transaction Documents in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate.

Neither the Trustee nor the Obligor have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency equivalent yield on the Certificates; (b) the Investor's Currency equivalent value of the face amount payable on the Certificates; and (c) the Investor's Currency equivalent market value of the Certificates.
Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Trustee or the Obligor to make payments in respect of the Certificates or Transaction Documents (as applicable). As a result, investors may receive lower Periodic Distribution Amounts or amounts in respect of the face amount of such Certificates than expected, or no such Periodic Distribution Amount or face amount.

**Consents in relation to the variation of the Transaction Documents and other matters**

The Master Declaration of Trust and the Conditions of the Certificates contain provisions for calling meetings of Certificateholders of a Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders of such a Series including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Master Declaration of Trust contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to make any modification to the Master Declaration of Trust or any Transaction Document if, in the opinion of the Delegate, such modification: (a) is of a formal, minor or technical nature; (b) is made to correct a manifest error; or (c) is not materially prejudicial to the interests of the Certificateholders and is other than in respect of a Reserved Matter (as defined in the Master Declaration of Trust). Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the Certificateholders and shall in any event be binding upon the Certificateholders.
STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series to be issued under the Programme. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Offering Circular for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram

Payments by the Certificateholders and the Trustee

On the Issue Date of each Tranche of Certificates, the Certificateholders will pay the issue price in respect of the Certificates (the "Issue Price") to the Trustee, and the Trustee will apply as follows:

(a) an amount as specified in the applicable Pricing Supplement, which shall be equal to no less than 51 per cent. of the aggregate face amount of the relevant Certificates, to the Company (in its capacity as seller, the "Seller") as the purchase price payable for the purchase from the Company of all its rights, title, interests, benefits and entitlements in, to and under certain real estate assets located in Abu Dhabi (excluding the Abu Dhabi Global Market) (in the case of the first Tranche of the relevant Series of Certificates, the "Initial Asset Portfolio" or, in the case of each subsequent Tranche of such Series, the "Additional Assets") which are currently leased or currently intended to be leased (other than on the basis of a finance lease) by the Seller to third parties (the "Real Estate Assets"); and

(b) the remaining portion of the relevant Issue Price as specified in the applicable Pricing Supplement, which shall be no more than 49 per cent. of the aggregate face amount of the relevant Certificates (the "Murabaha Investment Amount"), to purchase certain Shari'a-compliant commodities (the "Commodities") through the Commodity Agent and the Trustee will sell such Commodities to the Company (in its capacity as buyer, the "Buyer") on a deferred payment basis for a sale price specified in an offer notice (the "Deferred Payment Price") pursuant to a murabaha contract (the "Murabaha Contract") (such sale of Shari'a-compliant commodities by the Trustee to the Buyer the "Commodity Murabaha Investment").

In relation to a Series, the Initial Asset Portfolio, if applicable, the Additional Assets and, if applicable, each Commodity Murabaha Investment and all other rights arising under or with respect thereto (including the right to receive payment of profit, rental, Deferred Payment Price and any other amounts due in
connection therewith) shall comprise the "Wakala Portfolio" in respect of such Series, and the Real Estate Assets comprised in such Portfolio from time to time, the "Wakala Assets".

Periodic Distribution Payments

In relation to each Series, all rentals and other amounts payable by the relevant lessee in respect of the Wakala Assets and, if applicable, all profit instalment amounts comprising the Deferred Payment Price payable under the relevant Murabaha Contract (together, the "Wakala Portfolio Revenues") will be recorded by the Service Agent in a book-entry ledger account (the "Collection Account"). On each Wakala Distribution Determination Date, the Service Agent shall pay into the relevant Transaction Account amounts standing to the credit of the Collection Account, which is intended to fund an amount equal to the aggregate of the Periodic Distribution Amounts payable by the Trustee under the Certificates of the relevant Series on the immediately following Periodic Distribution Date (the "Required Amount") and such Required Amount will be applied by the Trustee for that purpose.

In the event that the Wakala Portfolio Revenues are greater than the Required Amount, the amount of any excess shall be credited by the Service Agent to a separate book-entry ledger account (the "Reserve Account"). If the amount standing to the credit of the Transaction Account on a Wakala Distribution Determination Date is insufficient to fund the Required Amount, the Service Agent shall apply amounts standing to the credit of the Reserve Account towards such shortfall, by paying an amount equal to the same into the Transaction Account. If having applied such amounts from the Reserve Account, there remains a shortfall, the Service Agent may, in its sole discretion, provide either:

(a) Shari'a-compliant funding to the Trustee itself; or
(b) Shari'a-compliant funding from a third party to be paid to the Trustee,

in each case, in an amount equal to the shortfall remaining (if any) on terms that such funding is to be payable: (i) from the Wakala Portfolio Revenues received in respect of a subsequent period; or (ii) from (A) the relevant exercise price payable pursuant to the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, or (B) the Full Reinstatement Value (as defined in the Service Agency Agreement) pursuant to the terms of the Service Agency Agreement, as the case may be, on the relevant Dissolution Date on which the Certificates of the relevant Series are redeemed in full (each a "Liquidity Facility").

Dissolution Payments

On the business day prior to the relevant Scheduled Dissolution Date in relation to each Series:

(a) the aggregate amounts of Deferred Payment Price then outstanding, if any, shall become immediately due and payable; and

(b) the Trustee will have the right under the Purchase Undertaking to require the Company to purchase all of its rights, title, interests, benefits and entitlements in, to and under Wakala Assets at the relevant Exercise Price,

and such amounts are intended to fund the relevant Dissolution Distribution Amount to be paid by the Trustee under the Certificates of the relevant Series on the Scheduled Dissolution Date.

The Certificates in relation to any Series may be redeemed in whole or in part, as the case may be, prior to the relevant Scheduled Dissolution Date for the following reasons, in the case of each of (ii), (iii) and (iv), if so specified in the applicable Pricing Supplement: (i) for taxation reasons; (ii) at the option of the Company; (iii) at the option of the Certificateholders; (iv) at the option of the Certificateholders following a Change of Control; (v) at the option of the Certificateholders following a Tangibility Event; (vi) if 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled and the Obligor has provided a duly completed Exercise Notice to the Trustee; (vii) unless the relevant Wakala Assets have been replaced in accordance with the Service Agency Agreement, following a Total Loss Event; and (viii) following a Dissolution Event.
In the case of each of paragraphs (i), (ii) and (vi) above, on the business day prior to the relevant Dissolution Date:

(1) the aggregate amounts (or the applicable portion thereof) of the Deferred Payment Price then outstanding, if any, shall become immediately due and payable; and

(2) the Company will have the right under the Sale and Substitution Undertaking to require the Trustee to sell all (or the applicable portion thereof, as the case may be) of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the relevant Exercise Price or Optional Dissolution Exercise Price, as the case may be,

and such amounts are intended to fund the relevant Dissolution Amount payable by the Trustee under the Certificates of the relevant Series on the Early Tax Dissolution Date, the Optional Dissolution Date or the Clean Up Call Right Dissolution Date, as the case may be.

In the case of each of paragraphs (iii), (iv), (v) and (vii) above, such redemption of the Certificates shall be funded in a similar manner as for the payment of the relevant Dissolution Distribution Amount on the Scheduled Dissolution Date save for, on (or, in the case of paragraph (iii) and paragraph (iv) above, the business day prior to) the relevant Dissolution Date:

(1) the aggregate amounts (or the applicable portion thereof) of the Deferred Payment Price then outstanding, if any, shall become immediately due and payable; and

(2) the Trustee will have the right under the Purchase Undertaking to require the Company to purchase all (or the applicable portion thereof, as the case may be) of its rights, title, interests, benefits and entitlements in, to and under the relevant Wakala Assets at the relevant Certificateholder Put Option Exercise Price, Change of Control Put Option Exercise Price or Tangibility Event Put Option Exercise Price (as the case may be),

and such amounts are intended to fund the relevant Dissolution Amount to be paid by the Trustee under the Certificates of the relevant Series on the Certificateholder Put Option Date, the Change of Control Put Option Date, the Tangibility Event Put Option Date or the Dissolution Event Redemption Date, as the case may be.

In the case of paragraph (viii) above, on the Total Loss Dissolution Date:

(1) the aggregate amounts of Deferred Payment Price then outstanding, if any, shall become immediately due and payable; and

(2) the Trustee will have the right under the Service Agency Agreement to receive all insurance proceeds relating to the Wakala Assets,

and such amounts are intended to fund the relevant Dissolution Amount payable by the Trustee under the Certificates of the relevant Series on the Total Loss Dissolution Date.

For Shari'a reasons, the Optional Dissolution Right and the Certificateholder Put Option cannot both be specified as applicable in the applicable Pricing Supplement in respect of any single Series.
TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates which, subject to completion and as supplemented by the applicable Pricing Supplement (as defined below) will be incorporated by reference into each Global Certificate and Definitive Certificate, in the case of Definitive Certificates only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Trustee and the Obligor at the time of issue but, if not so permitted and agreed, each Definitive Certificate will have endorsed thereon or attached thereto such terms and conditions. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Certificate and Definitive Certificate. Reference should be made to "Applicable Pricing Supplement" for a description of the content of the Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Certificates.

PD Sukuk Limited (in its capacities as issuer and as trustee, the "Trustee") has established a programme (the "Programme") for the issuance of trust certificates (the "Certificates" and each a "Certificate") in a maximum aggregate face amount of U.S.$1,000,000,000 as may be increased in accordance with the terms of the Master Declaration of Trust (as defined below).

The final terms for a Certificate (or the relevant provisions thereof) are set out in Part A of the applicable Pricing Supplement endorsed on a Certificate which supplement and complete these terms and conditions (the "Conditions") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of each Series. References to the "applicable Pricing Supplement" are to the pricing supplement (or the relevant provisions thereof) endorsed on each Certificate.

Each Certificate will represent an undivided pro rata ownership interest in the relevant Trust Assets (as defined below) held on trust by the Trustee (the "Trust") for the holders of such Certificates pursuant to: (i) a master declaration of trust (the "Master Declaration of Trust") dated 5 July 2021 and entered into by the Trustee, Private Department of Skh Mohamed Bin Khalid Al Nahyan – LLC (the "Obligor") and The Law Debenture Trust Corporation p.l.c. as donee of certain powers and as the Trustee's delegate (the "Delegate"); and (ii) a supplemental declaration of trust in respect of the relevant Tranche (the "Supplemental Declaration of Trust").

The Certificates of each Series shall form a separate series and these Conditions shall apply mutatis mutandis separately and independently to the Certificates of each Series and, in these Conditions, the expressions "Certificates", "Certificateholders" and related expressions shall be construed accordingly.

In these Conditions, references to "Certificates" shall be references to the Certificates (whether in global form as a global Certificate (a "Global Certificate") or in definitive form as definitive Certificates (each a "Definitive Certificate");) which are the subject of the applicable Pricing Supplement.

These Conditions include summaries of, and are subject to, the detailed provisions of the Master Declaration of Trust as supplemented by each relevant Supplemental Declaration of Trust and the other Transaction Documents. Payments relating to the Certificates will be made pursuant to an agency agreement to be dated 5 July 2021 (the "Agency Agreement") made between, inter alios, the Trustee, the Delegate, the Obligor, Citibank N.A., London Branch as principal paying agent (in such capacity, the "Principal Paying Agent" and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the "Paying Agents"), calculation agent (together with any further or other calculation agents appointed from time to time in respect of the Certificates, in such capacity, the "Calculation Agent"), Citibank N.A., London Branch as transfer agent (together with any further or other transfer agents appointed from time to time in respect of the Certificates, in such capacity, the "Transfer Agent") and Citigroup Global Markets Europe AG as registrar (in such capacity, a "Registrar"). The Paying Agents, the Calculation Agent, the Registrar and the Transfer Agent are together referred to in these Conditions as the "Agents". References to the Agents or any of them shall include their successors.

The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of the following documents, copies of which are available for inspection and/or collection during usual business hours at the registered office of the Trustee (presently at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands) and at the specified office of the Principal Paying Agent:
a master purchase agreement between the Trustee and the Obligor dated 5 July 2021 (the "Master Purchase Agreement") and, in respect of each Tranche, the supplemental purchase agreement with respect thereto (the "Supplemental Purchase Agreement");

(b) a service agency agreement between the Trustee and the Obligor dated 5 July 2021 (the "Service Agency Agreement");

c) a purchase undertaking executed by the Obligor in favour of the Trustee and the Delegate dated 5 July 2021 (the "Purchase Undertaking");

(d) a sale and substitution undertaking executed by the Trustee in favour of the Obligor dated 5 July 2021 (the "Sale and Substitution Undertaking");

e) a master murabaha agreement dated 5 July 2021 between the Trustee, the Obligor and the Delegate (the "Master Murabaha Agreement");

(f) the Master Declaration of Trust and, in respect of each Tranche, the applicable Supplemental Declaration of Trust with respect thereto;

g) the Agency Agreement;

(h) a corporate services agreement entered into on 1 July 2021 between MaplesFS Limited (as provider of corporate services to the Trustee) and the Trustee (the "Corporate Services Agreement"); and

(i) in respect of each Tranche, the applicable Pricing Supplement,
as each may be amended and restated and/or supplemented from time to time.

Each Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed, in respect of each Series, to authorise and direct the Trustee on behalf of the Certificateholders, to: (i) apply the proceeds of the issue of the Certificates in accordance with the terms of the Transaction Documents; and (ii) enter into, and perform its obligations under and in connection with, each Transaction Document, subject to the terms and conditions of the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust and these Conditions.

1. **INTERPRETATION**

Words and expressions defined in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust and the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between any such document and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail. In addition, in these Conditions the following expressions have the following meanings:

"**Accountholder**" means each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as entitled to a particular face amount of the Certificates (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error);

"**Additional Financial Centre(s)**" means the city or cities specified as such in the applicable Pricing Supplement;

"**Affiliate**" means with respect to any specified Person: (a) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; or (b) any other Person that owns, directly or indirectly through one or more Subsidiaries, 20 per cent. or more of any class of such specified Person's Capital Stock, and, for the purposes of this definition, "**control**", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;
"Asset Sale" means any sale, sale and lease back, transfer or other disposition by any member of the Group of all or any of the legal or beneficial interest in any Capital Stock or any property or assets of any member of the Group (either in one transaction or in a series of related transactions at the same time or over a period of time) to any Person who is not a member of the Group, provided that, for the avoidance of doubt, the grant of a lease (with a tenor of less than 10 years) in respect of any completed property in the ordinary course of business and/or the issuance of shares in the Obligor to its shareholder(s) shall not constitute an Asset Sale;

"Average Life" means, as of the date of determination with respect to any Financial Indebtedness, the quotient obtained by dividing:

(a) the sum of the products of: (i) the numbers of years from the date of determination to the date or dates of each successive scheduled principal payment of such Financial Indebtedness; and (ii) the amount of each such principal payment;

by

(b) the sum of all such principal payments;

"Borrowings" means at any time, the aggregate outstanding principal, capital or nominal amount of, and any fixed or minimum premium payable on prepayment or redemption of, any indebtedness for or in respect of Financial Indebtedness;

"Broken Amount" has the meaning given to it in the applicable Pricing Supplement;

"Business Day" means:

(a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Financial Centre; and

(b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant Specified Currency and in each (if any) Additional Financial Centre;

"Calculation Amount" has the meaning given to it in the applicable Pricing Supplement;

"Cancellation Notice" means a cancellation notice in substantially the form of schedule 6 to the Master Declaration of Trust;

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any preferred stock of such Person, whether outstanding on the Issue Date of the first Tranche of the Certificates or issued after the date thereof, including without limitation, all series and classes of such Capital Stock;

"Certificateholder" means a person in whose name a Certificate is registered in the Register (or in the case of joint holders, the first named thereof) save that, for so long as the Certificates of any Tranche are represented by a Global Certificate, each Accountholder shall be deemed to be the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, for the purposes hereof other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Trustee, solely in the registered holder of such Global Certificate in accordance with and subject to the terms of the Master Declaration of Trust as supplemented by the relevant supplemental Declaration of Trust and such Global Certificates, and the expressions "holder" and "holder of Certificates" and related expressions shall (where appropriate) be construed accordingly;

"Certificateholder Put Option" means the right specified in Condition 10(d) (Capital Distributions of the Trust – Certificateholder Put Option);
"Certificateholder Put Option Date" means, in relation to the exercise of the Certificateholder Put Option, the date specified as such in the applicable Pricing Supplement;

"Certificateholder Put Option Dissolution Amount" means, in relation to each Certificate to be redeemed on the relevant Certificateholder Put Option Date, the aggregate of:

(a) the face amount of such Certificate; plus

(b) any due but unpaid Periodic Distribution Amounts (if any) relating to such Certificate; plus

(c) without duplication or double counting, such other amount specified in the applicable Pricing Supplement as being payable upon any Certificateholder Put Option Date (if any);

"Change of Control Event" shall occur each time any lineal descendants of Sheikh Mohamed bin Khalid Al Nahyan cease to own, directly or indirectly, in aggregate, more than 50 per cent. of the issued share capital of the Obligor;

"Change of Control Notice" has the meaning given to it in Condition 10(e) (Capital Distributions of the Trust – Change of Control Put Option);

"Change of Control Put Option" means the right specified in Condition 10(e) (Capital Distributions of the Trust – Change of Control Put Option);

"Change of Control Put Option Date" means, in relation to the exercise of the Change of Control Put Option, the tenth day after the expiry of the Change of Control Put Option Period, provided that, if such day is not a day on which banks are open for general business in both London and the principal financial centre of the Specified Currency, the Change of Control Put Option Date shall be the next following day on which banks are open for general business in both London and the principal financial centre of the Specified Currency;

"Change of Control Put Option Dissolution Amount" means, in relation to each Certificate to be redeemed on the relevant Change of Control Put Option Date, the aggregate of:

(a) the face amount of such Certificate; plus

(b) any due but unpaid Periodic Distribution Amounts (if any) relating to such Certificate; plus

(c) without duplication or double counting, such other amount specified in the applicable Pricing Supplement as being payable upon any Change of Control Put Option Date (if any);

"Change of Control Put Option Notice" has the meaning given in Condition 10(e) (Capital Distributions of the Trust – Change of Control Put Option);

"Change of Control Put Option Period" means, in relation to the exercise of the Change of Control Put Option, the period of 30 days commencing on the date that a Change of Control Notice is given;

"Clean Up Call Right Dissolution Amount" means, in relation to each Certificate to be redeemed on the relevant Clean Up Call Right Dissolution Date, the aggregate of:

(a) the face amount of such Certificate; plus

(b) any due but unpaid Periodic Distribution Amounts (if any) relating to such Certificate; plus

(c) without duplication or double counting, such other amount specified in the applicable Pricing Supplement as being payable upon any Clean Up Call Right Dissolution Date (if any);
"Clean Up Call Right Dissolution Date" has the meaning given to it in Condition 10(g) (Capital Distributions of the Trust – Clean Up Call Option);

"Clearstream, Luxembourg" has the meaning given to it in Condition 2(a) (Form, Denomination and Title – Form and Denomination);

"Consolidated Cash and Cash Equivalents" means, in respect of the Group, at any time, the aggregate of the following:

(a) cash in hand or on deposit with any acceptable bank;

(b) certificates of deposit, maturing within one year from the relevant date of calculation, issued by an acceptable bank;

(c) any investment in marketable obligations issued or guaranteed by: (i) the government of the United States of America or the United Kingdom (the "UK") or by an instrumentality or agency of the government of the United States of America or the United Kingdom having an equivalent credit rating; or (ii) the Government of the United Arab Emirates or the Government of Dubai or the Government of Abu Dhabi, provided that, in the case of (ii), such obligations have a maturity of less than one year from the relevant date of calculation;

(d) open market commercial paper:
   (i) for which a recognised trading market exists;
   (ii) issued in the United States of America or the UK;
   (iii) which matures within one year from the relevant date of calculation; and
   (iv) which has a credit rating of either A-1 by Standard & Poor's or Fitch or P-1 by Moody's or if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term debt obligations, an equivalent rating;

(e) Sterling bills of exchange eligible for re-discount at the Bank of England and accepted by an acceptable bank, in each case, to which any member of the Group is beneficially entitled at that time and which is capable of being applied against Consolidated Total Indebtedness. An acceptable bank for this purpose is a commercial bank or trust company which has a rating of BBB- or higher by Standard & Poor's or Fitch or Baa3 or higher by Moody's or a comparable rating from a nationally recognised credit rating agency for its long-term obligations;

"Consolidated EBITDA" means, in respect of any Measurement Period, EBIT for that Measurement Period after adding back any amount attributable to the amortisation, depreciation or impairment of assets of any member of the Group, as determined by reference to the most recently available audited or auditor reviewed consolidated financial statements of the Obligor prepared in accordance with IFRS;

"Consolidated Net Finance Costs" means, in respect of any Measurement Period:

(a) the aggregate amount of the accrued interest, profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Financial Indebtedness (whether, in each case, paid or payable by any member of the Group (calculated on a consolidated basis)) in respect of such Measurement Period; less

(b) the aggregate amount of all financing charges received or receivable by any member of the Group (calculated on a consolidated basis) during such Measurement Period;

"Consolidated Net Income" means the consolidated net income or loss of the Obligor determined in accordance with IFRS by reference to the most recently available audited or reviewed consolidated financial statements of the Obligor;
"Consolidated Total Assets" means the aggregate value (less depreciation and amortisation computed in accordance with international accounting standards) of all assets of the Group which are treated as assets determined in accordance with IFRS, as shown in the most recently availableaudited or auditor reviewed consolidated financial statements of the Obligor prepared in accordance with IFRS;

"Consolidated Total Indebtedness" means, in respect of any Measurement Period, the aggregate amount of all obligations of the Group for or in respect of Borrowings as at the last day of such Measurement Period, as determined by reference to the most recently available audited or auditor reviewed consolidated financial statements of the Obligor prepared in accordance with IFRS;

"Customer Deposits" means any amounts collected from potential or actual purchasers or lessees of real estate (or from a person acting on behalf of such purchasers or lessees) by a member of the Obligor in the ordinary course of its day to day real estate and development activities;

"Day Count Fraction" has the meaning given to it in Condition 8(b) *(Periodic Distribution Provisions – Determination of Periodic Distribution Amount)*;

"Delegation" has the meaning given to it in Condition 19 *(The Delegate)*;

"Dispute" has the meaning given to it in Condition 22 *(Governing Law and Dispute Resolution)*;

"Dissolution Amount" means, in relation to each Certificate, as the case may be:

(a) the Dissolution Distribution Amount;
(b) the Early Dissolution Amount (Tax);
(c) the Optional Dissolution Amount;
(d) the Certificateholder Put Option Dissolution Amount;
(e) the Change of Control Put Option Dissolution Amount;
(f) the Tangibility Event Put Option Dissolution Amount; or
(g) the Clean Up Call Right Dissolution Amount;

"Dissolution Date" means, as the case may be:

(a) the Scheduled Dissolution Date;
(b) any Early Tax Dissolution Date;
(c) any Optional Dissolution Date;
(d) any Certificateholder Put Option Date;
(e) any Change of Control Put Option Date;
(f) any Tangibility Event Put Option Date;
(g) any Total Loss Dissolution Date;
(h) any Clean Up Call Right Dissolution Date;
(i) any Dissolution Event Redemption Date; or
(j) such other date as specified in the applicable Pricing Supplement for the redemption of Certificates and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;
"Dissolution Distribution Amount" means, in relation to each Certificate, either:

(a) the sum of:
   (i) the outstanding face amount of such Certificate; and
   (ii) any due but unpaid Periodic Distribution Amounts relating to such Certificate; or

(b) such other amount specified in the applicable Pricing Supplement as being payable upon any relevant Dissolution Date (if any);

"Dissolution Event" has the meaning given to it in Condition 14 (Dissolution Events);

"Dissolution Event Redemption Date" has the meaning given to it in Condition 14 (Dissolution Events);

"Dissolution Request" has the meaning given to it in Condition 14 (Dissolution Events);

"Early Dissolution Amount (Tax)" means, in respect of any Certificate, the Dissolution Distribution Amount or such other amount specified in the applicable Pricing Supplement payable on any Early Tax Dissolution Date;

"Early Tax Dissolution Date" has the meaning given to it in Condition 10(b) (Capital Distributions of the Trust – Early Dissolution for Tax Reasons);

"EBIT" means, in respect of any Measurement Period, the consolidated operating profit of the Group before taxation (excluding the results from discontinued operations):

(a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Measurement Period;

(b) not including any accrued interest owing to the Obligor or its Subsidiaries;

(c) before taking into account any Exceptional Items;

(d) before taking into account any unrealised gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);

(e) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation;

"Euroclear" has the meaning given to it in Condition 2(a) (Form, Denomination and Title – Form and Denomination);

"Exceptional Items" means any exceptional, one-off, non-recurring or extraordinary items;

"Exercise Notice" means an exercise notice delivered pursuant to the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the context so requires;

"Exercise Price" has the meaning given to it in the Purchase Undertaking or the Sale and Substitution Undertaking, as the context so requires;

"Extraordinary Resolution" has the meaning given to it in schedule 4 to the Master Declaration of Trust;
"Fair Market Value" means, with respect to any Investment, Capital Stock, asset or property, the sale or investment value that would be paid in an arm's-length transaction between an independent, informed and willing seller or counterparty under no compulsion to sell or transact and an independent, informed and willing buyer or investor under no compulsion to buy or invest;

"Financial Indebtedness" means any indebtedness for or in respect of:

(a) moneys borrowed and debit balances at banks or other financial institutions;
(b) any amount raised by acceptance under any acceptance credit or bill discount facility or dematerialised equivalent;
(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, trust certificates, debentures, loan stock or any similar instrument;
(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
(f) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and leaseback arrangement, sale and saleback arrangement or securitisation) having the commercial effect of a borrowing;
(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution by way of support for borrowings under paragraphs (a) to (g) (inclusive) and (i) to (k) (inclusive) of this definition;
(i) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of an asset or service;
(j) any obligations incurred in respect of any Islamic financing arrangements; and
(k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) (inclusive) of this definition,

but shall not include any indebtedness in respect of Customer Deposits;

"Fitch" means Fitch Ratings Ltd.;

"Fixed Amount" has the meaning given to it in the applicable Pricing Supplement;

"Group" means the Obligor and its Subsidiaries taken as a whole;

"IFRS" means International Financial Reporting Standards;

"Incur" or, as appropriate, an "Incurrence" has the meaning given in Condition 5(b) (Obligor Covenants – Limitation on Indebtedness);

"Indebtedness" means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments) or any Shari'a-compliant alternative of the foregoing other than any such obligations, guarantees or indemnities owing or given by one member of the Group to another member of the Group;
"Independent Appraiser" means: (a) for the purposes of assets comprising interests in real estate and leases, an independent authorised firm of chartered surveyors; and (b) for the purposes of any assets other than those described in (a), any independent firm of appraisers or internationally recognised investment banking firm or firm of public accountants, in the case of (a) and (b) being of international standing, selected by the Obligor;

"Investment" means any direct or indirect advance, loan or other extension of credit (including by way of guarantee or similar arrangement) or capital contribution to any Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of any type of asset, property, security, financial product, Capital Stock, Financial Indebtedness or any other financial instrument;

"ISM" means the London Stock Exchange's International Securities Market;

"Issue Date" has the meaning given to it in the applicable Pricing Supplement;

"Joint Venture Company" means an entity which is, at any particular time, jointly controlled (whether directly or indirectly) by the Obligor and any other Person or Persons. For the purposes of this definition, an entity shall be considered as being jointly controlled by the Obligor and such other Person or Persons if it is accounted for as a jointly controlled entity in the most recently available audited or auditor reviewed consolidated financial statements of the Obligor prepared in accordance with IFRS;

"Liability" means, in respect of any person, any actual loss, damage, cost (excluding cost of funding and opportunity costs), fee, charge, award, claim, demand, expense, judgment, action, proceeding or other liability whatsoever and including any value added tax or similar tax charged or chargeable in respect of any sums referred to in this definition and legal or other fees and expenses on a full indemnity basis and references to "Liabilities" shall mean all of these;

"Material Subsidiary" means any Subsidiary of the Obligor:

(a) whose total revenue (consolidated in the case of a Subsidiary of the Obligor which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary of the Obligor which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary of the Obligor acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, are equal to) not less than 10 per cent. of total revenue or, as the case may be, consolidated total assets of the Group taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unaudited) of such Subsidiary and the then latest audited consolidated accounts of the Group, provided that in the case of a Subsidiary of the Obligor acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, the reference to the then latest audited consolidated accounts of the Group for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Obligor;

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Obligor which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (b) on the date on which the consolidated accounts of the Group for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) of this definition or, prior to or after such date, by virtue of any other applicable provision of this definition; or
(c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Group relate, generate total revenue equal to) not less than 10 per cent. of total revenue, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of the Group taken as a whole, all as calculated as referred to in paragraph (a) of this definition, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total revenue equal to) not less than 10 per cent. of total revenue, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Group taken as a whole, all as calculated as referred to in paragraph (a) of this definition, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (c) on the date on which the consolidated accounts of the Group for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (a) of this definition or, prior to or after such date, by virtue of any other applicable provision of this definition;

"Maximum Notice Period" has the meaning given in the applicable Pricing Supplement;

"Maximum Optional Dissolution Amount" means the amount specified as such in the applicable Pricing Supplement;

"Measurement Period" means each period of 12 months ending on the last date of each period in respect of which audited or auditor reviewed consolidated financial statements of the Obligor are made available;

"Minimum Notice Period" has the meaning given in the applicable Pricing Supplement;

"Minimum Optional Dissolution Amount" means the amount specified as such in the applicable Pricing Supplement;

"Moody's" means Moody's Investors Service Ltd.;

"Murabaha Percentage" means the percentage specified as such in the applicable Pricing Supplement which shall be no more than 49 per cent.;

"Non-recourse Project Financing" means any financing of all or part of the costs of the acquisition, construction or development of any project, provided that: (a) any Security Interest given by the Obligor or the relevant Subsidiary, as the case may be, in connection therewith is limited solely to assets of the project; (b) the person providing such financing expressly agrees to limit its recourse to the project financed and the revenues derived from such project as the sole source of repayment for the moneys advanced; and (c) there is no other recourse to the Obligor or the relevant Subsidiary, as the case may be, or any other Subsidiary of the Obligor, in respect of any default by any person under the financing (including, without limitation, by way of any credit support, security or other similar commitment from the Obligor or the relevant Subsidiary);

"Obligor Event" has the meaning given to it in Condition 14 (Dissolution Events);

"Optional Dissolution Amount" means, in relation to each Certificate to be redeemed on the relevant Optional Dissolution Date, the aggregate of:

(a) the face amount of such Certificate; plus

(b) any due but unpaid Periodic Distribution Amounts relating to such Certificate; plus

(c) without duplication or double-counting, such other amount specified in the applicable Pricing Supplement as being payable upon any Optional Dissolution Date (if any);
"Optional Dissolution Date" means, in relation to the exercise of an Optional Dissolution Right, the date specified as such in the applicable Pricing Supplement;

"Optional Dissolution Right" means the right specified in Condition 10(c) (Capital Distributions of the Trust – Dissolution at the Option of the Obligor);

"Payment Business Day" means: (a) in the case where presentation and surrender of a Definitive Certificate is required before payment can be made, a day on which banks in the relevant place of surrender of a Definitive Certificate are open for presentation and payment of registered securities and for dealings in foreign currencies; and (b) in the case of payment on a Global Certificate, by transfer to an account, if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Periodic Distribution Amount" has the meaning given to it in Condition 8(a) (Periodic Distribution Provisions – Periodic Distribution Amount) and as specified in the applicable Pricing Supplement;

"Periodic Distribution Date" means the date or dates specified as such in the applicable Pricing Supplement;

"Permitted Financial Indebtedness" means any one or more of the following:

(a) with respect to Condition 5(b) (Obligor Covenants – Limitation on Indebtedness) only:

(i) any Financial Indebtedness of the Obligor outstanding on the Signing Date;

(ii) any Financial Indebtedness owed by the Obligor to any Subsidiary of the Obligor, provided that any subsequent disposition, pledge or transfer of such Financial Indebtedness (other than to a Subsidiary of the Obligor) shall be deemed, in each case, to constitute the Incurrence of such Financial Indebtedness (which for the avoidance of doubt, shall not be Permitted Financial Indebtedness falling within the scope of this paragraph (ii)) by the obligor thereof;

(iii) any amounts owed by the Obligor to suppliers, contractors, sub-contractors and/or project consultants in respect of goods supplied and/or services provided, in each case in the ordinary course of business;

(iv) any Financial Indebtedness of the Obligor incurred in connection with a Non-recourse Project Financing or a Securitisation (provided that such Financial Indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, when taken together with all other outstanding Financial Indebtedness of the Obligor incurred in connection with a Non-recourse Project Financing or a Securitisation on the date of the relevant Incurrence referred to in Condition 5(b) (Obligor Covenants – Limitation on Indebtedness), does not exceed an amount equal to 10 per cent. of the Consolidated Total Assets);

(v) any Financial Indebtedness arising for, or in respect of, working capital facilities which are fully cash collateralised and which are incurred by the Obligor in the ordinary course of business;

(vi) any Financial Indebtedness arising in the form of deferred payment obligations of the Obligor in respect of the acquisition of any business, assets or Capital Stock, in each case in the ordinary course of business;

(vii) any Financial Indebtedness for or in respect of any derivative transaction entered into solely to protect the Obligor from fluctuations in profit/interest rates or financing costs or currencies (and is not for speculation);
Financial Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided that such Financial Indebtedness is extinguished within 10 Business Days of its Incurrence; and

any Refinancing Financial Indebtedness Incurred by the Obligor in respect of Financial Indebtedness Incurred by the Obligor pursuant to paragraphs (i), (ii), (iii), (iv) or (vi) above;

with respect to Condition 5(e) (Obligor Covenants – Limitation on Indebtedness (Subsidiaries)) only:

(i) any Financial Indebtedness of a Subsidiary of the Obligor outstanding on the Signing Date;

(ii) any Financial Indebtedness of a Subsidiary of the Obligor Incurred and outstanding on or prior to the date on which such Subsidiary became a Subsidiary of the Obligor (other than Financial Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilised to consummate, the transaction or series of related transactions pursuant to which the Subsidiary became a Subsidiary of the Obligor);

(iii) any amounts owed by a Subsidiary of the Obligor to suppliers, contractors, sub-contractors and/or project consultants in respect of goods supplied and/or services provided, in each case in the ordinary course of business;

(iv) any Financial Indebtedness of a Subsidiary of the Obligor incurred in connection with a Non-recourse Project Financing or a Securitisation (provided that such Financial Indebtedness incurred in connection with a Non-recourse Project Financing or a Securitisation, when taken together with all other outstanding Financial Indebtedness of such Subsidiary incurred in connection with a Non-recourse Project Financing or a Securitisation on the date of the relevant Incurrence referred to in Condition 5(e) (Obligor Covenants – Limitation on Indebtedness (Subsidiaries)), does not exceed an amount equal to 10 per cent. of the Consolidated Total Assets);

(v) any Financial Indebtedness arising for, or in respect of, working capital facilities which are fully cash collateralised and which are incurred by any Subsidiary of the Obligor in the ordinary course of business;

(vi) any Financial Indebtedness arising in the form of deferred payment obligations of the Subsidiary of the Obligor in respect of the acquisition of any business, assets or Capital Stock, in each case in the ordinary course of business;

(vii) any Financial Indebtedness for or in respect of any derivative transaction entered into solely to protect any Subsidiary of the Obligor from fluctuations in interest rates or financing costs or currencies (and is not for speculation);

(viii) Financial Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided that such Financial Indebtedness is extinguished within 10 Business Days of its Incurrence; and

(ix) any Refinancing Financial Indebtedness Incurred by a Subsidiary of the Obligor pursuant to paragraphs (i), (ii), (iii) or (iv) above;

"Permitted Reorganisation" means:

(a) (i) any winding-up or dissolution of a Subsidiary whereby the undertaking and assets of that Subsidiary are transferred to or otherwise vested in the Obligor and/or any of the Obligor's other Subsidiaries; or (ii) any winding-up or dissolution of the Obligor whereby the undertaking and assets of the Obligor are transferred to or otherwise vested in one of
its Subsidiaries, provided that, in the case of (i) only, at the same time or prior to any such transfer or vesting, all amounts payable by the Obligor under the Transaction Documents to which it is a party have been assumed by such other Subsidiary on terms previously approved by an Extraordinary Resolution; or

(b) any composition or other similar arrangement on terms previously approved by an Extraordinary Resolution;

"Permitted Security Interest" means:

(a) any Security Interest existing on the Signing Date;

(b) any Security Interest granted by a Person where such Security Interest exists at the time that such Person is merged into, or consolidated with, the Obligor or the relevant Subsidiary (as the case may be), provided that such Security Interest was not created in contemplation of such merger or consolidation and does not extend to any other assets or property of the Obligor or the relevant Subsidiary (as the case may be);

(c) any Security Interest existing on any property or assets prior to the acquisition thereof by the Obligor or the relevant Subsidiary (as the case may be), provided that such Security Interest was not created in contemplation of such acquisition;

(d) any renewal of or substitution for any Security Interest permitted by any of paragraphs (a) to (c) (inclusive) of this definition, provided that with respect to any such Security Interest the aggregate principal amount of the Indebtedness secured thereby has not increased and the Security Interest has not been extended to any additional assets (other than the proceeds of such assets); or

(e) any Security Interest granted to secure any Non-recourse Project Financing or a Securitisation of the Obligor or the relevant Subsidiary (as the case may be), provided that the aggregate of all outstanding amounts secured by any Security Interests permitted under this paragraph (e) shall not at the relevant time exceed an amount equal to 10 per cent. of the Consolidated Total Assets;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Potential Dissolution Event" means any condition, event or act which, with the giving of notice, lapse of time, declaration, demand, determination or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency provided that:

(a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and;

(b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, respectively;

"Proceedings" has the meaning given to it in Condition 22 (Governing Law and Dispute Resolution);

"Rate" means, in relation to a particular Tranche, the rate or rates (expressed as a percentage per annum) specified in the applicable Pricing Supplement for such Tranche and calculated or determined in accordance with these Conditions and/or the applicable Pricing Supplement;

"Rating Agencies" means Moody's, Standard & Poor's and Fitch or any of their respective successors;
"Record Date" has the meaning given to it in Condition 9(a) (Payment – Payments in respect of Certificates);

"Refinancing" means, in respect of any Financial Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease or retire, or to issue other Financial Indebtedness in exchange or replacement for, such Financial Indebtedness, and "Refinances" and similar terms are to be construed accordingly;

"Refinancing Financial Indebtedness" means Financial Indebtedness that Refinances any Financial Indebtedness of the Obligor or any Subsidiary of the Obligor, including Financial Indebtedness that Refinances Refinancing Financial Indebtedness, provided that:

(a) such Refinancing Financial Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Financial Indebtedness being Refinanced;

(b) such Refinancing Financial Indebtedness has an Average Life at the time such Refinancing Financial Indebtedness is Incurred that is equal to or greater than the Average Life of the Financial Indebtedness being Refinanced;

(c) such Refinancing Financial Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium) under the Financial Indebtedness being Refinanced; and

(d) if the Financial Indebtedness being Refinanced is subordinated in right of payment to the Obligor's payment obligations under the Transaction Documents to which it is a party, such Refinancing Financial Indebtedness is subordinated in right of payment to the Obligor's payment obligations under the Transaction Documents to which it is a party at least to the same extent as the Financial Indebtedness being Refinanced;

"Register" has the meaning given to it in Condition 2(a) (Form, Denomination and Title – Form and Denomination);

"Regular Period" means:

(a) in the case of Certificates where Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including the Return Accrual Commencement Date to but excluding the first Periodic Distribution Date and each successive period from and including one Periodic Distribution Date to but excluding the next Periodic Distribution Date;

(b) in the case of Certificates where, apart from the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Periodic Distribution Date falls; and

(c) in the case of Certificates where, apart from one Return Accumulation Period other than the first Return Accumulation Period, Periodic Distribution Amounts are scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Periodic Distribution Date falls other than the Periodic Distribution Date falling at the end of the irregular Return Accumulation Period;

"Relevant Date" has the meaning given to it in Condition 11 (Taxation);

"Relevant Indebtedness" means any present or future indebtedness which is in the form of, or which is represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
"Relevant Jurisdiction" has the meaning given to it in Condition 11 (Taxation);

"Relevant Powers" has the meaning given to it in Condition 19 (The Delegate);

"Relevant Sukuk Obligation" means any present or future Sukuk Obligation, other than any Sukuk Obligation incurred in connection with a Non-recourse Project Financing or a Securitisation, in respect of which the relevant trust certificates or other securities are, or are intended to be or are capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"Reserved Matter" has the meaning given to it in the Master Declaration of Trust;

"Restricted Investment" means: (a) any Investment which comprises, in whole or in part any structured product, other than a structured product entered into to protect the Obligor from fluctuations in profit/interest rates or financing costs or currency exchange rates and not for speculative purposes; and (b) any Investment for the purposes of speculative trading;

"Return Accumulation Period" means the period from (and including) a Periodic Distribution Date (or, in the case of the first Return Accumulation Period, the Issue Date) to (but excluding) the next (or, in the case of the first Return Accumulation Period, the first) Periodic Distribution Date;

"Revaluation Loss or Gain" means the consolidated revaluation loss or gain of the Obligor determined in accordance with IFRS by reference to the most recently available audited or reviewed consolidated financial statements of the Obligor;

"Rules" has the meaning given to it in Condition 22 (Governing Law and Dispute Resolution);

"Sale Agreement" means any sale agreement entered into in connection with the Purchase Undertaking or the Sale and Substitution Undertaking, as the context so requires;

"Scheduled Dissolution Date" means, in respect of each Series, the date specified as such in the applicable Pricing Supplement;

"Securitisation" means any securitisation of existing or future assets and/or revenues, provided that: (a) any Security Interest given by the Obligor or the relevant Subsidiary, as the case may be, in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; (b) each person participating in such securitisation expressly agrees to limit its recourse to the assets and/or revenues so securitised as the principal source of repayment for the money advanced or payment of any other liability; and (c) there is no other recourse to the Obligor or the relevant Subsidiary, as the case may be, in respect of any default by any person under the securitisation (including, without limitation, by way of any credit support, security or other similar commitment from the Obligor or the relevant Subsidiary);

"Security Interest" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Series" means a Tranche of Certificates together with any additional Tranche or Tranches of Certificates which: (a) are expressed to be consolidated and form a single series; and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts thereon and the date from which Periodic Distribution Amounts start to accrue;

"Service Agent" means Private Department of Skh Mohamed Bin Khalid Al Nahyan – LLC acting in its capacity as service agent pursuant to the Service Agency Agreement;

"Shari’a Adviser" has the meaning given to it in the Service Agency Agreement;

"Signing Date" means the date on which agreement is reached to issue the first Tranche of Certificates;
"Specified Currency" has the meaning given to it in the applicable Pricing Supplement;

"Specified Denomination(s)" has the meaning given to it in the applicable Pricing Supplement;

"Specified Office" has the meaning given in the Agency Agreement;

"Stated Maturity" means, with respect to any Financial Indebtedness, the date specified in the relevant documentation as the fixed date on which the final payment of principal in respect thereof is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such Financial Indebtedness at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred);

"Subsidiary" means, in relation to the Obligor, any Person other than a Joint Venture Company: (a) in which the Obligor holds a majority of the voting rights; (b) in which the Obligor, directly or indirectly, has the right (howsoever arising) to appoint or remove a majority of the board of directors or other governing body; (c) in which the Obligor controls a majority of the voting rights, and includes any Person which is a Subsidiary of the Subsidiary of the Obligor; (d) that is accounted for in the Obligor's consolidated financial statements; or (e) which the Obligor otherwise, directly or indirectly, controls or otherwise has the power to, directly or indirectly, control the affairs and/or policies of such Person;

"Sukuk Obligation" means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of Shari'a, whether or not in return for consideration of any kind;

"Tangible Asset Percentage" means the percentage specified as such in the applicable Pricing Supplement which shall be no less than 51 per cent.;

"Tangibility Event" has the meaning given to it in the Service Agency Agreement;

"Tangibility Event Notice" has the meaning given to it in Condition 10(f) (Capital Distributions of the Trust – Tangibility Event Put Option);

"Tangibility Event Put Option" means the right specified in Condition 10(f) (Capital Distributions of the Trust – Tangibility Event Put Option);

"Tangibility Event Put Option Dissolution Amount" means, in relation to each Certificate to be redeemed on the relevant Tangibility Event Put Option Date, the aggregate of:

(a) any accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificate; plus

(b) without duplication or double counting, such other amount specified in the applicable Pricing Supplement as being payable upon any Tangibility Event Put Option Date (if any);

"Tangibility Event Put Option Notice" has the meaning given to it in Condition 10(f) (Capital Distributions of the Trust – Tangibility Event Put Option);

"Tangibility Event Put Option Period" means, in relation to the exercise of the Tangibility Event Put Option, the period of 30 days commencing on the date that a Tangibility Event Notice is given;

"Tangibility Event Put Option Date" means, in relation to the exercise of the Tangibility Event Put Option: (a) a date falling not less than 75 days following the expiry of the Tangibility Event Put Option Period; and (b) a Periodic Distribution Date;

"TARGET Settlement Day" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET or TARGET 2) (the "TARGET System") is open;

"Tax Event" has the meaning given to it in Condition 10(b) (Capital Distributions of the Trust – Early Dissolution for Tax Reasons);
"Taxes" has the meaning given to it in Condition 11 (Taxation);

"Total Loss Event" has the meaning given to it in the Service Agency Agreement;

"Total Loss Event Notice" has the meaning given to it in Condition 10(h) (Capital Distributions of the Trust – Dissolution following a Total Loss Event);

"Total Loss Shortfall Amount" has the meaning given to it in the Service Agency Agreement;

"Tranche" means Certificates which are identical in all respects (including as to listing and admission to trading);

"Transaction Account" means, in relation to each Series, the non-interest bearing account in London in the Trustee's name maintained with the Principal Paying Agent, details of which are specified in the applicable Pricing Supplement;

"Transaction Documents" means, in relation to each Series, the Master Purchase Agreement, each relevant Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking, any Sale Agreement, the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices, acceptances, notices and confirmations delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series), the Master Declaration of Trust, each relevant Supplemental Declaration of Trust, the Agency Agreement and the relevant Certificates;

"Trust Assets" has the meaning given to it in Condition 6(a) (Trust – Trust Assets);

"Trustee Administrator" means MaplesFS Limited;

"Wakala Assets" has the meaning given to it in the Service Agency Agreement; and

"Wakala Portfolio" has the meaning given to it in the Service Agency Agreement.

All references in these Conditions to "U.S. dollars", "USD", "U.S.$" and "$" are to the lawful currency of the United States of America. All references to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended.

2. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Certificates are issued in registered form in the Specified Denomination(s). A Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Certificateholders (the "Register") which the Trustee will cause to be kept by the Registrar outside the Cayman Islands and the United Kingdom in accordance with the provisions of the Agency Agreement.

Upon issue, Certificates will be represented by beneficial interests in one or more Global Certificates, in fully registered form, which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). Ownership interests in Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants.

References to Euroclear and Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system.
(b) Title

Title to the Certificates passes only by registration in the Register. Subject to the terms of any relevant Global Certificate and/or the definition of "Certificateholders", the registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

The Trustee and the Delegate may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof and shall not be liable to any Certificateholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be signed on behalf of Euroclear or Clearstream, Luxembourg or any other relevant clearing system to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Certificates credited to his or her securities account.

3. TRANSFERS OF CERTIFICATES

(a) Transfers

Subject to Condition 3(d) (Transfers of Certificates – Closed Periods), Condition 3(f) (Transfers of Certificates – Regulations), the limitations as to transfer set out in Condition 2(b) (Form, Denomination and Title – Title) and the provisions of the Agency Agreement, a Certificate may be transferred in whole or in an amount equal to the Specified Denomination(s) or any integral multiple thereof by depositing the Certificate, with the form of transfer on the back, duly completed and signed, at the specified office of the Transfer Agent together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the individuals who have executed the forms of transfer.

Transfers of interests in the Certificates represented by a Global Certificate will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

(b) Delivery of New Certificates

Each new Certificate to be issued upon any transfer of Certificates will, within three business days of receipt by the Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Certificate to the address specified in the form of transfer. For the purposes of this Condition 3(b), "business day" shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Certificates in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Certificates not so transferred will, within five business days of receipt by the Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer.

Except in the limited circumstances described in each Global Certificate, owners of interests in a Global Certificate will not be entitled to receive physical delivery of Certificates.
(c) **Formalities Free of Charge**

Registration of any transfer of Certificates will be effected without charge on behalf of the Trustee by the Registrar or the Transfer Agent but upon payment (or the giving of such indemnity as the Trustee, Registrar or Transfer Agent may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

(d) **Closed Periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of fifteen days ending on (and including) the due date for any payment of the Dissolution Amount or any Periodic Distribution Amount (as defined in Condition 8(a) (Periodic Distribution Provisions – Periodic Distribution Amount) as specified in the applicable Pricing Supplement) or any other date on which payment of the face amount or payment of any profit in respect of a Certificate falls due as specified in the applicable Pricing Supplement.

(e) **Exercise of Options or Partial Dissolution in Respect of Certificates**

In the case of an exercise of the Obligor's or a Certificateholder's option in respect of, or a partial redemption of, a holding of Certificates, the Registrar will update the entries on the Register accordingly and, in the case of Definitive Certificates, new Definitive Certificates shall be issued to the Certificateholders to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Definitive Certificates shall only be issued against surrender of the existing Definitive Certificates to the Registrar or any Transfer Agent.

(f) **Regulations**

All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Master Declaration of Trust. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Certificateholder who requests in writing a copy of such regulations.

Unless otherwise requested by him, each Certificateholder shall be entitled to receive, in accordance with Condition 2(b) (Form, Denomination and Title – Title), only one Certificate in respect of his or her entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new Certificate in respect of the balance of the Certificates not transferred will be issued to the transferee in accordance with Condition 3(b) (Transfers of Certificates – Delivery of New Certificates).

4. **STATUS AND LIMITED RECOVERY**

(a) **Status**

Each Certificate will represent an undivided pro rata ownership interest in the relevant Trust Assets (pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust) and will be a limited recourse obligation of the Trustee. Each Certificate will rank pari passu, without preference or priority, with all other Certificates of the relevant Series issued under the Programme.

The payment obligations of the Obligor (acting in any capacity) under the Transaction Documents to which it is a party will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a) (Obligor Covenants – Negative Pledge)) unsecured obligations of the Obligor and shall at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Obligor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
(b) **Limited Recourse**

The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. Save as provided in this Condition 4, Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, the Obligor, any of the Agents or any of their respective affiliates. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. If, following distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 15 (Enforcement and Exercise of Rights), Certificateholders acknowledge that, by subscribing for or acquiring Certificates, they will not have any claim against the Trustee (and/or its directors, officers or shareholders), the Obligor (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates, or against any of their respective assets (other than the relevant Trust Assets) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding-up or receivership of the Trustee (and/or its directors), the Obligor (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

The Obligor is obliged to make payments under the relevant Transaction Documents to which it is a party directly to the Trustee, the Delegate (acting in the name and on behalf of the Trustee) and/or the Agents. The Delegate will, as delegate of the Trustee for the Certificateholders, have recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents. None of the Trustee, the Delegate and the Agents shall be liable for the late, partial or non-recovery of any such payments from the Obligor save in the case of its wilful default, actual fraud or gross negligence.

(c) **Agreement of Certificateholders**

By subscribing for or acquiring Certificates, each Certificateholder is deemed to have agreed that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

(i) no payment of any amount whatsoever shall be made by any of the Trustee (acting in any capacity), the Delegate or any of their respective shareholders, directors, officers, employees or agents on their behalf except to the extent funds are available therefrom from the relevant Trust Assets and further acknowledges and agrees that no recourse shall be had for the payment of any amount owing hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee (acting in any capacity), the Delegate or any of their respective directors, officers, employees or agents to the extent the relevant Trust Assets have been exhausted following which all obligations of the Trustee (acting in any capacity) and the Delegate shall be extinguished;

(ii) it will not petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee (and/or its directors);

(iii) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee arising under or in connection with any Transaction Document to which it is a party by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee in its capacity as such for any
breaches by the Trustee and any and all personal liability of every such shareholder, officer, employee, agent, director or corporate services provider in its capacity as such for any breaches by the Trustee of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law. The obligations of the Trustee hereunder or any other Transaction Document to which it is a party are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the directors or officers of the Trustee (in their capacity as such), save in the case of their wilful default or actual fraud; and

(iv) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of any sums due under the Transaction Documents with respect to any liability owed by it to the Trustee or claim any lien or other rights over any property held by it on behalf of the Trustee.

5. **OBLIGOR COVENANTS**

(a) **Negative Pledge**

The Obligor covenants that, for so long as any Certificate is outstanding it shall not, and shall ensure that none of its Subsidiaries will, create or permit to subsist any Security Interest, other than a Permitted Security Interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or to secure any guarantee or indemnity given in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without: (i) at the same time or prior thereto securing equally and rateably therewith its obligations under the Transaction Documents to which it is a party; or (ii) providing such security for those obligations as shall be approved by an Extraordinary Resolution.

(b) **Limitation on Indebtedness**

The Obligor covenants that, for so long as any Certificate is outstanding, it shall not create, issue, incur, assume, guarantee or in any manner become directly or indirectly liable with respect to or otherwise become responsible for, contingently or otherwise, the payment of (individually and collectively, to "Incur" or, as appropriate, "Incurred" or an "Incurrence") any Financial Indebtedness (other than Permitted Financial Indebtedness), provided that the Obligor will be permitted to Incur such Financial Indebtedness if:

(i) no Potential Dissolution Event or Dissolution Event has occurred and is continuing or would occur as a consequence of such Incurrence;

(ii) the ratio of Consolidated EBITDA to Consolidated Net Finance Costs in respect of the immediately preceding Measurement Period is:

(A) in respect of any period to and including 31 December 2021, greater than 1.25:1; or

(B) in respect of the period from and including 1 January 2022 to and including 31 December 2022, greater than 1.75:1; or

(C) in respect of any period thereafter, greater than 2:1, provided that, if the periods referred to in paragraphs (A) or (B) end prior to the Issue Date, the relevant paragraph will not apply; and

(iii) the ratio of Consolidated Total Indebtedness to Consolidated Total Assets in respect of the immediately preceding Measurement Period is less than 0.60:1,

(the requirements in paragraphs (ii) to (iii) inclusive, collectively, the "Financial Conditions").
For the purpose of this Condition 5(b):

(1) an accounting term used in this Condition 5(b) is to be construed in accordance with the principles applied in connection with the most recently available audited or auditor reviewed consolidated financial statements of the Obligor prepared in accordance with IFRS;

(2) compliance with this Condition 5(b) shall be determined by reference to the most recently available audited or auditor reviewed consolidated financial statements of the Obligor, in each case prepared in accordance with IFRS;

(3) any amount in a currency other than U.S. dollars is to be taken into account at its U.S. dollar equivalent calculated on the basis of: (x) the Principal Paying Agent's spot rate of exchange for the purchase of the relevant currency in the London foreign exchange market with U.S. dollars at or about 11.00 a.m. (London time) on the day the relevant amount falls to be calculated; or (y) if the amount is to be calculated on the last day of a financial period of the Obligor, the relevant rates of exchange used by the Obligor in, or in connection with, its consolidated financial statements for that period; and

(4) no item must be credited or deducted more than once in any calculation under this Condition 5(b).

(c) Restriction on granting security

The Obligor covenants that, for so long as any Certificate is outstanding, it shall not, and shall ensure that none of its Subsidiaries will grant any Security Interest, other than a Permitted Security Interest, over assets the value (calculated in the manner set out in the definition of Consolidated Total Assets) of which (when aggregated with the value of any other asset that is subject to a Security Interest which is not a Permitted Security Interest) exceeds an amount equal to 10 per cent. of the Consolidated Total Assets of the Obligor at the relevant time.

(d) Restriction on dividends paid by the Obligor

The Obligor covenants that, for so long as any Certificate is outstanding, it shall not, and shall ensure that none of its Subsidiaries will, directly or indirectly:

(i) declare or pay any dividend, in cash or otherwise, or make any other payment or distribution (whether by way of redemption, acquisition or otherwise) in respect of its Capital Stock (other than: (1) dividends, payments or distributions payable to the Obligor or any of its Subsidiaries; and (2) dividends or distributions payable solely in the form of shares of the Obligor);

(ii) voluntarily purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Obligor or any of its Affiliates; or

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Financial Indebtedness of the Obligor that is contractually subordinated to the obligations of the Obligor under the Transaction Documents to which it is a party (excluding any intercompany Financial Indebtedness between or among the Obligor and any of its Subsidiaries), except a payment of profit/interest or principal (or equivalent amounts) at the Stated Maturity thereof;

(all such payments and other actions set out in paragraphs (i) to (iii) (inclusive) above being together referred to herein as "Restricted Payments"), unless at the time of and after giving effect to such Restricted Payment:

(1) the Obligor (acting in any capacity) has neither failed to pay an amount in the nature of: (x) profit payable by it pursuant to any Transaction Document to which it is a party and the failure has continued for a period of 14 days; or (y) principal
payable by it pursuant to any Transaction Document to which it is a party and
the failure has continued for a period of seven days; or

(2) no Potential Dissolution Event or Dissolution Event has occurred, is continuing
or would occur as a consequence of such Restricted Payment;

(3) the Obligor is in compliance with the Financial Conditions (at the time of and
after giving effect to the Restricted Payment); and

(4) such Restricted Payment when aggregated with all other Restricted Payments
declared or made in the same financial year is equal to, or is less than, the lower of:
(x) 70 per cent. of the Consolidated Net Income (excluding any Revaluation
Loss or Gain) of the Obligor for the preceding financial year; and (y) AED
130,000,000.

e) Limitation on Indebtedness (Subsidiaries)

The Obligor covenants that, for so long as any Certificate is outstanding, it shall procure
that none of its Subsidiaries will Incur any Financial Indebtedness (other than Permitted
Financial Indebtedness), provided that any Subsidiary shall be permitted to Incur such
Financial Indebtedness if the aggregate amount (or its equivalent in U.S. dollars) of such
Financial Indebtedness, when aggregated with the aggregate amount (or its equivalent in
U.S. dollars) of Financial Indebtedness incurred by the Subsidiaries of the Obligor which
remains outstanding at such time does not exceed 10 per cent. of the Consolidated Total
Assets.

f) Asset sale

The Obligor covenants that, for so long as any Certificate is outstanding, it shall not, and
shall ensure that none of its Subsidiaries will, directly or indirectly, enter into an Asset
Sale unless:

(i) such Asset Sale has been approved by the board of directors of the Obligor;

(ii) the consideration received by the Obligor or its Subsidiary, as the case may be, is
at least equal to the Fair Market Value of the assets sold or disposed of;

(iii) to the extent that the Asset Sale is in respect of an asset which has a book value
(as determined by reference to the most recently available financial statements of
the Obligor or of its relevant Subsidiary, as the case may be) that exceeds one per
cent. of the Consolidated Total Assets at the time of such proposed Asset Sale,
the requirement specified in paragraph (ii) above for the consideration received
by the Obligor or the Subsidiary, as the case may be, to be at least equal to the
Fair Market Value must be determined by an Independent Appraiser;

(iv) either, at the Obligor's sole discretion:

(1) the net proceeds of such Asset Sale received by the Obligor or its
Subsidiary, as the case may be, are applied directly towards any
business of the Group save that (notwithstanding the foregoing) no such
net proceeds may be used, in whole or in part, to pay dividends and
distributions to the Obligor's shareholders or may otherwise be returned
to the Obligor's shareholders; or

(2) a proportion of the aggregate amount of the net proceeds of such Asset
Sale received by the Obligor or its Subsidiary that is at least equal to
the sum of: (x) the aggregate face amount of the Certificates then
outstanding at the time of the relevant Asset Sale; and (y) (the
remaining scheduled Periodic Distribution Amounts payable up to (and
including) the Scheduled Dissolution Date at the time of the relevant
Asset Sale, is held by the Obligor and/or any of its Subsidiaries as
Consolidated Cash and Cash Equivalents and the remaining balance (if
any) of such net proceeds may be distributed by the Obligor to its shareholders provided that at the time of, and after making such distribution, the Obligor will be in compliance with the Financial Conditions; and

(v) the value of the Asset Sale, when aggregated with the value of each other asset sold or disposed of since the Signing Date, is less than 30 per cent. of the Consolidated Total Assets provided that, for the purposes of this paragraph (v) only, "Asset Sale" shall exclude: (1) real estate equal to less than 15 per cent. of the Consolidated Total Assets transferred or sold by the Obligor to a joint venture, where the Obligor is a joint venture partner; and (2) the sale of any real estate comprising "development works in progress" (as described in the most recently available audited or auditor reviewed consolidated financial statements of the Obligor).

(g) **Distributions from Subsidiaries**

The Obligor covenants that, for so long as any Certificate is outstanding, it shall procure that each of its Subsidiaries will:

(i) not create or otherwise become subject to any restriction on the ability to pay dividends; and

(ii) to the extent such Subsidiaries have available profit for distribution, at least once in each financial year, pay the maximum possible dividend or make any other distribution in the maximum possible amount on its Capital Stock to the Obligor or another Subsidiary of the Obligor which is a parent of such Subsidiary, in each case, from such available profits and as permitted by law.

(h) **Transactions with Affiliates**

The Obligor covenants that, for so long as any Certificate is outstanding it will not, and will ensure that none of its Subsidiaries will, directly or indirectly, conduct any business, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate (an "Affiliate Transaction") including, without limitation, intercompany financings/loans, unless the terms of such Affiliate Transaction are no less favourable to such entity than those that could be obtained (at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefor) in a comparable arm's length transaction with a Person that is not an Affiliate of such entity.

This Condition 5(h) does not apply to:

(i) any Affiliate Transaction between the Obligor and its Subsidiaries and/or between the Obligor's Subsidiaries;

(ii) any Affiliate Transaction which, when aggregated with all other Affiliate Transactions in the financial year in which the date of the relevant Affiliate Transaction occurs, involves payments or value over time of less than U.S.$10,000,000 (or its equivalent in any other currency or currencies) in aggregate (provided that such exception shall be without prejudice to the requirements of Condition 5(f) (Obligor Covenants – Asset Sale) in respect of Asset Sales which are also Affiliate Transactions); or

(iii) compensation or employee benefit arrangements with any employee, officer or director of the Obligor or any of its Subsidiaries arising as a result of their employment contract.
(i) Investments

The Obligor covenants, that, for so long as any Certificate is outstanding it will not, directly or indirectly, enter into or make any Investment unless:

(i) such Investment is not a Restricted Investment; and

(ii) in the case of any single Investment or connected Investments which would individually or in aggregate exceed U.S.$35,000,000, each such Investment is:

1. entered into or made at a Fair Market Value as certified by the board of directors of the Obligor; and
2. is consistent with the Obligor's investment strategy as approved by the board of directors of the Obligor.

(j) Maintenance of rating

The Obligor covenants, that, for so long as any Certificate is outstanding it will maintain a public rating from at least one Rating Agency.

(k) Financial information

The Obligor covenants, that, for so long as any Certificate is outstanding it will:

(i) in respect of each financial year, publish in accordance with the rules of the ISM and/or on the website of the Obligor, the audited annual consolidated financial statements of the Obligor, in each case, prepared in accordance with IFRS by no later than 120 days after the end of the financial year; and

(ii) in respect of any period for which interim reviewed consolidated financial statements are published by the Obligor, publish in accordance with the rules of the ISM and/or on the website of the Obligor, such interim reviewed consolidated financial statements of the Obligor, in each case, prepared in accordance with IFRS by no later than 90 days after the end of the relevant interim period.

6. TRUST

(a) Trust Assets

Pursuant to the Master Declaration of Trust, as supplemented by the relevant Supplemental Declaration of Trust for the relevant Tranche, the Trustee holds the Trust Assets for each Series on trust absolutely for and on behalf of the Certificateholders of such Series pro rata according to the face amount of Certificates held by each holder. The term "Trust Assets" in respect of each Series means the following:

(i) all of the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;

(ii) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Wakala Portfolio;

(iii) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the Transaction Documents (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to clause 17.1 of the Master Declaration of Trust);

(iv) all moneys standing to the credit of the Transaction Account from time to time; and

(v) all proceeds of the foregoing.
Application of Proceeds from Trust Assets

On each Periodic Distribution Date, any Dissolution Date or on any earlier date specified for the dissolution of the Trust for each Series, the relevant Paying Agent will apply the moneys standing to the credit of the Transaction Account in the following order of priority:

(i) first, (to the extent not previously paid) to pay the Delegate all amounts owing to it under the Transaction Documents in its capacity as Delegate and to any receiver, manager or administrative receiver or any other analogous officer appointed or employed in respect of the Trust by the Delegate in accordance with the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust;

(ii) second, (to the extent not previously paid) to pay pro rata and pari passu: (1) the Trustee in respect of all amounts properly incurred and documented (each in the opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; (2) the Trustee Administrator in respect of all amounts owing to it under the Corporate Services Agreement and the Registered Office Terms in its capacity as Trustee Administrator; and (3) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or satisfaction of any liability properly incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

(iii) third, to the Principal Paying Agent for application in or towards payment pari passu and rateably of all Periodic Distribution Amounts due but unpaid;

(iv) fourth, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment of the relevant Dissolution Amount; and

(v) fifth, only if such payment is made on a Dissolution Date, payment of any residual amount to the Obligor in its capacity as Service Agent as an incentive payment under the Service Agency Agreement.

7. TRUSTEE COVENANTS

The Trustee covenants that, among other things, for so long as any Certificate is outstanding (as defined in the Master Declaration of Trust), it shall not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of financed, borrowed or raised money whatsoever, (whether structured (or intended to be structured) in accordance with the principles of Shari'a or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) or any other certificates except, in all cases, as contemplated in the Transaction Documents;

(b) create any Security Interest over any of its present or future indebtedness or upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Security Interest (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;

(d) subject to Condition 18 (Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination), amend or agree to any amendment of any Transaction
Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

(e) except as provided in the Master Declaration of Trust as supplemented by any relevant Supplemental Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(f) have any subsidiaries or employees;

(g) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;

(h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or

(j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly permitted or required thereunder or engage in any business or activity other than:

(i) as provided for or permitted in the Transaction Documents;

(ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(iii) such other matters which are incidental thereto.

8. PERIODIC DISTRIBUTION PROVISIONS

Amounts standing to the credit of the Collection Account or, as the case may be, the Reserve Account relating to each Series will be applied by the Service Agent on each Wakala Distribution Determination Date in accordance with the provisions of the Service Agency Agreement. Such amounts are intended to fund an amount equal to the Periodic Distribution Amount payable by the Trustee on the immediately following Periodic Distribution Date. For the purposes of this paragraph, "Wakala Distribution Determination Date" shall have the meaning given to it in the Service Agency Agreement.

(a) Periodic Distribution Amount

A "Periodic Distribution Amount" will be payable in respect of the relevant Certificates and be distributable by the Trustee to the Certificateholders in accordance with these Conditions.

(b) Determination of Periodic Distribution Amount

Except as provided in the applicable Pricing Supplement, the Periodic Distribution Amount payable in respect of each Certificate for any Return Accumulation Period shall be the Fixed Amount and, if the Certificates are in more than one Specified Denomination, shall be the Fixed Amount as specified in the applicable Pricing Supplement in respect of the relevant Specified Denomination. Payments of Periodic Distribution Amounts on any Periodic Distribution Date as specified in the applicable Pricing Supplement may, if so specified in the applicable Pricing Supplement, amount to the Broken Amount as specified in the applicable Pricing Supplement.

If any Periodic Distribution Amount is required to be calculated for a period other than a Return Accumulation Period or if no relevant Fixed Amount or Broken Amount is specified in the applicable Pricing Supplement, such Periodic Distribution Amount shall be calculated by applying the Rate to the Calculation Amount, multiplying the product by the applicable Day Count Fraction, and rounding the resulting figure to the nearest sub-
unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Certificate divided by the Calculation Amount.

"Day Count Fraction" means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8(b):

(i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(1) where the Return Accumulation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Return Accumulation Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and

(2) where the Return Accumulation Period is longer than one Regular Period, the sum of:

(x) the actual number of days in such Return Accumulation Period falling in the Regular Period in which it begins divided by the product of: (A) the actual number of days in such Regular Period; and (B) the number of Regular Periods in any year; and

(y) the actual number of days in such Return Accumulation Period falling in the next Regular Period divided by the product of: (A) the actual number of days in such Regular Period; and (B) the number of Regular Periods in any year;

(ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

(c) **Payment in Arrear**

Subject to Condition 8(d) (Periodic Distribution Provisions – Cessation of Profit Entitlement), Condition 10(b) (Capital Distributions of the Trust – Early Dissolution for Tax Reasons), Condition 10(c) (Capital Distributions of the Trust – Dissolution at the Option of the Obligor), and Condition 14 (Dissolution Events), and unless otherwise specified in the applicable Pricing Supplement, each Periodic Distribution Amount will be paid in respect of the relevant Certificates in arrear on each Periodic Distribution Date specified in the applicable Pricing Supplement.

(d) **Cessation of Profit Entitlement**

No further amounts will be payable on any Certificate from and including: (i) the relevant Dissolution Date (excluding a Total Loss Dissolution Date), unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 8 to the earlier of: (1) the Relevant Date; or (2) the date on which a Sale Agreement is executed in accordance with the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be; and (ii) the date on which a Total Loss Event occurs. For the avoidance of doubt, in the event that the relevant Dissolution Date falls after the Scheduled Dissolution Date, no profit will accrue from and including the Scheduled Dissolution Date.
9. PAYMENT

(a) Payments in respect of Certificates

Subject to Condition 8 (Periodic Distribution Provisions), payment of each Periodic Distribution Amount and the relevant Dissolution Amount will be made by the relevant Paying Agent in the Specified Currency, by wire transfer in same day funds to the registered account of each Certificateholder. Payments of the relevant Dissolution Amount will only be made against surrender of the relevant Certificate, where the Certificate is in definitive form, at the specified office of the relevant Paying Agent. Payments of the relevant Dissolution Amount and each Periodic Distribution Amount in respect of the Global Certificate will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of these Conditions:

(i) a Certificateholder's "registered account" means an account denominated in the Specified Currency maintained by or on behalf of it with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;

(ii) a Certificateholder's "registered address" means its address appearing on the Register at that time; and

(iii) "Record Date" means:

(1) in the case of the payment of a Periodic Distribution Amount, the close of business on the day prior to the relevant Periodic Distribution Date; and

(2) in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the relevant Dissolution Date or other due date for payment of the relevant Periodic Distribution Amount.

(b) Payments subject to Applicable Laws

All payments are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of this Condition 9 and Condition 11 (Taxation); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (as amended, the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 11 (Taxation)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

(c) Payment only on a Payment Business Day

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated by the relevant Paying Agent, on the due date for payment or, in the case of a payment of the relevant Dissolution Amount, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of the relevant Paying Agent.

Certificateholders will not be entitled to any additional Periodic Distribution Amount, Dissolution Amount or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the relevant Certificateholder is late in surrendering his Certificate (if required to do so).

If the relevant Dissolution Amount or any Periodic Distribution Amount is not paid in full when due, the relevant Registrar will annotate the Register with a record of the amount actually paid.
(d) **Agents**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided in the Master Declaration of Trust and the Agency Agreement) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders or any other party to the Transaction Documents.

The names of the initial Agents and their initial specified offices are set out in this Condition 9(d). The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and/or to appoint additional or other Agents provided that: (i) it will at all times maintain a Principal Paying Agent and a Registrar (which may be the same entity); and (ii) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any such change or any change of any Specified Office shall be given to the Trustee, the Delegate and the Certificateholders in accordance with the provisions of the Agency Agreement.

The name and specified office of the Principal Paying Agent, Calculation Agent and Transfer Agent:

Citibank N.A., London Branch  
Citigroup Centre  
Canada Square  
London E14 5LB  
United Kingdom

The name and specified office of the Registrar:

Citigroup Global Markets Europe AG  
Reuterweg 16 D-60323  
Frankfurt am Main  
Germany

10. **CAPITAL DISTRIBUTIONS OF THE TRUST**

(a) **Dissolution on the relevant Scheduled Dissolution Date**

Unless the Certificates are previously redeemed, or purchased and cancelled, in full the Trustee will redeem the Certificates at the relevant Dissolution Distribution Amount and the Trust will be dissolved by the Trustee on the relevant Scheduled Dissolution Date as specified in the applicable Pricing Supplement, following the payment of such amount in full.

(b) **Early Dissolution for Tax Reasons**

If a Tax Event occurs, where "Tax Event" means:

(i) (1) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (Taxation) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the relevant Series; and (2) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) (1) the Trustee has received notice from the Obligor that it has or will become obliged to pay additional amounts pursuant to the terms of any Transaction
the Trustee shall, upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale and Substitution Undertaking, redeem the Certificates in whole, but not in part, at any time (such dissolution date being an "Early Tax Dissolution Date"), on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period notice to the Certificateholders in accordance with Condition 17 (Notices) (which notice shall be irrevocable) at the relevant Early Dissolution Amount (Tax) if the Trustee satisfies the Delegate (in accordance with the provisions of the following paragraph) immediately before the giving of such notice of the occurrence of such a Tax Event, provided that no such notice of dissolution shall be given earlier than 90 days prior to the earliest date on which (in the case of paragraph (i) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due, or (in the case of paragraph (ii) above) the Obligor would be obliged to pay such additional amounts if a payment to the Trustee under the relevant Transaction Document was then due.

Prior to the publication by or on behalf of the Trustee of any notice to Certificateholders pursuant to this Condition 10(b), the Obligor shall deliver to the Trustee and the Delegate: (x) a certificate signed by one authorised signatory of the Obligor stating that the Trustee is entitled to effect such redemption and settling forth a statement of facts showing that the conditions precedent to the right of the Trustee so to redeem have occurred; and (y) an opinion of independent legal advisers of recognised standing to the effect either that the Trustee or the Obligor, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice to Certificateholders as is referred to above and payment in full of the relevant Early Dissolution Amount (Tax) to Certificateholders, the Trustee shall be bound to dissolve the Trust.

(c) **Dissolution at the Option of the Obligor**

If the Optional Dissolution Right is specified in the applicable Pricing Supplement, the Trustee shall, upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale and Substitution Undertaking, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period to the relevant Certificateholders in accordance with Condition 17 (Notices) (which notice shall be irrevocable), redeem all or, if so specified in such notice, some only of the Certificates at the relevant Optional Dissolution Amount on the Optional Dissolution Date specified in such notice in accordance with this Condition 10(c).

Any such redemption or exercise must relate to Certificates of a face amount at least equal to the Minimum Optional Dissolution Amount to be redeemed and no greater than the Maximum Optional Dissolution Amount to be redeemed (in each case as specified in the applicable Pricing Supplement).

If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 10(c), upon payment in full of the relevant Optional Dissolution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

In the case of a partial redemption, the notice to the relevant Certificateholders shall also specify the face amount of Certificates drawn and the holder(s) of such Certificates to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject...
to compliance with any applicable laws and stock exchange or other relevant authority requirements.

The Optional Dissolution Right and the Certificateholder Put Option may not both be specified as applicable in the applicable Pricing Supplement in respect of any Series.

(d) **Certificateholder Put Option**

If the Certificateholder Put Option is specified in the applicable Pricing Supplement, the Trustee shall, at the option of any Certificateholder, upon such holder giving not less than the Minimum Notice Period nor more than the Maximum Notice Period notice to the Trustee, upon the expiry of such notice, redeem such Certificates on the Certificateholder Put Option Date at the relevant Certificateholder Put Option Dissolution Amount. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Option Date in accordance with this Condition 10(d), upon payment in full of the relevant Certificateholder Put Option Dissolution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

To exercise the option in this Condition 10(d), the relevant holder must, if such Certificates are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deposit its Certificate(s), on any business day in the city of the specified office of the Principal Paying Agent falling within the notice period, with the Principal Paying Agent, giving notice to the Principal Paying Agent of such exercise (a "Certificateholder Put Option Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). If Certificates are represented by a Global Certificate or are in definitive form and held through Euroclear or Clearstream, Luxembourg, then in order to exercise the option in this Condition 10(d), a Certificateholder must, within the notice period, give notice to a Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg in a form acceptable to the relevant clearing system from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Certificateholder Put Option Notice in the form set out in the Agency Agreement and obtainable from any Paying Agent, the Registrar or any Transfer Agent) and, if this Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to a Paying Agent for notation or entry in the Register accordingly.

Any Certificateholder Put Option Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificates pursuant to this Condition 10(d) shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 14 (Dissolution Events), in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 10(d).

The Certificateholder Put Option and the Optional Dissolution Right may not both be specified in the applicable Pricing Supplement in respect of any Series.

(e) **Change of Control Put Option**

The Trustee shall, upon receipt of a written notice from the Obligor, or otherwise upon having actual knowledge, of the occurrence of a Change of Control Event, promptly give notice (a "Change of Control Notice") of the occurrence of a Change of Control Event to the Delegate and the Certificateholders in accordance with Condition 17 (Notices). Provided Change of Control Put Option is specified as applicable in the applicable Pricing Supplement, Certificateholders may elect within the Change of Control Put Option Period to redeem all or any of their Certificates.

If any Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 10(e), the Trustee shall redeem such Certificates on the relevant Change of Control Put Option Date at the Change of Control Put Option Dissolution Amount. If all (and not some only) of the Certificates are to be redeemed on
any Change of Control Put Option Date in accordance with this Condition 10(e), upon payment in full of the relevant Change of Control Put Option Dissolution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

To exercise the option in this Condition 10(e), the relevant holder must, if such Certificates are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deposit its Certificate(s), on any business day in the city of the specified office of the Principal Paying Agent falling within the Change of Control Put Option Period, with the Principal Paying Agent, giving notice to the Principal Paying Agent of such exercise (a "Change of Control Put Option Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). If Certificates are represented by a Global Certificate or are in definitive form and held through Euroclear or Clearstream, Luxembourg, then in order to exercise the option in this Condition 10(e), a Certificateholder must, within the Change of Control Put Option Period, give notice to a Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg in a form acceptable to the relevant clearing system from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Change of Control Put Option Notice in the form set out in the Agency Agreement and obtainable from any Paying Agent, the Registrar or any Transfer Agent) and, if this Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to a Paying Agent for notation or entry in the Register accordingly.

Any Change of Control Put Option Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificates pursuant to this Condition 10(e) shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 14 (Dissolution Events), in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 10(e).

(f) Tangibility Event Put Option

If a Tangibility Event occurs, upon receipt of a notice of the same from the Obligor in accordance with the Service Agency Agreement, the Trustee shall promptly give notice to the Certificateholders (a "Tangibility Event Notice") in accordance with Condition 17 (Notices) specifying that a Tangibility Event has occurred:

(A) as determined in consultation with the Shari'a Adviser, the Certificates shall no longer be tradable; and

(B) on the date falling 15 days after the Tangibility Event Put Option Date, the Certificates will be delisted from any stock exchange on which the Certificates have been admitted to listing.

Upon receipt of the Tangibility Event Notice, Certificateholders may elect within the Tangibility Event Put Option Period to redeem all or any of their Certificates.

If any Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 10(f), the Trustee shall redeem such Certificates on the Tangibility Event Put Option Date at the relevant Tangibility Event Put Option Dissolution Amount. If all (and not some only) of the Certificates are to be redeemed on any Tangibility Event Put Option Date in accordance with this Condition 10(f), upon payment in full of the relevant Tangibility Event Put Option Dissolution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

To exercise the option in this Condition 10(f), the relevant holder must, if such Certificates are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deposit its Certificate(s), on any business day in the city of the specified office of the Principal Paying Agent falling within the Tangibility Event Put Option Period, with the Principal Paying Agent, giving notice to the Principal Paying Agent of such exercise (a "Tangibility
Event Put Option Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). If Certificates are represented by a Global Certificate or are in definitive form and held through Euroclear or Clearstream, Luxembourg, then in order to exercise the option in this Condition 10(f), a Certificateholder must, within the Tangibility Event Put Option Period, give notice to a Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg in a form acceptable to the relevant clearing system from time to time (which shall, if acceptable to the relevant clearing system, be in the form of a duly completed Tangibility Event Put Option Notice in the form set out in the Agency Agreement and obtainable from any Paying Agent, the Registrar or any Transfer Agent) and, if this Certificate is represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to a Paying Agent for notation or entry in the Register accordingly.

Any Tangibility Event Put Option Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificates pursuant to this Condition 10(f) shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 14 (Dissolution Events), in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 10(f).

To the extent that there are any Certificates in respect of which Tangibility Event Put Option Notices have not been delivered following the expiry of the Tangibility Event Put Option Period, such Certificates shall be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing on a date falling 15 days after the Tangibility Event Put Option Date.

(g) **Clean Up Call Option**

If 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 10 and/or Condition 13 (Purchase and Cancellation of Certificates), as the case may be, the Trustee shall, upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale and Substitution Undertaking, on giving not less than the Minimum Notice Period nor more than the Maximum Notice Period to the Certificateholders in accordance with Condition 17 (Notices), redeem all (but not some only) of the Certificates at the Clean Up Call Right Dissolution Amount on the date specified in such notice (such dissolution date being a "Clean Up Call Right Dissolution Date"). Upon payment in full of the relevant Clean Up Call Right Dissolution Amount to the Certificateholders, the Trustee shall be bound to dissolve the Trust.

(h) **Dissolution following a Total Loss Event**

Upon the occurrence of a Total Loss Event, the Service Agent shall forthwith notify the Trustee of the same and the Trustee shall forthwith notify the Certificateholders (a "Total Loss Event Notice") in accordance with Condition 17 (Notices) that: (i) a Total Loss Event has occurred; and (ii) from the date of the Total Loss Event Notice and until any further notice from the Trustee stating otherwise, as determined in consultation with the Shari'a Adviser, the Certificates shall no longer be tradable.

The Trustee shall, upon receipt of a written notice from the Obligor, or otherwise upon having actual knowledge, of the occurrence of a Total Loss Event, unless the Wakala Assets forming part of the relevant Wakala Portfolio have been replaced in accordance with the Service Agency Agreement, redeem the Certificates in whole, but not in part, by no later than the close of business on the 91st day after the occurrence of the Total Loss Event (the "Total Loss Dissolution Date") at the relevant Dissolution Distribution Amount.
(i) **Dissolution following a Dissolution Event**

Upon the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date, if the conditions set out in Condition 14 (Dissolution Events) are satisfied, and the Trust will be dissolved by the Trustee.

(j) **No other Dissolution**

The Trustee shall not be entitled to redeem the Certificates, and the Trustee shall not be entitled to dissolve the Trust otherwise than as provided in this Condition 10, Condition 13 (Purchase and Cancellation of Certificates) and Condition 14 (Dissolution Events).

(k) **Effect of payment in full of Dissolution Amount**

Upon payment in full of all amounts due and payable in respect of the Certificates of any Series and the dissolution of the Trust as provided for in this Condition 10 or Condition 14 (Dissolution Events) (as applicable), such Certificates shall cease to represent interests in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

11. **TAXATION**

All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction ("Taxes"), unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholder after such withholding or deduction shall equal the respective amounts due and payable to any Certificateholder which would have otherwise been receivable in the absence of such withholding or deduction, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate presented for payment (where presentation is required):

(a) by or on behalf of a holder who is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate; or

(b) more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days.

In these Conditions:

"Relevant Date" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the relevant Paying Agent or the Trustee or the Registrar on or before the due date, it means the date on which the full amount of the money having been so received, notice to that effect shall have been duly given to Certificateholders by the Trustee in accordance with Condition 17 (Notices); and

"Relevant Jurisdiction" means the Cayman Islands and the United Arab Emirates or any Emirate therein or, in either case, any political subdivision or authority thereof or therein having the power to tax.

*The Transaction Documents provide that payments thereunder by the Obligor shall be made without any withholding or deduction for, or on account of, any present or future taxes, unless such withholding or deduction is required by law and, in such case, provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amount as would have been receivable by it if no withholding or deduction had been made.*

*Further, in accordance with the Master Declaration of Trust, the Obligor has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in*
the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 11, pay to or to the order of the Delegate such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or an account of Taxes) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to this Condition 11.

If the Trustee or the Obligor becomes subject to any taxing jurisdiction other than the Cayman Islands, the United Arab Emirates, or any Emirate therein, references in these Conditions to the Cayman Islands, United Arab Emirates, or any Emirate therein, shall be construed as references to the Cayman Islands, the United Arab Emirates, or any Emirate therein, and/or such other jurisdiction, as the case may be.

12. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within a period of ten years (in the case of the Dissolution Amount) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof.

13. PURCHASE AND CANCELLATION OF CERTIFICATES

(a) Purchases

The Obligor and/or any Subsidiary may at any time purchase Certificates at any price in the open market or otherwise at any price. Such Certificates may be held, re-sold or, at the option of the Obligor, surrendered to the Registrar for cancellation in accordance with Condition 13(b) (Purchase and Cancellation of Certificates – Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries).

(b) Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries

If the Obligor wishes to cancel any of the Certificates purchased by it and/or any Subsidiary pursuant to Condition 13(a) (Purchase and Cancellation of Certificates – Purchases), the Obligor shall deliver a Cancellation Notice to the Trustee in accordance with the terms of the Master Declaration of Trust and require the Trustee to cancel such Certificates.

(c) Dissolution of the Trust upon cancellation of all outstanding Certificates in a Series

In the event the Obligor and/or any of its Subsidiaries purchase all the outstanding Certificates in a Series pursuant to this Condition 13 and all such Certificates are subsequently cancelled by the Trustee, the relevant Trust will be dissolved by the Trustee and such Certificates shall cease to represent interests in the relevant Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

14. DISSOLUTION EVENTS

If, upon the occurrence of any of the following events (each a "Dissolution Event"):

(a) default is made in the payment of the relevant Dissolution Amount on the date fixed for payment thereof or default is made in the payment of any Periodic Distribution Amount on the due date for payment thereof and, in the case of the Dissolution Amount, such default continues unremedied for a period of seven days and, in the case of a Periodic Distribution Amount, such default continues unremedied for a period of 14 days; or

(b) the Trustee (acting in any capacity) defaults in the performance or observance of or compliance with any of its other obligations or undertakings under or in respect of the Certificates or the Transaction Documents to which it is a party and such default is not capable of remedy (in the opinion of the Delegate) or (if capable of remedy (in the opinion of the Delegate)) is not remedied within 30 days after written notice of such default shall have been given to the Trustee by the Delegate; or
(c) an Obligor Event occurs; or

(d) the Trustee repudiates or challenges, or does or causes to be done any act or thing evidencing an intention to repudiate or challenge, any of its obligations under any Transaction Documents to which it is a party or the Certificate; or

(e) at any time it is or will become unlawful or impossible for the Trustee (by way of insolvency or otherwise) to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the Trustee under the Transaction Documents to which it is a party are not or cease to be legal, valid, binding and enforceable; or

(f) either: (i) the Trustee becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Trustee is appointed (or application for any such appointment is made); (iii) the Trustee takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; or (iv) the Trustee ceases or threatens to cease to carry on all or substantially the whole of its business; or

(g) an order or decree is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Trustee; or

(h) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (f) and (g) above,

provided that, in the case of the occurrence of any of the events described in paragraphs (b) and (e) above, the Delegate shall have certified in writing to the Obligor that such event is, in its opinion, materially prejudicial to the interests of the holders of the Certificates, the Delegate shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), subject to it having been notified in writing of the occurrence of such Dissolution Event, give notice in writing of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 17 (Notices) with a request to such holders to indicate if they wish the Trust to be dissolved. If so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Series outstanding or if so directed by an Extraordinary Resolution of the Certificateholders (a "Dissolution Request") it shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Trustee, the Obligor and the Certificateholders in accordance with Condition 17 (Notices) of the Dissolution Request whereupon the Certificates shall be immediately redeemed at the relevant Dissolution Distribution Amount on the date specified in such notice (the "Dissolution Event Redemption Date") and the Trust shall be dissolved by the Trustee on the day after the last outstanding Certificate has been redeemed.

Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purposes of this Condition 14, an "Obligor Event" will occur if one or more of the following events occurs (but in the case of the occurrence of any of the events described in paragraphs (b) and (l) below, only, if the Delegate shall have notified in writing to the Obligor that such event is, in its opinion, materially prejudicial to the interests of the holders of the Certificates):

(a) the Obligor (acting in any capacity) fails to pay an amount payable by it pursuant to any Transaction Document to which it is a party which corresponds to all or part of a Periodic Distribution Amount payable by the Trustee on a Periodic Distribution Date and the failure continues for a period of 14 days, or the Obligor (acting in any capacity) fails to pay an amount payable by it pursuant to any Transaction Document to which it is a party which corresponds to all or part of a Dissolution Distribution Amount to be paid by the Trustee on a Dissolution Date and the failure continues for a period of seven days; or
(b) the Obligor (acting in any capacity) defaults in the performance or observance of or compliance with any of its other obligations in the Transaction Documents to which it is a party and such default is not capable of remedy (in the opinion of the Delegate) or (if capable of remedy (in the opinion of the Delegate)) is not remedied within 30 Business Days after written notice of such default shall have been given to the Obligor by the Delegate, save that a failure by the Obligor (acting in its capacity as Service Agent) to comply with its obligations set out in clause 3.1(c), clause 3.1(n) or clause 5.6 of the Service Agency Agreement will not constitute an Obligor Event under this paragraph (b); or

c) any Indebtedness of the Obligor or any Material Subsidiary (or any guarantee or indemnity given by any of them in respect of any Indebtedness) is not paid when due or, as the case may be, within any originally applicable grace period or any such Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity or, in the case of a guarantee, is called) as a result of an event of default (however described) or any creditor of the Obligor or any Material Subsidiary becomes entitled to declare any such Indebtedness due and payable prior to its specified maturity or to call any such guarantee as a result of an event of default (however described), provided that it shall not constitute an Obligor Event unless the aggregate amount (or its equivalent in U.S. dollars) of all such Indebtedness or guarantees either alone or when aggregated with all other Indebtedness or guarantees which shall remain unpaid or unsatisfied or is so declared or becomes due and payable or is called, or a creditor becomes entitled so to do, as the case may be, shall be more than U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

d) one or more judgments or orders for the payment of any sum in excess of U.S.$25,000,000 (or its equivalent in any currency or currencies), whether individually or in aggregate, is (or are) rendered against the Obligor or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 Business Days after the date thereof (or, if appealed, the appeal is unsuccessful and thereafter the judgment or order continues unsatisfied and unstayed for a period of 30 Business Days); or

e) any one or more Security Interests, present or future, created or assumed by the Obligor and/or any Material Subsidiary and securing an amount which equals or exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, become(s) enforceable and any step is taken to enforce such Security Interest(s) (including the taking of possession or the appointment of a receiver, manager or other similar person) unless the full amount of the debt(s) which is (or are) secured by the relevant Security Interest(s) is (or are) discharged within 30 Business Days of the later of the first date on which: (i) a step is taken to enforce the relevant Security Interest(s); or (ii) the Obligor and/or any Material Subsidiary, as the case may be, is notified that a step has been taken to enforce the relevant Security Interest(s); or

(f) (i) (x) the Obligor or any Material Subsidiary takes any corporate action or any steps are taken or any court or other proceedings are initiated against the Obligor or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of a liquidator, an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by the Obligor or any Material Subsidiary (as the case may be)), or a liquidator, an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Obligor or any Material Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking, assets or revenues of any of them; or (y) an encumbrancer takes possession of all or substantially all of the undertaking or assets of Obligor or any Material Subsidiary, or a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Obligor or any Material Subsidiary, and, in each case (other than the appointment of an administrator), is not discharged within 30 Business Days; (ii) the Obligor or any Material Subsidiary is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or (iii) the Obligor or any Material Subsidiary initiates or consents to judicial proceedings
relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for the general readjustment or rescheduling of its debts or an arrangement or composition or conciliation with its creditors generally (or any class of its creditors) save, in all cases, in connection with a Permitted Reorganisation. References in paragraphs (ii) and (iii) to debts shall be deemed to include any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of Shari’ah, whether entered into directly or indirectly by the Obligor or any Material Subsidiary, as the case may be; or

(g) any order is made by any competent court or resolution passed for the winding-up or dissolution of the Obligor or any Material Subsidiary, save in connection with a Permitted Reorganisation; or

(h) any event occurs which under the laws of the United Arab Emirates or any Emirate thereof or any other relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e) to (g) above; or

(i) all or substantially all of the undertaking, assets and/or revenues of the Obligor or any Material Subsidiary is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government; or

(j) the Obligor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save: (i) in connection with a Permitted Reorganisation; or (ii) in the case of a Material Subsidiary only, as a result of any Asset Sale permitted under Condition 5(f) (Obligor Covenants – Asset Sale); or

(k) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Obligor lawfully to enter into, exercise its rights and perform and comply with its obligations under or in respect of the Transaction Documents to which it is a party; and (ii) to ensure that those obligations are legally binding and enforceable, is not taken, fulfilled or done; or

(l) it is or will become unlawful for the Obligor to perform or comply with any of its obligations under or in respect of the Transaction Documents to which it is a party or any of the obligations of the Obligor thereunder are not or cease to be legal, valid, binding or enforceable; or

(m) the Obligor repudiates or challenges, or does or causes to be done any act or thing evidencing an intention to repudiate or challenge, these Conditions or any (or any part of any) Transaction Document to which it is a party.

15. ENFORCEMENT AND EXERCISE OF RIGHTS

(a) Upon the occurrence of a Dissolution Event, to the extent any amount payable in respect of the Certificates has not been paid in full, the Trustee (or the Delegate, acting in the name and on behalf of the Trustee), (subject, in each case, to it being indemnified and/or secured and/or prefunded to its satisfaction), may (acting for the benefit of the Certificateholders) take one or more of the following steps:

(i) enforce the Obligor's obligations under the Transaction Documents to which the Obligor is a party; and/or

(ii) take such other steps as the Trustee or the Delegate (acting in the name and on behalf of the Trustee) may consider necessary to recover amounts due to the Certificateholders.
(b) Following the enforcement, realisation of the Certificates and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates to the Certificateholders in accordance with these Conditions and the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and the right of the Certificateholders to receive any further sums shall be extinguished and neither the Trustee nor the Delegate shall be liable for any such sums and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate, the Agents or any other person (including the Obligor) to recover any such sum or asset in respect of the relevant Certificates or the Trust Assets. In particular, no holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

(c) No Certificateholder shall be entitled to proceed directly against the Trustee or the Obligor under any Transaction Document to which either of them is a party unless the Delegate, having become so bound to proceed: (i) fails to do so within a reasonable period; or (ii) is unable by reason of an order of a court having competent jurisdiction, and the failure or inability shall be continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents.

(d) Subject to paragraph (b) above, neither the Trustee nor the Delegate shall be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action against (as applicable) the Trustee and/or the Obligor under any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 20 per cent. of the then outstanding aggregate face amount of the Certificates of the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable and provided that the Delegate shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Certificateholders.

16. REPLACEMENT OF CERTIFICATES

If any Definitive Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar (and, if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Trustee may reasonably require. Mutilated or defaced Definitive Certificates must be surrendered before replacements will be issued.

17. NOTICES

Save as provided in this Condition 17, all notices regarding the Certificates will be in the English language and will deemed to be validly given if published in a leading English language daily newspapers published in London which is expected to be the Financial Times, or if such publication is not practicable, in a leading English language newspaper having general circulation in Europe. The Trustee shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Certificates are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.
Until such time as any Definitive Certificates are issued, there may, so long as the Global Certificate representing the Certificates is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, by communication to them to the holders of the Certificates. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with the relevant Certificate or Certificates, with the Principal Paying Agent. Whilst any of the Certificates are represented by a Global Certificate, such notice may be given by any holder of a Certificate to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

18. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

(a) The Master Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Master Declaration of Trust or any other Transaction Document. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee or the Delegate and shall be convened by it upon the request in writing of Certificateholders holding not less than one-tenth of the aggregate face amount of the Certificates of a Series. The quorum at any meeting for passing an Extraordinary Resolution will be one or more Certificateholders, proxies or representatives holding or representing in the aggregate more than half of the then outstanding aggregate face amount of the Certificates (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series) or at any adjourned such meeting one or more Certificateholders, proxies or representatives (whatever the outstanding face amount of the Certificates of all the relevant Series held or represented by him/her or them), provided that any meeting the business of which includes a Reserved Matter, the quorum shall be one or more Certificateholders, proxies or representatives holding or representing in the aggregate at least three-quarters of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series) or at any adjourned such meeting one or more Certificateholders, proxies or representatives holding or representing not less than one quarter of the then aggregate outstanding face amount of the Series (or, in the case of a meeting called in respect of more than one Series, the then outstanding aggregate face amount of the Certificates of all the relevant Series). To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three-quarters of the votes cast on such poll and, if duly passed, will be binding on all Certificateholders, whether or not they are present at the meeting and whether or not voting.

(b) The Master Declaration of Trust provides that a resolution in writing signed by or on behalf of all the holders of the Certificates outstanding who for the time being are entitled to receive notice of a meeting in accordance with schedule 4 to the Master Declaration of Trust shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders.

(c) The Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document and the Trustee's memorandum and articles of association may only be amended by the Trustee with the consent of the Delegate and the Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of any of the Master Declaration of Trust, any Supplemental Declaration of Trust, any other
Transaction Document or the Trustee's memorandum and articles of association if, in the opinion of the Delegate: (i) such modification is of a formal, minor or technical nature; (ii) such modification is made to correct a manifest error; or (iii) such modification is not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter or any provisions of the Master Declaration of Trust referred to in the definition of a Reserved Matter. Any such modification may be made on such terms and subject to such conditions (if any) as the Delegate may determine, shall be binding on the Certificateholders and, unless the Delegate otherwise decides, shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 (Notices) as soon as practicable thereafter.

The Delegate may, without the consent or sanction of the Certificateholders and without prejudice to its rights in respect of any subsequent breach from time to time and at any time: (i) give its consent under the Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document or the Trustee's memorandum and articles of association and agree to waive or to authorise any breach or proposed breach of any provision of the Master Declaration of Trust, any Supplemental Declaration of Trust, any other Transaction Document or the Trustee's memorandum and articles of association; or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that: (1) in the opinion of the Delegate, such waiver, authorisation or determination is not materially prejudicial to the interests of the outstanding Certificateholders and is other than in respect of a Reserved Matter; and (2) the Delegate will not do so in contravention of an express direction given by Extraordinary Resolution or a request made pursuant to Condition 14 (Dissolution Events). No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Certificateholders and unless the Delegate otherwise requires, shall be notified by the Trustee to the Certificateholders in accordance with Condition 17 (Notices) as soon as practicable thereafter.

In connection with the exercise by it of any of its powers, authorities and discretions under the Master Declaration of Trust (including, without limitation, any modification), the Delegate shall have regard to the general interests of the Certificateholders as a class (except where the context otherwise requires (as determined by the Delegate in its absolute discretion)) and shall not have regard to any interest arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Certificateholders (whatever their number) resulting from them being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof or taxing jurisdiction and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Trustee, the Delegate, the Obligor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders (except, in the case of the Trustee and the Obligor, to the extent already provided for in Condition 11 (Taxation)).

19. THE DELEGATE

The Trustee has in the Master Declaration of Trust irrevocably and unconditionally appointed the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust) and discretions vested in the Trustee by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, to exercise all of the rights of the Trustee under any of the Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event, (together the "Delegation" of the "Relevant Powers"), provided that in no
circumstances will such Delegation result in the Delegate holding on trust or otherwise managing
the relevant Trust Assets and provided further that such Delegation and the Relevant Powers shall
not include any obligation, duty, liability or covenant of the Trustee pursuant to the Master
Declaration of Trust or any other Transaction Document or any duty, power, trust, authority or
discretion to dissolve the trusts constituted by the Master Declaration of Trust as supplemented by
the relevant Supplemental Declaration of Trust following the occurrence of a Dissolution Event or
Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall
ratify and confirm all things done and all documents executed by the Delegate in the exercise of
all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Master Declaration of Trust as
supplemented by the relevant Supplemental Declaration of Trust, the Delegate also has certain
powers which are vested solely in it from the date of the Master Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the
Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Declaration of Trust contains provisions for the indemnification of the Delegate in
certain circumstances and for its relief from responsibility, including provisions relieving it from
taking action unless indemnified and/or secured and/or prefunded to its satisfaction. In particular,
in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any
other right it may have pursuant to the Master Declaration of Trust, the Delegate shall in no
circumstances be bound to take any action unless directed to do so in accordance with Condition
15 (Enforcement and Exercise of Right), and then only if it shall have been indemnified and/or
secured and/or prefunded to its satisfaction.

The Delegate makes no representation and assumes no responsibility for the validity, sufficiency
or enforceability of the obligations of the Obligor under the Transaction Documents to which it is
a party and shall not under any circumstances have any liability or be obliged to account to
Certificateholders in respect of any payments which should have been paid by the Obligor but are
not so paid and shall not in any circumstances have any liability arising from the relevant Trust
Assets other than as expressly provided in these Conditions or in the Master Declaration of Trust
as supplemented by the relevant Supplemental Declaration of Trust.

The Delegate may rely without liability to Certificateholders on a report, confirmation, certificate
or any advice of any accountants, financial advisers, financial institution, auditors, insolvency
officials or any other expert (whether or not addressed to the Delegate and whether their liability
in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into
by the Delegate or any other person or in any other manner) by reference to a monetary cap,
methodology or otherwise) in accordance with or for the purposes of the Master Declaration of
Trust or the other relevant Transaction Documents. The Delegate may accept and shall be entitled
to rely on any such report, confirmation or certificate or advice as sufficient evidence of the facts
stated therein and such report, confirmation, certificate or advice shall be binding on the Trustee,
the Delegate and the Certificateholders. The Delegate shall not be bound in any such case to call
for further evidence or be responsible for any liability or inconvenience that may be occasioned by
its failure to do so.

Each of the Trustee and the Delegate is exempted from: (i) any liability in respect of any loss or
theft of the Trust Assets or any cash; (ii) any obligation to insure the Trust Assets (other than, with
respect to the Trustee, in accordance with the Transaction Documents) or any cash; and (iii) any
claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee
or on deposit or in an account with any depositary or clearing system or are registered in the name
of the Trustee or its nominee, unless such loss or theft arises as a result of the Trustee's or the
Delegate's own gross negligence, willful default or fraud, as the case may be.

Nothing shall, in any case where the Trustee or the Delegate has failed to show the degree of care
and diligence required of it as trustee, in the case of the Trustee (having regard to the provisions of
the Master Declaration of Trust conferring on it any trusts (in the case of the Trustee only), powers,
authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to
the powers, authorities and discretions conferred on it by the Master Declaration of Trust and to
the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or
indemnify either of them against any liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their duties under the Master Declaration of Trust.

20. **FURTHER ISSUES**

In respect of any Series, the Trustee may from time to time (but subject always to the provisions of the Master Declaration of Trust) without the consent of the Certificateholders create and issue additional Certificates having the same terms and conditions as the outstanding Certificates of such Series or terms and conditions which are the same in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue, and so that the same shall be consolidated and form a single Series with the outstanding Certificates of such Series. Any additional Certificates which are to form a single Series with the outstanding Certificates of a particular Series shall be constituted by a deed supplemental to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust. References in these Conditions to the Certificates include (unless the context requires otherwise) any other Certificates issued pursuant to this Condition and forming a single Series with such Certificates.

21. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22. **GOVERNING LAW AND DISPUTE RESOLUTION**

(a) **Governing law**

The Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust (including these Conditions), and the Certificates and any non-contractual obligations arising out of or in connection with the same (including the remaining provisions of this Condition 22) are and shall be governed by, and construed in accordance with, English law.

(b) **Agreement to arbitrate**

Subject to Condition 22(c) (Governing Law and Dispute Resolution – Option to litigate), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Master Declaration of Trust and/or the Certificates (including any dispute as to the existence, validity, interpretation, performance, breach or termination or the consequences of any nullity thereof and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a “Dispute”) shall be referred to and finally resolved by arbitration under the London Court of International Arbitration ("LCIA") Arbitration Rules (the "Rules"), which Rules (as amended from time to time) are incorporated by reference into this Condition 22(b).

For these purposes:

(i) the seat or legal place of arbitration shall be London;

(ii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party-nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA; and
(iii) the language of the arbitration shall be English.

(c) **Option to litigate**

Notwithstanding Condition 22(b) (Governing Law and Dispute Resolution – Agreement to arbitrate), the Delegate may, in the alternative and at its sole discretion, by notice in writing to the Trustee and the Obligor:

(i) within 28 days of service of a Request for Arbitration (as defined in the Rules); or

(ii) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Delegate gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 22(d) (Governing Law and Dispute Resolution – Effect of exercise of option to litigate) and, subject as provided below, any arbitration commenced under Condition 22(b) (Governing Law and Dispute Resolution – Agreement to arbitrate) in respect of that Dispute will be terminated. Each of the parties to the terminated arbitration (other than the Delegate, whose costs will be borne by the Obligor) will bear its own costs in relation to the terminated arbitration.

If any notice to exercise the option to litigate is given after service of any Request for Arbitration in respect of any Dispute, the Delegate must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be functus officio. The termination is without prejudice to:

1. the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
2. his entitlement to be paid his proper fees and disbursements; and
3. the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(d) **Effect of exercise of option to litigate**

In the event that a notice pursuant to Condition 22(c) (Governing Law and Dispute Resolution – Option to litigate) is issued, the following provisions shall apply:

(i) subject to paragraph (iii) below, the courts of England or the courts of the Abu Dhabi Global Market ("ADGM"), at the option of the Delegate, shall have exclusive jurisdiction to settle any Dispute and the Trustee submits to the exclusive jurisdiction of such courts;

(ii) each of the Trustee and the Obligor agrees that the courts of England and the courts of ADGM (as the case may be and at the option of the Delegate) are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and

(iii) this Condition 22(d) is for the benefit of the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (i) above, the Delegate may take proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the Delegate or, but only where it is permitted to take action in accordance with the terms of the Master Declaration of Trust, any Certificateholder, may take concurrent Proceedings in any number of jurisdictions.
(e) Process agent

Each of the Trustee and the Obligor agree that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on each of them by being delivered to Maples and Calder at 11th Floor, 200 Aldersgate Street, London EC1A 4HD, England. If for any reason such process agent ceases to be willing or able to act as such or no longer has an address in England, the Trustee and the Obligor shall appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Delegate shall be entitled to appoint such a person by written notice addressed to the Trustee and the Obligor and delivered to the Trustee and the Obligor. Nothing in this Condition 22(e) shall affect the right of the Delegate or, but only where it is permitted to take action in accordance with the terms of the Master Declaration of Trust, any Certificateholder, to serve process in any other manner permitted by law. This Condition 22 applies to Proceedings in England and to Proceedings elsewhere.

(f) Waiver of immunity

The Obligor acknowledges that the transactions contemplated by the Master Declaration of Trust and the Certificates are commercial transactions and, to the extent that the Obligor may be able to claim, in any jurisdiction, for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Obligor or any of its assets or revenues, the Obligor agrees not to claim and irrevocably and unconditionally waives such immunity to the full extent permitted by the laws of such jurisdiction in relation to any Proceedings or Disputes under any Transaction Document to which it is a party. In addition, the Obligor irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any of its assets whatsoever of any award, order or judgment made or given in connection with any Proceedings or Disputes.
FORM OF THE CERTIFICATES

The Certificates of each Series will be in registered form. Certificates will be issued outside the United States in reliance on Regulation S under the Securities Act.

Global Certificates

Each Tranche of Certificates will initially be represented by a global trust certificate in registered form (a "Global Certificate"). Global Certificates will be deposited with a common depositary (the "Common Depositary") for Euroclear and Clearstream, Luxembourg and will be registered in the name of a nominee for the Common Depositary. Persons holding beneficial interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Certificates in fully registered form.

Payments to registered Holder

Payments of any amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown in the Register as the registered Holder of the Certificates represented by a Global Certificate at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "Record Date") where the "Clearing System Business Day" means a day on which each clearing system for which the Global Certificate is being held is open for business. None of the Trustee, the Delegate, the Obligor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 9(a) (Payments – Payments in respect of Certificates)) immediately preceding the due date for payment in the manner provided in that Condition.

Exchange for definitives

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 17 (Notices) if an Exchange Event occurs. For these purposes, an "Exchange Event" will occur if: (a) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no successor clearing system is available; or (b) any of the circumstances described in Condition 14 (Dissolution Events) occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any other person acting on their behalf, as the case may be, (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

For so long as any Certificate is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificate (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificate standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such Certificate for all purposes other than with respect to any payment on such face amount of such Certificate, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee and their respective agents as the holder of such face amount of such Certificate in accordance with and subject to the terms of the relevant Global Certificate and the expressions "Certificateholder" and "holder of Certificates" and related expressions shall be construed accordingly.
Pursuant to the Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the further Tranche, the Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Certificates of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system.
FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement for use in connection with each Tranche of Certificates issued under the Programme.


[MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (a) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (b) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (a) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (b) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "UK distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") – [Notice to be included if classification of the Certificates is not "prescribed capital markets products", pursuant to Section 309B of the SFA.]]

Pricing Supplement dated [ ]

PD SUKUK LIMITED

Legal entity identifier (LEI): 549300HHJBXEVFTBR194

Issue of [Aggregate Face Amount of Tranche] [Title of Certificates]

under the U.S.$1,000,000,000 Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 5 July 2021 [and the supplement[s] to it dated [ ] ] (the “Offering Circular”). This document constitutes the Pricing Supplement relating to the issue of Certificates described herein and must be read in conjunction with the Offering Circular [and its supplement(s)].

Copies of the Offering Circular are available for inspection by Certificateholders during normal business hours at the registered offices of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and at the specified office of the Principal Paying Agent for the time being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.
1. (i) Trustee: PD Sukuk Limited
   (ii) Obligor: Private Department of Skh Mohamed Bin Khalid Al Nahyan – LLC

2. (i) Series Number: [ ]
   (ii) Tranche Number: [ ]
   (iii) Date on which the Certificates will be consolidated and form a single Series: [The Certificates will be consolidated and form a single Series with [identify earlier Tranche(s)] on [insert date/the Issue Date]/[Not Applicable]]

3. Specified Currency: [ ]

4. Aggregate Face Amount of Series: [ ]
   (i) Series: [ ]
   (ii) Tranche: [ ]

5. (i) Issue Price: [•] per cent. of the Aggregate Face Amount [plus [Specified Currency]] in respect of [ ] days of accrued Periodic Distribution Amounts from (and including) [the issue date of the Original Certificates] to (but excluding) the Issue Date
   (ii) Tangible Asset Percentage: [ ]
   (iii) Murabaha Percentage: [ ]

6. (i) Specified Denominations: [ ]
   (ii) Calculation Amount: [ ]

7. Issue Date: [ ]

8. (i) Return Accrual Commencement Date: [ ]/[Issue Date]
   (ii) Scheduled Dissolution Date: [ ]

9. Periodic Distribution Amount Basis: [ ] per cent. Fixed Periodic Distribution Amount

10. Dissolution Basis: Subject to any purchase and cancellation or early redemption, the Certificates will be redeemed at [100] per cent. of their Aggregate Face Amount

11. Call Option: [Not Applicable]/[Optional Dissolution Right]/[Certificateholder Put Option]/[Change of Control Put Option]
12. Date of [Board] approval for issuance of Certificates obtained: [ ] in the case of the Trustee [ ] in the case of the Obligor

13. Status: Senior

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE


   (i) Profit Rate[(s)]: [ ] per cent. per annum [payable annually/semi-annually/quarterly/monthly] in arrear

   (ii) Periodic Distribution Date(s): [ ] and [ ] in each year[, commencing on [ ] and up to and including the Scheduled Dissolution Date]

   (iii) Fixed Amount[(s)]: [ ] per Calculation Amount

   (iv) Broken Amount(s): [Not Applicable]/[ ] per Calculation Amount, payable on the Periodic Distribution Date falling [in]/[on] [ ]

   (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]

PROVISIONS RELATING TO DISSOLUTION

15. Optional Dissolution Right: [Applicable]/[Not Applicable]

   (i) Optional Dissolution Amount[(s) of each Certificate: [Dissolution Distribution Amount]/[ ] per Calculation Amount]

   (ii) Optional Dissolution Date(s): [Any Periodic Distribution Date]/[ ]

   (iii) If redeemable in part:

      (1) Minimum Optional Dissolution Amount: [ ]

      (2) Maximum Optional Dissolution Amount: [ ]

   (iv) Notice period:

      Minimum Notice Period: [ ] days

      Maximum Notice Period: [ ] days

16. Certificateholder Put Option: [Applicable]/[Not Applicable]

   (i) Certificateholder Put Option Date(s): [ ]

   (ii) Dissolution Amount[(s) of each Certificate: [Dissolution Distribution Amount]/[ ] per Calculation Amount]

   (iii) Notice period:

      Minimum Notice Period: [ ] days
17. Change of Control Put Option: [Applicable]/[Not Applicable] 
   (i) Dissolution Amount(s) of each Certificate: [Dissolution Distribution Amount]/[ ] per Calculation Amount

18. Dissolution Distribution Amount of each Certificate: [ ] per Calculation Amount

19. (i) Early Dissolution Amount (Tax) of each Certificate (following early dissolution for tax reasons): [Dissolution Distribution Amount]/[ ] per Calculation Amount
   (ii) Notice period: Minimum Notice Period: [ ] days
       Maximum Notice Period: [ ] days

20. (i) Tangibility Event Put Option Dissolution Amount of each Certificate: [Dissolution Distribution Amount]/[ ] per Calculation Amount

21. (i) Clean Up Call Right Dissolution Amount of each Certificate: [Dissolution Distribution Amount]/[ ] per Calculation Amount
   (ii) Notice period: Minimum Notice Period: [ ] days
       Maximum Notice Period: [ ] days

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

22. Form of Certificates: Registered Certificates

   Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate

23. Additional Financial Centre(s) relating to payment: [Not Applicable]

24. Details of Transaction Account: PD Sukuk Limited Transaction Account No [ ] for Series No.: [ ]

Signed on behalf of
PD SUKUK LIMITED

By: .............................................................
    Duly authorised

Signed on behalf of
PRIVATE DEPARTMENT OF SKH MOHAMED BIN KHALID AL NAHYAN – LLC

By: .............................................................
    Duly authorised
PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading: [Application [has been]/[is expected to be] made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on the London Stock Exchange plc's International Securities Market ("ISM")/[ ] with effect from [ ]. [The ISM is not a regulated market for the purposes of MiFID II or a UK regulated market for the purposes of UK MiFIR]/[Not applicable]

(ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: [The Certificates to be issued have not been rated]/[The Certificates to be issued [have been]/[are expected to be] rated]:

[Moody’s: [ ]] [S&P: [ ]]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Managers/Dealers], so far as each of the Trustee and the Obligor is aware, no person involved in the offer of the Certificates has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Trustee, the Obligor or their affiliates in the ordinary course of business for which they may receive fees.]

4. RATE

Indication of profit rate: []

The profit rate is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.

5. OPERATIONAL INFORMATION

(i) ISIN: [ ]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary ISIN [ ]. After that, the Certificates will have the same ISIN as the Original Certificates, which is [ ]]

(ii) Common Code: [ ]/[Until the Certificates are consolidated, become fungible with and form a single series with the Original Certificates, the Certificates will have the temporary Common Code [ ]. After that, the Certificates will have the same Common Code as the Original Certificates, which is [ ]]

(iii) CFI: [See/[[include code], as updated, as set out on] the website of the Association of National Numbering]
Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv) FISN: [See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(v) Names and addresses of additional Paying Agent(s) or Calculation Agent (if any): [ ]/[Not Applicable]

(vi) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[ ]

(vii) Delivery: Delivery [against]/[free of] payment

6. DISTRIBUTION

(i) Method of distribution: [Syndicated/Non-syndicated]

(1) If syndicated, names of Managers: [Not Applicable][ ]

(2) Stabilisation Manager(s) (if any): [Not Applicable][ ]

(ii) If non-syndicated, name of relevant Dealer: [Not Applicable][ ]

(iii) U.S. Selling Restrictions: Reg S. Compliance Category 2; TEFRA not applicable

(iv) Additional Selling Restrictions: [Not Applicable][ ]

(v) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]

(vi) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]

7. REASON[S] FOR THE OFFER

[See "Use of Proceeds"]/[ ]

8. THIRD PARTY INFORMATION

[[ ] has been extracted from [ ]. The Trustee and the Obligor confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.][Not Applicable.]
USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Certificates will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents in the following proportion: (a) the Tangible Asset Percentage of the aggregate face amount of the Certificates of such Tranche towards the purchase from the Obligor of all of its rights, title, interests, benefits and entitlements in, to and under (in the case of the first Tranche of the relevant Series of Certificates) the relevant Initial Asset Portfolio and (in the case of any subsequent Tranche of such Series) the relevant Additional Assets pursuant to the Master Purchase Agreement; and (b) the Murabaha Percentage of the aggregate face amount of the Certificates of such Tranche towards the purchase of commodities to be sold to the Obligor pursuant to the Master Murabaha Agreement.

The amounts subsequently received by the Obligor in consideration for the transactions entered into with the Trustee as set out above, including with respect to the proceeds received from any on-sale of the Commodities by the Obligor, shall be invested by the Obligor for its general corporate purposes.
DESCRIPTION OF THE TRUSTEE

General

PD Sukuk Limited, a Cayman Islands exempted company with limited liability, was incorporated on 6 April 2021 under the Companies Act (As Revised) of the Cayman Islands with company registration number 373981. The Trustee was established as a company for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at the offices of MaplesFS Limited at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands, and its telephone number is +1 345 945 7099.

The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 ordinary shares of a par value of U.S.$1.00 each, 250 of which have been issued. All of the issued shares (the "Shares") are fully-paid and are held by MaplesFS Limited as share trustee (the "Share Trustee") under the terms of a declaration of trust (the "Share Declaration of Trust") dated 1 July 2021 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit a Qualified Charity (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to such Qualified Charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Business of the Trustee

The business of the Trustee has been limited to issuing Certificates under the Programme and performing its obligations under the Transaction Documents. The Trustee has no substantial liabilities other than in connection with the Certificates to be issued under the Programme. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 6 April 2021.

Financial Statements

Since its date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Directors of the Trustee

The directors of the Trustee and their principal occupations are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Function at the Trustee</th>
<th>Other appointments outside the Trustee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linval Stewart</td>
<td>Director</td>
<td>Vice President, MaplesFS Limited</td>
</tr>
<tr>
<td>Olena Mykhailenko</td>
<td>Director</td>
<td>Vice President, Maples Fund Services (Middle East) Limited</td>
</tr>
</tbody>
</table>

The business address for Linval Stewart is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The business address for Olena Mykhailenko is c/o Maples Fund Services (Middle East) Limited, Office 1407, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The Trustee has no subsidiaries, employees or non-executive directors.

Conflicts

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.
Trustee Administrator

MaplesFS Limited acts as the corporate administrator of the Trustee (in such capacity the "Trustee Administrator"). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of a corporate services agreement entered into between the Trustee and the Trustee Administrator (the "Corporate Services Agreement"), the Trustee Administrator performs in the Cayman Islands, the UAE and/or such other jurisdictions as may be agreed by the Trustee and the Trustee Administrator from time to time, various administrative functions on behalf of the Trustee, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator also provides registered office facilities for the Trustee in accordance with its standard terms and conditions for the provision of registered office services (the "Registered Office Terms"). In consideration of the foregoing, the Trustee Administrator receives various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and the Registered Office Terms provide that either party may terminate the agreement upon the occurrence of certain stated events, including any breach by the other party of its obligations thereunder.

The Trustee Administrator is subject to the overview of the Trustee's Board of Directors. The Corporate Services Agreement and the Registered Office Terms may be terminated (other than as stated above) by either the Trustee or the Trustee Administrator giving the other party at least three months' written notice.

The Trustee Administrator's principal office is at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

The Directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.
SELECTED FINANCIAL INFORMATION

The following information has been extracted from, and should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statements and should also be read in conjunction with "Financial review". See also "Presentation of financial and other information" for a discussion of the sources of the numbers contained in this section.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

The table below shows the Company's consolidated statement of financial position data as at 31 December in each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>(AED thousand)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>786,571</td>
<td>766,294</td>
<td>599,419</td>
</tr>
<tr>
<td>Investment properties</td>
<td>4,530,345</td>
<td>4,371,676</td>
<td>4,290,874</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>5,316,916</td>
<td>5,137,970</td>
<td>4,890,293</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>1,299</td>
<td>1,346</td>
<td>1,259</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>58,212</td>
<td>85,196</td>
<td>52,052</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>300</td>
<td>98</td>
<td>75</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>32,489</td>
<td>22,609</td>
<td>36,063</td>
</tr>
<tr>
<td>Total current assets</td>
<td>102,675</td>
<td>109,617</td>
<td>91,579</td>
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<tr>
<td>Total assets</td>
<td>5,419,591</td>
<td>5,247,587</td>
<td>4,981,872</td>
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</table>

EQUITY AND LIABILITIES

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<th>Equity</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>(AED thousand)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>11,800</td>
<td>11,800</td>
<td>11,800</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>5,900</td>
<td>5,900</td>
<td>5,900</td>
</tr>
<tr>
<td>General reserve</td>
<td>868,642</td>
<td>868,642</td>
<td>868,642</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>2,124,928</td>
<td>2,171,440</td>
<td>2,182,303</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>14,469</td>
<td>14,606</td>
<td>4,814</td>
</tr>
<tr>
<td>Total equity</td>
<td>3,025,739</td>
<td>3,072,388</td>
<td>3,073,458</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>2,079,716</td>
<td>1,860,415</td>
<td>1,715,258</td>
</tr>
<tr>
<td>Provision for employees' end of service benefits</td>
<td>9,266</td>
<td>8,731</td>
<td>8,582</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>2,088,982</td>
<td>1,869,146</td>
<td>1,723,839</td>
</tr>
<tr>
<td>Current liabilities</td>
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<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>65,186</td>
<td>57,545</td>
<td>26,040</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>34,464</td>
<td>26,733</td>
<td>13,839</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>35,092</td>
<td>48,975</td>
<td>9,158</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>114,902</td>
<td>128,880</td>
<td>117,556</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>304,870</td>
<td>306,053</td>
<td>184,574</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>2,393,852</td>
<td>2,175,198</td>
<td>1,908,413</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>5,419,591</td>
<td>5,247,587</td>
<td>4,981,872</td>
</tr>
</tbody>
</table>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME DATA

The table below shows the Company's consolidated statement of comprehensive income data for each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(AED thousand)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>331,835</td>
<td>393,920</td>
<td>423,862</td>
</tr>
<tr>
<td>Direct costs</td>
<td>62,325</td>
<td>70,633</td>
<td>71,480</td>
</tr>
<tr>
<td>Gross profit</td>
<td>269,510</td>
<td>323,257</td>
<td>352,382</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>61,900</td>
<td>73,377</td>
<td>71,091</td>
</tr>
<tr>
<td>Marketing and selling expenses</td>
<td>5,382</td>
<td>9,356</td>
<td>9,631</td>
</tr>
<tr>
<td>Management incentive fee</td>
<td>592</td>
<td>2,091</td>
<td>2,017</td>
</tr>
<tr>
<td>Net impairment loss on financial assets</td>
<td>11,222</td>
<td>602</td>
<td>3,508</td>
</tr>
<tr>
<td>Unrealised (loss)/gain on revaluation of investment properties</td>
<td>28,031</td>
<td>23,132</td>
<td>450,514</td>
</tr>
<tr>
<td>Unrealised (loss)/gain on revaluation of property and equipment</td>
<td>7,824</td>
<td>51,509</td>
<td>65,216</td>
</tr>
</tbody>
</table>
The table below shows a reconciliation of the Group’s APM and is not a measure of performance under IFRS, see “changes in fair value of derivatives, revaluation of investment properties; unrealised loss or gain on reval...

<table>
<thead>
<tr>
<th></th>
<th>2020 (AED thousand)</th>
<th>2019 (AED thousand)</th>
<th>2018 (AED thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other income</td>
<td>3,352</td>
<td>272</td>
<td>115</td>
</tr>
<tr>
<td>Operating profit</td>
<td>157,911</td>
<td>266,480</td>
<td>651,548</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(60,344)</td>
<td>(89,713)</td>
<td>(89,168)</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments</td>
<td>13,884</td>
<td>(39,818)</td>
<td>23,213</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>111,451</td>
<td>136,949</td>
<td>585,593</td>
</tr>
<tr>
<td>Revaluation of property and equipment</td>
<td>(138)</td>
<td>9,793</td>
<td>4,814</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>111,313</td>
<td>146,742</td>
<td>590,407</td>
</tr>
</tbody>
</table>

CONSOLIDATED STATEMENT OF CASH FLOWS DATA

The table below summarises the Company’s consolidated statement of cash flows data for each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2020 (AED thousand)</th>
<th>2019 (AED thousand)</th>
<th>2018 (AED thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities before changes in working capital</td>
<td>225,734</td>
<td>257,871</td>
<td>287,786</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>248,786</td>
<td>261,279</td>
<td>237,612</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(228,206)</td>
<td>(214,132)</td>
<td>(92,239)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(8,430)</td>
<td>(73,495)</td>
<td>(260,246)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>12,149</td>
<td>(26,348)</td>
<td>(114,873)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>(4,124)</td>
<td>22,224</td>
<td>137,096</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>8,025</td>
<td>(4,124)</td>
<td>22,224</td>
</tr>
</tbody>
</table>

SELECTED CONSOLIDATED RATIOS

The table below shows selected consolidated ratios for the Group as at, and for the years ended, 31 December in each of 2020, 2019 and 2018. The financial ratios set out below are all APMs.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at/years ended 31 December</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(per cent., except otherwise stated)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross profit margin&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>81.2</td>
<td>82.1</td>
<td>83.1</td>
</tr>
<tr>
<td>Adjusted EBITDA (AED thousand)&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>213,977</td>
<td>257,120</td>
<td>285,233</td>
</tr>
<tr>
<td>Adjusted EBITDA margin&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>64.5</td>
<td>65.3</td>
<td>67.3</td>
</tr>
<tr>
<td>Interest cover multiple&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>3.5x</td>
<td>2.9x</td>
<td>3.2x</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Gross profit divided by revenue.

<sup>(2)</sup> See “– Adjusted EBITDA” below.

<sup>(3)</sup> Adjusted EBITDA divided by revenue.

<sup>(4)</sup> Adjusted EBITDA divided by finance costs

Adjusted EBITDA

Adjusted EBITDA has been calculated as profit for the year adjusted to add back finance costs and depreciation, deduct finance income and add back or deduct, as appropriate, unrealised loss or gain on revaluation of investment properties; unrealised loss or gain on revaluation of property and equipment; and changes in fair value of derivatives, all as recorded in the Financial Statements. Adjusted EBITDA is an APM and is not a measure of performance under IFRS, see "Presentation of financial and other information – Presentation of financial information – Certain non-IFRS financial information”.

The table below shows a reconciliation of the Group's Adjusted EBITDA to its profit for each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2020 (AED thousand)</th>
<th>2019 (AED thousand)</th>
<th>2018 (AED thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>111,451</td>
<td>136,949</td>
<td>585,593</td>
</tr>
<tr>
<td>Add/(subtract):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>(164)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance costs</td>
<td>60,344</td>
<td>89,713</td>
<td>89,168</td>
</tr>
<tr>
<td>Depreciation</td>
<td>20,375</td>
<td>19,017</td>
<td>18,983</td>
</tr>
<tr>
<td>Unrealised loss/gain on revaluation of investment properties</td>
<td>28,031</td>
<td>23,132</td>
<td>(450,514)</td>
</tr>
<tr>
<td>Unrealised loss/gain on revaluation of property and equipment</td>
<td>7,824</td>
<td>(51,509)</td>
<td>65,216</td>
</tr>
<tr>
<td>Changes in fair value of derivatives</td>
<td>(13,884)</td>
<td>39,818</td>
<td>(23,213)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>213,977</td>
<td>257,120</td>
<td>285,233</td>
</tr>
</tbody>
</table>
FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the information set out in "Presentation of financial and other information", "Selected financial information" and the Financial Statements.

The discussion of the Company's consolidated financial condition and results of operations is based upon the Financial Statements, which have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. The Company's actual consolidated results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Offering Circular, particularly under the headings "Cautionary note regarding forward-looking statements" and "Risk factors".

See "Presentation of financial and other information" for a discussion of the source of the numbers presented in this section.

Overview

As at 31 December 2020, the Company owned and managed a portfolio of 2,201 completed residential units (comprising a mix of three, four and five bedroom villas and studio, one, two, three and four bedroom and penthouse apartments), 47,002 m² of commercial space and one operating five star hotel (having a total of 443 keys). The Company also has two investment properties nearing completion. The first is a hotel (with a total of 311 keys) and is due to open before the end of 2021, and the second comprises four separate towers containing a mix of one to four bedroom apartments and commercial units and is due to open in late 2021 or early 2022. The Company has 29 completed and under construction properties, of which 27 are located in Abu Dhabi. By virtue of its shareholders, the Company has substantial access to further land in Abu Dhabi and other major cities in the UAE which it intends to develop over time.

The Company's strategy centres around careful growth and management of its portfolio of prime residential-focused properties with a view to positioning the Company as the landlord of choice for residential tenants in Abu Dhabi both now and in the future. The Company's current focus is on broadening its sources of funding and enhancing its operational strategies.

As at 31 December 2020, the Company had two main sources of revenue:

- operating lease income, which is derived from the tenants of its investment properties, which amounted to 84.4 per cent. of its revenue in 2020, 77.1 per cent. in 2019 and 78.7 per cent. in 2018;

- room revenue, food and beverage ("F&B") revenue and recreation revenue, which comprises income from the guests who stay in or use its hotels, which amounted to 14.0 per cent. of its revenue in 2020, 20.6 per cent. in 2019 and 19.2 per cent. in 2018.

Almost all of the Company's investment properties are leased under revolving one-year contracts.

As at 31 December 2020, the Company's consolidated total assets amounted to AED 5,420 million, of which investment properties comprised AED 4,530 million, or 83.6 per cent. In addition, property and equipment (the major part of which is the Company's hotel and hotel under construction) amounted to AED 787 million, or 14.5 per cent., of the Company's total consolidated assets as at 31 December 2020. In 2020, the Company's consolidated revenue was AED 332 million compared to AED 394 million in 2019 and AED 424 million in 2018 and its total profit for the year was AED 111 million in 2020 compared to AED 137 million in 2019 and AED 586 million in 2018.

Revenue Recognition

For contracts determined to be within the scope of revenue recognition, the Company is required to apply the IFRS 15 five-step model to determine when to recognise revenue and at what amount. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue from contracts with its customers when it transfers control of a product or service to a customer.
The Company recognises revenue from the following major sources:

- operating lease income, which is derived from the tenants in its investment properties and is recognised in accordance with IFRS 16. Operating lease income is recognised on a straight-line basis over the lease term (which, for almost all of the lease contracts, is one year). When the Company provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of operating lease income. Rentals received in advance are recognised as unearned income; and

- hotel revenue, which corresponds to all the revenues received from guests of the Company's hotel. The services rendered (including room rentals, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals, that is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered. Income from hotel operations is recognised at the point when the goods are sold or services are rendered. All revenue hotel revenue is recorded net of discounts and promotions.

Principal Factors Affecting Results of Operation

The following is a discussion of the principal factors that have affected, or are expected to affect, the Company's consolidated results of operations.

Revenue

Revenue from investment properties

The Company's consolidated revenue is principally derived from rental payments made by the tenants of its investment properties. This revenue stream amounted to 84.4 per cent. of its revenue in 2020 compared to 77.1 per cent. in 2019 and 78.7 per cent. in 2018. The Company's consolidated revenue from its investment properties was AED 280 million in 2020, AED 304 million in 2019 and AED 334 million in 2018. For a discussion of the reasons for the changes in the amount of the Company's consolidated revenue from investment properties in each year, see "Results of operations – 2020, 2019 and 2018 compared – Gross profit" below.

The units in the Company's investment properties are all leased under one-year revolving contracts. The Company's historical experience indicates that most of these tenancies are generally renewed.

Revenue from hotel

The Company's consolidated revenue from its operating hotel is made of payments from its guests for room use, food and beverages and recreation services provided. This revenue stream amounted to 14.0 per cent. of the Company's consolidated revenue in 2020 compared to 20.6 per cent. in 2019 and 19.2 per cent. in 2018. The Company's consolidated hotel revenue was AED 46 million in 2020, AED 81 million in 2019 and AED 81 million in 2018. For a discussion of the reasons for the changes in the amount of the Company's consolidated hotel revenue in each year, see "Results of operations – 2020, 2019 and 2018 compared – Gross profit" below.

Historic changes in the composition of the Company's portfolio of operational properties

The Company's consolidated revenue is significantly impacted by changes in the number of its operational investment properties, which drive the number of its residential and commercial units, as well as by changes in the occupancy rates of its hotel and in the average rental and the revenue per available room (RevPAR) that it is able to achieve in its hotel.

The table below summarises the Company's operating investment property portfolio as at 31 December in each of 2020, 2019 and 2018. The operating portfolio comprises 26 residential-focused properties and one hotel as at 31 December 2020. For this purpose, a property is determined as a plot title. Individual plot titles may have one or more buildings constructed on them. In two developments, Garden Villas and Khalidia Villas, a number of plot titles have been aggregated into a single property. The Company has restricted freehold title to all of its properties except two, one in which it has freehold title and one, Khalidia Centre,
which is legally owned by the Company's shareholders but where the Company has beneficial ownership of the property.

<table>
<thead>
<tr>
<th>Property information</th>
<th>Occupancy&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Number, unless otherwise stated)</td>
<td>(per cent.)</td>
</tr>
<tr>
<td><strong>As at 31 December 2020</strong></td>
<td></td>
</tr>
<tr>
<td>Residential units</td>
<td>2,201</td>
</tr>
<tr>
<td>Commercial area (m&lt;sup&gt;2&lt;/sup&gt;)</td>
<td>47,002</td>
</tr>
<tr>
<td>Hotel keys</td>
<td>443</td>
</tr>
<tr>
<td><strong>As at 31 December 2019</strong></td>
<td></td>
</tr>
<tr>
<td>Residential units</td>
<td>2,168</td>
</tr>
<tr>
<td>Commercial area (m&lt;sup&gt;2&lt;/sup&gt;)</td>
<td>47,002</td>
</tr>
<tr>
<td>Hotel keys</td>
<td>443</td>
</tr>
<tr>
<td><strong>As at 31 December 2018</strong></td>
<td></td>
</tr>
<tr>
<td>Residential units</td>
<td>2,138</td>
</tr>
<tr>
<td>Commercial area (m&lt;sup&gt;2&lt;/sup&gt;)</td>
<td>42,862</td>
</tr>
<tr>
<td>Hotel keys</td>
<td>443</td>
</tr>
</tbody>
</table>

Note:

<sup>(1)</sup> In the case of residential units, calculated as daily leased units divided by total available units over the year and expressed as a percentage. In the case of commercial units, calculated as daily leased area divided by total available area over the year and expressed as a percentage. In the case of the hotel, calculated as the daily number of rooms occupied divided by the total number of rooms over the year and expressed as a percentage.

The Company's properties have been largely stable in the period under review. One property, Al Reef Extension (with 30 residential units and 4,140m<sup>2</sup> of commercial space), which had been developed by the Company, opened in November 2020 and, in December 2019, the Company acquired Bait Khalidia (with 92 residential units), although this property only became operational in 2021.

The Khalidia Palace Hotel in Dubai is scheduled to open in late 2021 and Waterfront Towers in Abu Dhabi is scheduled to open in late 2021 or early 2022.

**Changes in the fair value of the Company's investment properties**

The Company's investment properties comprise its portfolio of residential and commercial units which it leases to tenants, one additional investment property under development and two vacant plots. The Company's investment properties are measured initially at cost including transaction costs and any applicable borrowing costs. Subsequent to initial recognition, the Company's investment properties are measured at fair value on each reporting date. The determination of the fair value of each investment property requires significant judgment. The Company's investment property under construction (for which the fair value cannot be determined reliably but for which the Company expects that the fair value of the property will be reliably determinable when construction is completed) is measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

For each annual reporting date, the fair value of the Company's investment properties is determined by independent professional valuers using recognised valuation methods. Changes in the fair value of the investment properties are recorded as gains or losses in the fair value of investment properties in the Company's consolidated statement of comprehensive income for the year concerned. Once a determination of the fair value of an investment property has been made, changes in the fair value may occur for a number of reasons, including changes in market conditions (in particular market rental rates and demand for similar properties) and changes in the methodology used by management to determine fair value.

As at 31 December 2020, the Company had investment properties valued at AED 4,530 million on its balance sheet. As at the same date, investment properties with carrying value of AED 4,311 million were mortgaged against borrowings made by the Company.

The determination of the fair value of investment property is based on certain assumptions made by the Company's management, which are subject to uncertainty and might differ materially from other valuations and the realisable value of such property.
The table below shows the changes in fair value of the Company's investment properties from both construction progress made on its two properties under development and revaluation losses or gains recognised in each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020 (AED thousand)</td>
</tr>
<tr>
<td>As at 1 January</td>
<td>4,371,676</td>
</tr>
<tr>
<td>Additions from property under development</td>
<td>169,634</td>
</tr>
<tr>
<td>Borrowing costs capitalised</td>
<td>17,067</td>
</tr>
<tr>
<td>Revaluation (loss)/gain</td>
<td>(28,031)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,530,345</td>
</tr>
</tbody>
</table>

In each of 2020 and 2019, additions from construction work in progress and borrowing costs capitalised on the Company's investment property under development were the drivers of the increase in the total value of the investment property portfolio. In 2018, the main driver of the increase was a revaluation gain. The revaluation loss or gain recognised by the Company in each of 2020, 2019 and 2018 principally reflected the outcome of the independent valuations undertaken:

- in 2020, revaluation losses were recognised on almost all of the Company's investment properties;
- in 2019, the newly acquired investment property, Bait Khalidia, was included which resulted in a revaluation gain and relatively small revaluation losses were recognised on almost all of the Company's other investment properties; and
- in 2018, substantial revaluation gains were reported on the Company's portfolio of investment properties and a new investment property, Al Reef Extension, was included which resulted in a relatively small revaluation gain.

The revaluation changes on the Company's investment properties had a significant impact on the Company's reported consolidated profit in 2018 and a smaller impact on its reported consolidated loss in each of 2019 and 2020.

It is possible that the Company could recognise significant revaluation changes in future periods as a result of the development of property rental rates and prices in the UAE over which it has no control or for other reasons.

In particular, in periods when market conditions are particularly challenging leading to pressure on rental pricing and non-renewal of leases of the Company's investment properties, this could result in lower profit and revaluation losses in relation to those properties. To the extent that conditions experienced in most of 2020 and to date in 2021 remain poor, it is possible that the Company could experience some or all of these consequences in 2021. Changes in the fair value of the Company's investment properties do not represent cash inflows or outflows. See also "Risk factors—Risks relating to the Company's properties—Real estate valuation is inherently subjective and uncertain, and real estate investments are illiquid".

Changes in the fair value of the Company's hotel and hotel under construction

The Company's hotel properties are recognised at fair value based on periodic, but at least yearly, valuations by external independent valuers, less subsequent depreciation which takes place over the 35-year estimated useful life of each hotel. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

The Company's hotels are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

As at 31 December 2020, the Company's hotel and hotel under construction were valued at AED 780 million on its balance sheet. As at the same date, hotel buildings with carrying value of AED 747 million were mortgaged against borrowings made by the Company.
The table below shows the changes in the net value of the Company's hotel and hotel under construction in each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Net book value as at 1 January</td>
<td>758,455</td>
</tr>
<tr>
<td>Additions</td>
<td>46,324</td>
</tr>
<tr>
<td>Revaluation (loss)/gain</td>
<td>(7,962)</td>
</tr>
<tr>
<td>Depreciation charge for the year</td>
<td>(16,408)</td>
</tr>
<tr>
<td>Net book value as at 31 December</td>
<td>780,409</td>
</tr>
</tbody>
</table>

The revaluation loss or gain recognised by the Company in each of 2020, 2019 and 2018 principally reflected the outcome of the independent valuations undertaken.

The revaluation changes on the Company's hotel properties significantly impacted the Company's reported consolidated profit and loss in 2019 and 2018, respectively. It is possible that the Company could recognise significant revaluation changes in future periods as a result of changes in the hotel market in the UAE over which it has no control or for other reasons.

In particular, in periods when market conditions are particularly challenging leading to pressure on pricing and reductions in guest numbers or length of stay in the Company's hotel properties, this could result in lower profit and revaluation losses in relation to those properties. To the extent that conditions experienced in most of 2020 and to date in 2021 remain poor, it is possible that the Company could experience some or all of these consequences in 2021. Changes in the fair value of the Company's hotel properties do not represent cash inflows or outflows.

**Significant Accounting Policies**

The Financial Statements have been prepared in accordance with IFRS. For a summary of the significant accounting policies applied by the Company generally, see note 2 to the 2020 Financial Statements.

**Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

In preparing the Company's consolidated financial statements, management is required to make certain estimates, judgments and assumptions. These affect the reported amounts of the Company's consolidated assets and liabilities, including disclosure of contingent assets and liabilities, at the date of the financial statements as well as the reported amounts of its revenues and expenses during the periods presented. Management bases its estimates and assumptions on historical experience and other factors that it believes to be reasonable at the time the estimates and assumptions are made and to evaluate the estimates and assumptions on an ongoing basis. However, future events and their effects cannot be predicted with certainty and the determination of appropriate estimates and assumptions requires the use of judgment. Actual outcomes may differ from any estimates or assumptions made and such differences may be material to the financial statements. For a discussion of the most significant accounting estimates, judgments and assumptions made in the preparation of the Financial Statements, see note 4 to each of the Financial Statements. In the 2020 Financial Statements, this note identifies the key estimates and judgments as being:

- the determination of the provision for impairment of trade receivables;
- the determination of any impairment on investment properties;
- the impact of COVID-19;
- ownership of Khalidia Centre; and
- the determination of the useful lives and fair value of property and equipment.
Results of Operations for 2020, 2019 and 2018 Compared

Gross profit

The Company's consolidated gross profit in each year represented the difference between its consolidated revenue and consolidated direct costs. The Company's consolidated revenue was principally derived from (i) the letting of its investment properties and (ii) the operation of its completed hotel. Its consolidated direct costs in each year principally comprised (i) for both investment properties and its hotel, utilities expenses, direct staff costs, security expenses, cleaning expenses and maintenance expenses and (ii) for its hotel, depreciation expenses and food and beverage cost.

Revenue

The table below shows the breakdown of the Company's consolidated revenue in each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental income</td>
<td>280,063</td>
<td>303,860</td>
<td>333,544</td>
</tr>
<tr>
<td>Room revenue</td>
<td>33,468</td>
<td>52,399</td>
<td>52,714</td>
</tr>
<tr>
<td>F&amp;B revenue</td>
<td>10,938</td>
<td>26,002</td>
<td>25,804</td>
</tr>
<tr>
<td>Recreation revenue</td>
<td>2,003</td>
<td>2,804</td>
<td>2,964</td>
</tr>
<tr>
<td>Other revenue</td>
<td>5,362</td>
<td>8,854</td>
<td>8,836</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>331,835</strong></td>
<td><strong>393,920</strong></td>
<td><strong>423,862</strong></td>
</tr>
</tbody>
</table>

The Company's consolidated revenue for 2020 amounted to AED 332 million compared to AED 394 million for 2019 and AED 424 million for 2018.

The decrease of AED 62 million, or 15.8 per cent., in 2020 compared to 2019 principally reflected:

- a fall of AED 24 million, or 7.8 per cent., in rental income which principally resulted from lower rental rates reflecting the depressed economic conditions arising from COVID-19; and
- a fall of AED 19 million, or 36.1 per cent., in room revenue and AED 15 million, or 57.9 per cent., in F&B revenue, both of which reflected the impact of COVID-19 on its operating hotel which operated with significantly lower than normal room rates and substantially reduced food and beverage sales for much of the year.

The decrease of AED 30 million, or 7.1 per cent., in 2019 compared to 2018 reflected a fall in rental revenue from its investment properties, which generally reflected the tighter rental market conditions experienced throughout Abu Dhabi.

Direct costs

The table below shows the breakdown of the Company's consolidated direct costs in each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities expenses</td>
<td>16,360</td>
<td>16,377</td>
<td>16,219</td>
</tr>
<tr>
<td>Depreciation expenses</td>
<td>16,408</td>
<td>15,111</td>
<td>14,969</td>
</tr>
<tr>
<td>Staff costs</td>
<td>10,843</td>
<td>14,257</td>
<td>14,099</td>
</tr>
<tr>
<td>F&amp;B cost</td>
<td>3,406</td>
<td>8,091</td>
<td>8,248</td>
</tr>
<tr>
<td>Security expenses</td>
<td>2,462</td>
<td>2,753</td>
<td>2,977</td>
</tr>
<tr>
<td>Cleaning expenses</td>
<td>2,425</td>
<td>2,133</td>
<td>1,990</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>2,368</td>
<td>2,528</td>
<td>2,787</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>1,649</td>
<td>1,295</td>
<td>1,379</td>
</tr>
<tr>
<td>Building works expenses</td>
<td>1,306</td>
<td>2,337</td>
<td>2,608</td>
</tr>
<tr>
<td>Service costs</td>
<td>806</td>
<td>1,568</td>
<td>1,600</td>
</tr>
<tr>
<td>Other expenses</td>
<td>4,294</td>
<td>4,213</td>
<td>4,601</td>
</tr>
<tr>
<td><strong>Total direct costs</strong></td>
<td><strong>62,325</strong></td>
<td><strong>70,663</strong></td>
<td><strong>71,480</strong></td>
</tr>
</tbody>
</table>

The Company's consolidated direct costs amounted to AED 62 million for 2020 compared to AED 71 million for 2019 and AED 71 million for 2018.
The decrease of AED 8 million, or 11.8 per cent., in 2020 compared to 2019 reflected:

- a fall of AED 5 million, or 57.9 per cent., in F&B cost, which tracked the similar fall in F&B revenue; and
- a fall of AED 3 million, or 23.9 per cent., in direct staff costs, which principally reflected cost saving measures introduced by management in light of the impact of COVID-19.

The Company's consolidated direct costs were substantially flat across all categories of cost in 2019 compared to 2018.

**Gross profit**

Reflecting the above factors, the Company's consolidated gross profit was AED 270 million in 2020 compared to AED 323 million in 2019 and AED 352 million in 2018, a decrease of AED 54 million, or 16.6 per cent., in 2020 compared to 2019 and a fall of AED 29 million, or 8.3 per cent., in 2019 compared to 2018.

**General and administrative expenses**

The table below shows the breakdown of the Company's principal consolidated general and administrative expenses in each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2020 (AED thousand)</th>
<th>2019 (AED thousand)</th>
<th>2018 (AED thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>31,704</td>
<td>35,449</td>
<td>35,991</td>
</tr>
<tr>
<td>Utility expenses</td>
<td>5,185</td>
<td>6,093</td>
<td>6,578</td>
</tr>
<tr>
<td>Depreciation expenses</td>
<td>3,967</td>
<td>3,906</td>
<td>4,014</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>2,042</td>
<td>1,129</td>
<td>926</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>1,684</td>
<td>2,240</td>
<td>2,307</td>
</tr>
<tr>
<td>Professional fees</td>
<td>1,603</td>
<td>792</td>
<td>1,253</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>1,560</td>
<td>1,722</td>
<td>1,599</td>
</tr>
<tr>
<td>IT expenses</td>
<td>1,341</td>
<td>1,461</td>
<td>1,557</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,220</td>
<td>1,233</td>
<td>452</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,118</td>
<td>1,248</td>
<td>1,427</td>
</tr>
<tr>
<td>Credit card commissions</td>
<td>519</td>
<td>869</td>
<td>890</td>
</tr>
<tr>
<td>Government fees</td>
<td>67</td>
<td>6,081</td>
<td>1,283</td>
</tr>
<tr>
<td>Communication expenses</td>
<td>267</td>
<td>383</td>
<td>2,010</td>
</tr>
<tr>
<td>Charity expenses</td>
<td>88</td>
<td>136</td>
<td>1,157</td>
</tr>
<tr>
<td>Others</td>
<td>9,535</td>
<td>10,636</td>
<td>9,649</td>
</tr>
<tr>
<td><strong>Total general and administrative expenses</strong></td>
<td><strong>61,900</strong></td>
<td><strong>73,377</strong></td>
<td><strong>71,091</strong></td>
</tr>
</tbody>
</table>

The Company's consolidated general and administrative expenses amounted to AED 62 million for 2020 compared to AED 73 million for 2019 and AED 71 million for 2018.

The AED 11 million, or 15.6 per cent., decrease in general and administrative expenses in 2020 compared to 2019 principally reflected:

- AED 6 million, or 98.9 per cent., decrease in government fees which were higher in 2019 as explained below; and
- a decrease of AED 4 million, or 10.6 per cent., in staff costs which principally reflected cost containment measures introduced by management.

The AED 2 million, or 3.2 per cent., increase in general and administrative expenses in 2019 compared to 2018 principally reflected an increase of AED 5 million, or 374.1 per cent., in government fees principally as a result of fees paid to the land department in Dubai in relation to the purchase of the Bait Khalidha building. This increase was principally offset by a fall of AED 2 million, or 81.0 per cent., in communication expenses and AED 1 million, or 88.2 per cent., in charity expenses.
Marketing and selling expenses

The table below shows the breakdown of the Company's consolidated marketing and selling expenses in each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2020 (AED thousand)</th>
<th>2019 (AED thousand)</th>
<th>2018 (AED thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissions</td>
<td>1,896</td>
<td>4,917</td>
<td>4,463</td>
</tr>
<tr>
<td>Staff costs</td>
<td>1,317</td>
<td>1,577</td>
<td>1,637</td>
</tr>
<tr>
<td>Representation expenses</td>
<td>743</td>
<td>909</td>
<td>1,108</td>
</tr>
<tr>
<td>Loyalty program</td>
<td>716</td>
<td>594</td>
<td>797</td>
</tr>
<tr>
<td>Franchise fees</td>
<td>465</td>
<td>921</td>
<td>927</td>
</tr>
<tr>
<td>Media expenses</td>
<td>148</td>
<td>369</td>
<td>530</td>
</tr>
<tr>
<td>Others</td>
<td>98</td>
<td>69</td>
<td>169</td>
</tr>
<tr>
<td><strong>Total marketing and selling expenses</strong></td>
<td><strong>5,382</strong></td>
<td><strong>9,356</strong></td>
<td><strong>9,631</strong></td>
</tr>
</tbody>
</table>

The Company's consolidated marketing and selling expenses amounted to AED 5 million for 2020 compared to AED 9 million for 2019 and AED 10 million for 2018.

The AED 4 million, or 42.5 per cent., decrease in marketing and selling expenses in 2020 compared to 2019 principally reflected an AED 3 million, or 61.4 per cent., fall in commissions was principally due to the fact that hotel guests were mainly working for the Government and so were not sourced through agencies which are paid commissions on the bookings they make.

The Company's consolidated marketing and selling expenses were substantially flat across all categories in 2019 compared to 2018.

Management incentive fee

The Company pays a management incentive fee to its executive management. The management incentive fee is discretionary and determined by the Board.


Net impairment loss on financial assets

The Company's consolidated net impairment loss on financial assets in 2020 principally related to one commercial tenant and amounted to AED 11 million. Part of this amount is expected to be recovered in 2021 and the space will be leased to a new tenant. The Company's consolidated net impairment loss on financial assets was AED 1 million for 2019 and AED 4 million for 2018. In 2019, the Company's consolidated net impairment loss on financial assets principally reflected an impairment charge of AED 4 million less a reversal of impairment of AED 3 million and, in 2018, the Company's consolidated net impairment loss on financial assets principally reflected an impairment charge of AED 4 million.

Unrealised gain/(loss) on revaluation of investment properties

Based on the valuations undertaken, the Company recognised a revaluation loss of AED 28 million in 2020 compared to AED 23 million in 2019 and a revaluation gain of AED 451 million in 2018. See "Principal factors affecting results of operations – Change in the fair value of the Company's investment properties" for a description of the accounting treatment for the Company's investment properties and the reasons for the revaluation losses and gain in each year.

Unrealised gain/(loss) on revaluation of property and equipment

See "Principal factors affecting results of operations – Change in the fair value of the Company's hotel properties" for a description of the accounting treatment for the Company's hotel properties.

Based on the valuations undertaken, the Company recognised a revaluation loss of AED 8 million in 2020 compared to a revaluation gain of AED 52 million in 2019 and a revaluation loss of AED 65 million in 2018. The market conditions prevailing in 2020 due to COVID-19 were particularly challenging which led to pressure on pricing and reductions in room rates in the Company's hotel, which resulted in lower profit
and the revaluation loss in 2020. The revaluation gain in 2019 and the revaluation loss in 2018 on the Company's hotel principally reflected changes in the hotel market in the UAE in those years.

**Operating profit**

Reflecting the above factors and other income of AED 3 million in 2020, AED 272 thousand in 2019 and AED 115 thousand in 2018, the Company's consolidated operating profit was AED 158 million in 2020 compared to AED 266 million in 2019 and AED 652 million in 2018, a decrease of AED 109 million, or 40.7 per cent., in 2020 compared to 2019 and a fall of AED 385 million, or 59.1 per cent., in 2019 compared to 2018.

**Finance cost**

The Company's consolidated finance cost is the interest which it pays on its outstanding borrowings and bank overdraft. The Company's consolidated finance cost amounted to AED 60 million in 2020, AED 90 million in 2019 and AED 89 million in 2018. The reduction in 2020 compared to 2019 principally reflected reduced interest on outstanding borrowings as a result of lower interest rates.

**Changes in fair values of derivative financial instruments in cash flow hedges**

The Company is exposed to variability in future interest cash flows on its interest bearing term loans which bear interest at variable rates. In order to reduce its exposure to fluctuations in interest rates, the Company has entered into four interest rate swap arrangements with a counterparty bank for a notional amount that mirrors the draw down and repayment schedule of its most significant loan. The Group does not apply hedge accounting in accordance with IFRS 9 and gains or losses on its derivative contracts are recognised in profit or loss in net change in fair value of financial instruments at FVPL.

These derivative financial instruments gave rise to a gain of AED 14 million in 2020, a loss of AED 40 million in 2019 and a gain of AED 23 million in 2018.

**Profit for the year**

Reflecting the above factors, the Company's consolidated profit for the year was AED 111 million in 2020 compared to AED 137 million in 2019 and AED 586 million in 2018, a decrease of AED 25 million, or 18.6 per cent., in 2020 compared to 2019 and a decrease of AED 449 million, or 76.6 per cent., in 2019 compared to 2018.

**Total comprehensive income for the year**

Reflecting the above factors and the revaluation loss or gain that is the Company's only item of other comprehensive income, the Company's consolidated total comprehensive income was AED 111 million for 2020 compared to AED 147 million for 2019 and AED 590 million for 2018, a decrease of AED 35 million, or 24.1 per cent., in 2020 compared to 2019 and a decrease of AED 444 million, or 75.1 per cent., in 2019 compared to 2018.

**Liquidity and Capital Resources**

**Overview**

The Company's financing requirements in the three years under review were primarily to fund asset acquisitions, including through construction work on the investment property and hotel under development. The Company typically seeks to fund its expenditures and working capital needs from cash flow from operations and borrowings.

As at 31 December 2020, the Company had outstanding bank borrowings of AED 2,145 million, made up of two ijarah facilities and four term loans. These facilities are described under "– Liquidity and capital resources – Borrowings" below.

The Company expects that the level of its outstanding borrowings will remain in line with its debt policy which requires that its total debt expressed as a percentage of its total non-current assets should be less than 50 per cent. As at 31 December 2020, the Company's total outstanding borrowings were equal to 40 per cent., of its non-current assets.
Although the Company is not subject to any externally imposed capital requirements, it is subject to financial covenants under certain of its financings, which may limit its ability to undertake additional financings. These covenants include loan to value ratios, debt service coverage ratios and/or cash flow cover ratios.

**Cash flow**

The table below summarises the Company's consolidated statement of cash flows data for each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities before changes in working capital</td>
<td>225,734</td>
<td>257,871</td>
<td>287,786</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>248,786</td>
<td>261,279</td>
<td>237,612</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(228,206)</td>
<td>(214,132)</td>
<td>(92,239)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(8,430)</td>
<td>(73,495)</td>
<td>(260,246)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>12,149</td>
<td>26,348</td>
<td>(114,873)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>(4,124)</td>
<td>22,224</td>
<td>137,096</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>8,025</td>
<td>(4,124)</td>
<td>22,224</td>
</tr>
</tbody>
</table>

**Cash flows generated from operating activities**

The Company's consolidated net cash generated from operating activities was AED 249 million in 2020 compared to AED 261 million in 2019 and AED 238 million in 2018.

The Company's consolidated cash flow from operations before working capital changes was AED 226 million in 2020 compared to AED 258 million in 2019 and AED 288 million in 2018. The Company's consolidated cash flow from operations before working capital changes principally reflects its profit for the year adjusted to add back its finance cost and reflect its fair value gain or loss on investment properties, its loss or gain on revaluation of property and equipment and its changes in fair values of derivative financial instruments in cash flow hedges.

The Company's principal working capital changes in 2020 were an increase of AED 21 million in due to related parties balances and a decrease of AED 16 million in trade and other receivables, offset by a decrease of AED 14 million in trade and other payables. The Company's principal working capital changes in 2019 were increases of AED 26 million in due to related parties balances and AED 11 million in trade and other payables, offset by an increase of AED 34 million in trade and other receivables. The Company's principal working capital changes in 2018 were decreases of AED 52 million in trade and other payables and AED 3 million in due to related parties balances, offset by a decrease of AED 5 million in trade and other receivables.

**Cash flows used in investing activities**

The Company's consolidated net cash used in investing activities was AED 228 million in 2020 compared to AED 214 million in 2019 and AED 92 million in 2018.

In 2020, the Company had consolidated cash outflows of AED 170 million relating to the acquisition of investment properties which principally represented work in progress in relation to its investment property under construction, AED 49 million in relation to purchases of property and equipment which principally represented work in progress in relation to its hotel under construction and AED 10 million in margin deposits placed.

In 2019, the Company had consolidated cash outflows of AED 125 million in relation to purchases of property and equipment which principally represented work in progress in relation to its hotel under construction and AED 91 million relating to the acquisition of investment properties which principally represented work in progress in relation to its investment property under construction.

In 2018, the Company had a consolidated cash outflows of AED 54 million in relation to purchases of property and equipment which principally represented work in progress in relation to its hotel under construction and AED 38 million relating to the acquisition of investment properties which principally represented work in progress in relation to its investment property under construction.
Cash flows used in financing activities

The Company's consolidated net cash used in financing activities was AED 8 million in 2020 compared to AED 73 million in 2019 and AED 260 million in 2018.

In 2020, the Company's principal consolidated cash outflows were AED 158 million in dividends to its shareholders, AED 50 million in finance cost paid and AED 10 million in bank borrowings repaid. These outflows were offset by an inflow of AED 209 million from new bank borrowings.

In 2019, the Company's principal consolidated cash outflows were AED 148 million in dividends to its shareholders, AED 101 million in bank borrowings repaid and AED 27 million in finance cost paid. These outflows were offset by an inflow of AED 202 million from new bank borrowings.

In 2018, the Company's principal consolidated cash outflows were AED 263 million in dividends to its shareholders, AED 93 million in bank borrowings repaid and AED 25 million in finance cost paid. These outflows were offset by an inflow of AED 121 million from new bank borrowings.

**Borrowings**

**Introduction**

As at 31 December 2020, the Company's consolidated total borrowings amounted to AED 2,145 million and comprised:

- AED 1,647 million outstanding under two ijarah facilities; and
- AED 498 million outstanding under four term loan facilities.

**Bank borrowings**

The table below shows certain information in relation to the Company's consolidated borrowings as at 31 December 2020.

<table>
<thead>
<tr>
<th>Amount outstanding (AED thousand)</th>
<th>Interest rate</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ijarah facility 1</td>
<td>1,372,685</td>
<td>EIBOR(1) + 2.75</td>
</tr>
<tr>
<td>Ijarah facility 2(2)</td>
<td>274,012</td>
<td>EIBOR(1) + 2.75</td>
</tr>
<tr>
<td>Term loan 2(2)</td>
<td>90,991</td>
<td>Fixed instalments</td>
</tr>
<tr>
<td>Term loan 5</td>
<td>391,109</td>
<td>EIBOR(1) + 2.75</td>
</tr>
<tr>
<td>Term loan 6</td>
<td>10,104</td>
<td>5.75</td>
</tr>
<tr>
<td>Term loan 7</td>
<td>6,000</td>
<td>6.5</td>
</tr>
<tr>
<td>2,144,902</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Three months Emirates interbank offered rate.
(2) Obtained to finance the construction of the Waterfront Towers, see "Description of the Company – Business – Properties under construction".
(3) Obtained to finance the construction of Khalidia Palace Hotel, Dubai, see "Description of the Company – Business – Properties under construction".

All of the loans are secured by mortgages over the Company's investment properties and hotels. The investment properties secured against these loans had a total fair value of AED 4,311 million and hotels with a carrying value of AED 747 million, in each case as at 31 December 2020. The loans contain financial covenants relating to loan to value, debt service coverage and/or cash flow cover.

The table below shows the maturity profile of the Company's outstanding consolidated borrowings as at 31 December 2020.

<table>
<thead>
<tr>
<th>As at 31 December 2020</th>
<th>(AED thousand)</th>
<th>(per cent.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within 12 months</td>
<td>65,186</td>
<td>3.0</td>
</tr>
<tr>
<td>Due within one to five years</td>
<td>838,465</td>
<td>39.1</td>
</tr>
<tr>
<td>Due after five years</td>
<td>1,241,251</td>
<td>57.9</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>2,144,902</td>
<td>100.0</td>
</tr>
</tbody>
</table>
The Company has entered into interest rate swap contracts in relation to one of its borrowings designed to hedge its exposure to movements in interest rates. These contracts are not designated as cash flow hedges and impact its statement of comprehensive income. As at 31 December 2020, the notional amount of these derivatives included in the 2020 Financial Statements was AED 1,350 million and they resulted in a positive change in fair value of AED 14 million being recognised in the Company's consolidated statement of comprehensive income for 2020.

**Capital expenditure**

As at 31 December in each of 2020, 2019 and 2018, the Company's consolidated contracted but not yet incurred capital expenditure amounted to AED 342 million, AED 533 million and AED 705 million, respectively. This committed capital expenditure principally related to the Company's properties under construction.

No assurance can be given as to the actual amounts of capital expenditure that may be incurred in future periods. The timing and amount of capital expenditure is highly dependent on market conditions, the progress of projects, new opportunities that may arise and a range of other factors outside the Company's control.

**Analysis of Certain Statement of Financial Position Items**

**Investment properties**

The fair value of the Company's investment properties, including its investment properties under development, was AED 4,530 million, or 83.6 per cent. of its total assets, as at 31 December 2020 compared to AED 4,372 million, or 83.3 per cent. of its total assets, as at 31 December 2019 and AED 4,291 million, or 86.1 per cent. of its total assets, as at 31 December 2018.

In 2020, the fair value of the portfolio increased by AED 170 million due to construction progress made on the Company's investment property under development and by AED 17 million as a result of borrowings capitalised. These increases were offset by AED 28 million as a result of revaluation. In 2019, the fair value of the portfolio increased by AED 91 million due to construction progress made on the Company's investment property under development and by AED 13 million as a result of borrowings capitalized. These increases were offset by AED 23 million as a result of revaluation.

The Company's investment properties are mainly valued using the income capitalisation method.

Almost all of the Company's investment properties were pledged as security against bank borrowings as at 31 December 2020, see "— Liquidity and capital resources — Borrowings — Bank borrowings" above.

**Property and equipment**

The Company's property and equipment, (which principally comprises its hotel and hotel under development), amounted to AED 787 million, or 14.5 per cent. of its total assets, as at 31 December 2020 compared to AED 766 million, or 14.6 per cent. of its total assets, as at 31 December 2019 and AED 599 million, or 12.0 per cent. of its total assets, as at 31 December 2018.

As at 31 December 2020, hotel properties with a carrying value of AED 747 million were pledged as security against bank borrowings, see "— Liquidity and capital resources — Borrowings — Bank borrowings" above.

**Trade and other receivables**

As at 31 December 2020, the Company's consolidated trade and other receivables amounted to AED 58 million, or 1.1 per cent. of its total assets, compared to AED 85 million, or 1.6 per cent. of its total assets, as at 31 December 2019 and AED 52 million, or 1.0 per cent. of its total assets, as at 31 December 2018. The Company's consolidated trade and other receivables principally comprise amounts due from tenants in its investment properties.
The table shows the Company's consolidated trade and other receivables as at 31 December in each of 2020, 2019 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td></td>
<td>(AED thousand)</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>50,079</td>
</tr>
<tr>
<td>Accrued income</td>
<td>12,044</td>
</tr>
<tr>
<td>Less: provision for impairment on trade receivables and accrued income</td>
<td>(29,607)</td>
</tr>
<tr>
<td></td>
<td>32,516</td>
</tr>
<tr>
<td>Prepayments</td>
<td>827</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>1,571</td>
</tr>
<tr>
<td>Other receivables</td>
<td>23,298</td>
</tr>
<tr>
<td>Total trade and other receivables</td>
<td>58,212</td>
</tr>
</tbody>
</table>

The decrease of AED 30 million, or 47.9 per cent., in the trade receivables and accrued income portfolio as at 31 December 2020 principally reflected significantly lower accrued income in 2020 compared to 2019 and a higher provision for impairment on trade receivables in 2020 compared to 2019, due to the impact of the COVID-19 pandemic.

The increase of AED 22 million, or 56.3 per cent., in the trade receivables and accrued income portfolio as at 31 December 2019 principally reflected significantly higher accrued income in 2019 compared to 2018 along with a smaller increase in trade receivables.

In 2020, the Company recorded a consolidated provision of AED 11 million for trade receivables and a reversal of impairment provision for trade receivables of AED 74 thousand. In 2019, the Company recorded a consolidated provision of AED 4 million for trade receivables and a reversal of impairment provision for trade receivables of AED 3 million. In 2018, the Company recorded a consolidated provision of AED 4 million for trade receivables.

As at 31 December 2020, 10 per cent. of the Company's consolidated trade receivables were due from its largest customer compared to 36 per cent. as at 31 December 2019 and 36 per cent. as at 31 December 2018.

**Related Party Balances and Transactions**

The Company's principal consolidated related party transactions are with its shareholders and its directors and executive management and entities controlled by any of them. These balances principally include amounts owed to and from its shareholders. As at 31 December 2020, the most significant related party balances were:

- AED 63 million due to Square General Contracting Co LLC, in which one of the shareholders has a minority interest and is managing the construction work on the Company's two properties under development;
- AED 2 million due to the shareholders, which represents amounts in a bank account in the Company's name that relates to the private properties of the Shareholders; and
- AED 300 thousand due from Rotana Hotel Management Corporation ("Rotana") and its affiliate companies which are considered to be related parties solely by virtue of the significant control which Rotana exercises over the Company's operational hotel and AED 88 thousand due to Rotana.

See further note 16 to each of the Financial Statements.

**Disclosures about Risk**

The Company is exposed to a number of risks and takes steps to mitigate certain of these risks as described in note 3 to the 2020 Financial Statements. The Company believes that its principal financial risk exposure is market risk including, in particular, the prices at which new apartments are leased and existing tenants renew their leases. Credit risk is largely limited to returned or failed rental cheques, but the Company's history indicates this has not had a substantial impact on its financial performance.
DESCRIPTION OF THE COMPANY

Overview

As at 31 December 2020, the Company owned and managed a portfolio of 2,201 completed residential units (comprising a mix of three, four and five bedroom villas and studio, one, two, three and four bedroom and penthouse apartments), 47,002 m² of commercial space and one operating five star hotel (having a total of 443 keys). The Company also has two investment properties nearing completion. The first is a hotel (with a total of 311 keys) and is due to open before the end of 2021 and the second comprises four separate towers containing a mix of one to four bedroom apartments and commercial units and is due to open in late 2021 or early 2022. 27 of the Company's 29 completed and under construction properties are located in Abu Dhabi and the remaining two are located in Dubai. In addition, the Company owns two plots of land in Abu Dhabi and, by virtue of its shareholders, has substantial access to further land in Abu Dhabi and other major cities in the UAE which it intends to develop over time.

The Company's strategy centres around careful growth and management of its portfolio of prime residential-focused properties with a view to positioning the Company as the landlord of choice for residential tenants in Abu Dhabi both now and in the future. The Company's current focus is on broadening its sources of funding and enhancing its operational strategies.

The Company is owned by 11 senior members of the Abu Dhabi ruling family.

The Company's total assets as at 31 December 2020 amounted to AED 5.4 billion and its revenue and profit for 2020 were AED 332 million and AED 111 million, respectively.

History

The Private Department of His Highness Sheikh Mohamed Bin Khalid Al Nahyan (the PD) was founded in 1964 by the late Sheikh Mohammed bin Khalid Al Nahyan, the grandfather of the present chairman and a nephew of the first President of the UAE, to develop and invest in family-owned land. Restructured in 1998 by the founder's grandchildren, H.H. Sheikh Khalifa Bin Mohammed Bin Khalid Al Nahyan, H.H. Sheikh Sultan Bin Mohammed Bin Khalid Al Nahyan and H.H. Sheikh Hamdan Bin Mohammed bin Khalid Al Nahyan, the PD and, since its incorporation as the Company in 2015, the Company, have operated under commercial license number CN-1020235 dated 5 May 1998 issued by Department of Economic Development. The Company is now the sole investment vehicle for the Royal family's commercial real estate activities.

By the end of the 1960s, the Company owned nine buildings, 60 villas and the first hotel in Abu Dhabi. The Company has continued to grow through the construction of new buildings, often replacing previous buildings with more modern properties. In 2018, the Company commenced a legal and operational restructuring with a view to positioning itself to access more diverse sources of funds and execute a new growth strategy. The Company's newest property was completed in December 2020 and it currently has one investment property (comprising four residential towers) and one hotel under construction and nearing completion.

The Company's strategy from its inception was to focus on developing premium residential property in Abu Dhabi to lease to tenants. Now a substantial investor, the Company controls one of the highest-quality premium-location residential portfolios in Abu Dhabi with 2,557 residential units available to rent once the residential property currently under construction is completed in late 2021 or early 2022. Through its history the Company has enjoyed occupancy rates around the 95 per cent. level, including throughout 2020.

Strategy

The Company's vision is to continue as the leading residential investor in Abu Dhabi and become one of the leaders in the real estate investment industry. Its mission is to:

- acquire new completed fully leased properties in key sectors with a guaranteed income or annual yield matching the minimum achieved current portfolio yield
- construct new real estate projects in key sectors while continuing its focus on Abu Dhabi,
develop and maintain its properties to high levels of finish with services and innovative features attractive to premium tenants;

maintain its future focus on premium water-front and central business district locations;

manage its own quality properties, with the support of its qualified and professional team, to give a high standard of services to its valued tenants; and

achieve customer satisfaction through prompt and efficient service, which is the Company's highest priority.

The Company has grown organically since it was founded in 1964, typically through financing and developing new residential-focused buildings which it then leases to its tenants. The Company is a long-term owner of high quality properties and its portfolio is, it believes, the best located large-scale residential portfolio in Abu Dhabi.

The Company intends to continue to grow its core residential lettings-focused business both organically and, potentially, by acquiring well-located completed and/or fully leased properties to add to its portfolio.

The Company has historically relied on two main funding sources: equity from shareholders in the form of both direct capital and access to land for development, and debt by means of project finance and bilateral banking facilities. The Company is now seeking to diversify its existing banking relationships both internationally and in the GCC and to enhance its funding flexibility by adding capital markets capability to access both the Islamic and conventional debt securities markets. In addition, the Company's shareholders agreed a new dividend policy in December 2020 (which includes no dividend payments in 2021 or 2022 and capped payments thereafter) to support its functionality, recognising that the Company's continued growth can be assisted with building retained earnings and enhancing cash flows for future investment.

In 2018, the Company started to restructure its operations along international lines with stand-alone corporate entities, a clear financial structure and a revised management structure with a separate Board. The Company's new operational strategies include:

- increasing its recurring cash flows through (i) further acquisitions of premium residential-focused rental real estate assets, (ii) proactively managing and improving the leasing profile of the portfolio properties and (iii) introducing a divestment option for mature assets where appropriate to complement the Company's historic replacement or refurbishment strategies with a view to releasing capital for redeployment; and

- expanding its accommodation portfolio with residential real estate remaining the core focus. Commercial units will typically continue to be included in new investment properties as an adjunct to residential developments. Hotels may also be included in future development but are not a planned growth product.

The Company's asset management approach is to provide prompt market-leading and high-quality tenant and property management services through a focus on continuous improvement of its information technology systems and the leasing and tenant services offered. It intends to expand its capabilities with a view to also offering these services to third parties.

The Company's properties are all in prime locations, many on the waterfront or in the central business district and all with a residential focus. Its strategy is to continue investing in properties with these features. New investments are required to complement the existing portfolio and to be both profit and cash flow accretive vis-à-vis the existing portfolio. The Company is also considering geographic expansion in Dubai (with one existing building and ongoing project currently located in Dubai) and potentially Al Ain in the longer term.
Strengths

The Company believes that its principal strengths are:

Diversified portfolio of recurring revenue generating premium properties

As at 31 December 2020, the Company's portfolio of properties comprised:

- 22 properties in the form of multi-storey residential-focused buildings and towers, with limited commercial units included, in Abu Dhabi, offering residential units ranging from studios to penthouses;
- three villa complexes in Abu Dhabi offering a range of three-, four- and five-bedroom villas;
- one operating hotel in Abu Dhabi;
- one multi-storey residential-focused building in Dubai;
- a residential-focused four tower complex in Abu Dhabi and a second hotel in Dubai, both under development and nearing completion; and
- high-quality customer service for tenants provided by the Company's in-house leasing, security guard, maintenance and engineering services, with 24/7 emergency response.

The Company's residential units generated 75 per cent. of its revenue in 2020, its hotel in Abu Dhabi generated 16 per cent. of its revenue and its commercial units generated 9 per cent. of its revenue before eliminations. The residential portfolio is also diversified by tenant type with personal tenants accounting for 66 per cent. of the occupied units as at 31 December 2020, government tenants accounting for 25 per cent., private companies accounting for 7 per cent., and embassy and bank staff accounting for the balance.

All of the Company's properties are of premium quality due to their location (being predominantly on or close to waterfront and/or located primarily in the Corniche or Khalidia areas of Abu Dhabi), build quality and proximity to essential facilities such as schools, healthcare, outdoor activities and public transportation. Properties either include or are close to available parking. The Company also provides a strong maintenance and repair programme which is performed entirely in-house and includes both regular preventative maintenance inspections and routine maintenance services that cover all the common areas in its properties.

Strong shareholder support

The Company's shareholders have continuously supported the PD since it was established in 1964 including gifting to it all of the land used for development in Abu Dhabi. In addition, the Company has benefitted from Abu Dhabi government support at all levels, including priority assistance in obtaining re-zoning and planning approvals, promoting the Company to government employees and priority access to key international visitors and new international companies who are seeking accommodation in Abu Dhabi.

Their Royal Highnesses Sheikh Khalifa, Sheikh Sultan and Sheikh Hamdan, who are the three shareholder directors on the Board, are all active Board members receiving regular management briefings and involve themselves in the strategic discussions and decisions of the Company. Owing to their patronage, and their intrinsic links with the Abu Dhabi government, they provide invaluable insight into the planning and direction of the Company and lead the annual updating of the 30-year business plan and the Company's operational strategies.

All of the Company's shareholders strongly support its restructuring and new strategy and have approved its new dividend policy (which includes no dividend payments in 2021 or 2022 and capped payments thereafter) to support the strategy.

Three of the Company's four member Board are shareholders, including the Chairman, Vice Chairman and Second Vice Chairman. The Vice Chairman also chairs the Company's Investment Committee.
Growth strategy focused on long-term development to add value to the Company's access to land

The Company's growth strategy, which is described under "Strategy" above, is expected to lead to increased diversification in terms of both revenue and geography, including through its second hotel which is currently under construction and due to open in Dubai in late 2021 or early 2022. Although the Company's focus will remain on expanding its prime residential portfolio, future opportunities may include office, retail and mixed use components as part of its residential-focused developments.

The Company is also enhancing its cash flow flexibility and liquidity through diversifying its funding sources, initially through the issue of securities in the capital markets to complement its banking relationships.

The Company's shareholders (in their personal capacity) own and control a number of strategic waterfront sites in Abu Dhabi which are expected to be attractive development locations going forward. In particular, the shareholders own and control a substantial island in Abu Dhabi upon which infrastructure installation is underway and initial development of private dwellings and palaces has commenced. The island is ideally and centrally located and accessible by both car and boat. Although there are no commitments in place, the Company's shareholders have historically gifted to it (or the PD) all of the land in Abu Dhabi which it has developed and they may choose, through gifting further land, to enable the Company to develop multiple high-end residential developments on the island once infrastructure is complete and at a time when it is both strategically sensible to proceed and market demand is considered sufficient to ensure full absorption of any such new properties.

The Company's shareholders also own undeveloped land in the central business district of Al Ain and along the "Plan Al Ain 2030" growth corridor. Al Ain is the fourth largest city in the UAE and the Company expects that, if and to the extent any of this land is also gifted to it, it will provide the Company with multiple growth opportunities over the next 20 or more years.

Strong record of delivering quality projects on time

Since it was established, the Company has financed and developed (or re-developed) 37 buildings, 181 villas and three hotels. It has over 50 years' experience developing, leasing and managing multi-family residential property. Its in-house engineering team has overseen and guided all the developments undertaken by the Company and has all the necessary skills in house to manage tenders and control and oversee large projects.

All projects are selected after reviewing the macro-economic situation in Abu Dhabi and the demand from potential tenants. Construction partners or building contractors are selected using an independently-managed tender process and following approval from the Board.

The Company typically chooses to undertake no more than two projects simultaneously so as to minimise completion risks and point-in-time market risk thereby allowing its management to maintain close control over the quality of all new buildings.

Currently the Company is completing two projects. The first is Corniche side in the Al Bateen area of Abu Dhabi and is a resort-style development of four towers with direct waterfront access. This project "topped-out" in October 2020 and is on target for completion in late 2021 or early 2022. The second development is a new five star hotel in Dubai which is currently in final fit out and is on target for hand over in mid- to late-2021.

Strong financial profile and access to multiple sources of funding

Since its inception in 1964, the PD and the Company have been continuously profitable reflecting its exceptional residential portfolio supported by a conservative capital structure and a well-managed expense base. The Company has maintained its gearing at less than 50 per cent. of assets and it has invested prudently in new developments in line with the needs of an expanding population.

In 2020, although affected by COVID-19 the Company recorded a profit of AED 111 million which, coupled with strict cost management returned a gross profit margin of 81.2 per cent. and an Adjusted EBITDA margin of 64.5 per cent.
The Company's financing is currently in the form of conventional term loans with and Islamic ijarah facilities with local banks, all of which are secured on its properties. In addition to establishing the Programme, the Company also intends to establish an unsecured medium term note programme. A significant proportion of the proceeds of the first series of Certificates being issued are also expected to be used to repay existing secured debt, see "Use of proceeds".

**Experienced and influential management**

The Company is led by two successful business leaders with deep knowledge of the UAE real estate market, influence throughout the UAE and global business networks.

The Managing Director, His Excellency Abdul Jaleel Abdul Rahman Mohammed Al Blouki, has guided the PD since 1998 and with the Chairman and the Board was instrumental in re-structuring the Company. In addition to his duties with the Company, His Excellency is a trusted business partner with numerous investments and companies of the Royal Family and has multiple business interests as Chairman of Mawarid Holdings, Emirates Business Group and multiple agricultural, healthcare and energy companies. His Excellency is also Undersecretary of Conservations that sits within The Private Affairs of the President of UAE, H. Sheikh Khalifa Bin Zayed Al Nahyan.

The General Manager, Mr. Mansoor Ishaq Suliman, is an experienced real estate professional, accredited valuer and successful developer. He joined the PD in 2004 from Abu Dhabi Commercial Bank and he now leads the day-to-day operations of the Company. Mr Mansour is also a Board Member of Aafaq Islamic Finance Company.

All of the Company's senior management have worked with the Company for over 10 years.

**Shareholders**

The Company has eleven shareholders, all of whom are members of the ruling family of Abu Dhabi. The table below provides details of these shareholders and their holdings.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shareholding as at 31 December 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(AED thousand)</td>
</tr>
<tr>
<td></td>
<td>(per cent.)</td>
</tr>
<tr>
<td>H.H. Sheikh Khalifa bin Mohammed bin Khalid Al Nahyan</td>
<td>1,700</td>
</tr>
<tr>
<td></td>
<td>14.4</td>
</tr>
<tr>
<td>H.H. Sheikh Hamdan bin Mohammed bin Khalid Al Nahyan</td>
<td>1,700</td>
</tr>
<tr>
<td></td>
<td>14.4</td>
</tr>
<tr>
<td>H.H. Sheikh Sultan bin Mohammed bin Khalid Al Nahyan</td>
<td>1,700</td>
</tr>
<tr>
<td></td>
<td>14.4</td>
</tr>
<tr>
<td>H.H. Sheikh Hamdah Mohammed bin Khalifa Al Nahyan</td>
<td>750</td>
</tr>
<tr>
<td></td>
<td>6.4</td>
</tr>
<tr>
<td>H.H. Sheikh Shama Mohammed bin Khalid Al Nahyan</td>
<td>850</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td>H.H. Sheikh Rawdha Mohammed bin Khalid Al Nahyan</td>
<td>850</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td>H.H. Sheikh Maryam Mohammed bin Khalid Al Nahyan</td>
<td>850</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td>H.H. Sheikh Salama Mohammed bin Khalid Al Nahyan</td>
<td>850</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td>H.H. Sheikh Moza Mohammed bin Khalid Al Nahyan</td>
<td>850</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td>H.H. Sheikh Sheikha Mohammed bin Khalid Al Nahyan</td>
<td>850</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td>H.H. Sheikh Maitha Mohammed bin Khalid Al Nahyan</td>
<td>850</td>
</tr>
<tr>
<td></td>
<td>7.2</td>
</tr>
<tr>
<td></td>
<td>11,800</td>
</tr>
<tr>
<td></td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Business**

**Introduction**

The Company owns and manages a portfolio of residential-focused properties, almost all of which are owned by it on a freehold basis. The Company seeks to preserve, manage and maintain its properties in accordance with best practice to strengthen its position in the real estate market. The Company has extensive experience as a real estate manager, having entered the market in 1964, shortly after oil was first discovered in Abu Dhabi. The Company believes that the Abu Dhabi residential rental market has strong fundamentals, including nearly 1.4 million private sector employees as at 31 December 2019 according to the Ministry of Human Resources and Emiratisation, a strong economy and a well-diversified and high-demand job market.

A feature of the Company's tenant offering to residential tenants is its simplicity, consistency and high level of services. Every lease is identical and includes:

- a one-year fixed-term (although in a limited number of commercial leases the Company has agreed automatic roll-over of one year fixed term leases for a defined period to provide the tenant with
greater security of tenure as described under " – Company portfolio – Operational property portfolio" below);

- a two-month option to renew without rental adjustment;
- rentals paid in quarterly advance, with some exceptions where they are paid quarterly or annually in advance;
- all properties refreshed and redecorated prior to tenancy;
- no extra charges or fees;
- 24/7 emergency maintenance response;
- regular maintenance; and

- access to ancillary services provided by the Company, such as additional security, concierge or car washing which are available in some locations.

The Company also has a small number of commercial tenants in most of its properties which provide goods and services to the residential tenants in the property and to their nearby communities. The Company's commercial leases are also clear and simple, typically using one-year fixed-term leases with rentals payable quarterly in advance, no service charges or fees and maintenance services provided. The Company's commercial units offer access to affluent customers, simple and predictable budgeting and attractive locations. The Company enjoys high occupancy in its commercial units.

See also "Risk factors – Risks relating to the Company's properties – The Company is subject to risks associated with the expiration of leases entered into by its tenants".

**New projects and investments**

The Company's property investment strategy remains focused on developing and holding high-rise or large multi-family dwellings, primarily in Abu Dhabi with a preference for prime waterfront or central business district locations. The Company prefers multi-tower developments which allow sequenced construction and capital efficiency. The Company's investment criteria include (i) a preference for investment size of between AED 80 million and AED 300 million per transaction and (ii) a target yield for a complete leased property of greater than 1 per cent. higher than the Company's existing total portfolio yield.

The Company's Investment Committee is responsible for monitoring and reporting and/or making recommendations to the Board on portfolio risk assessment, the development and implementation of a compliance and procedures framework, the development of the Company's risk appetite and strategy, the independence and effectiveness of risk management function and investment decisions.

The Company typically considers around 50 or more market opportunities a year. These are filtered against the following initial criteria: asset type, development, completed or tenanted, location, access, zoning and price. Typically, around 10 transactions pass the filtering process and are subject to further review. For a development transaction, the review stages are site assessment, zoning and massing, pre-feasibility, concept and initial approval after which a conditional offer is made subject to full due diligence, the preparation of a development plan and a satisfactory feasibility study. For an acquisition, the stages are consideration of the terms and satisfactory rental assessment or audit reports and market position comparison before initial; approval is given. Thereafter an offer may be made subject to full due diligence. All investment decisions require Board approval.

There are two potential investment properties in the final stages of consideration that may be acquired with an allocation of the proceeds from the first series of Certificates issued. Both properties are in Dubai, newly completed and leased to tenants. The properties further benefit from an 8.0 per cent. rental guarantee for the first five years of ownership. The properties are priced at AED 135 million and AED 77 million. Should the Company choose to proceed with either or both acquisitions, it will undertake full due diligence and final negotiations prior to making any final offers.
Company portfolio

Introduction

The Company's portfolio comprises 27 residential-focused properties (one of which is under construction) with an aggregate fair value of AED 4,530 million as at 31 December 2020 and two hotels (one of which is under construction) with an aggregate fair value of AED 780 million as at 31 December 2020. For this purpose, a property is determined as a plot title. Individual plot titles may have one or more buildings constructed on them. In two developments, Garden Villas and Khalidia Villas, a number of plot titles have been aggregated into a single property. The Company has restricted freehold title to all of its properties except two, one in which it has freehold title and one, Khalidia Centre, which is legally owned by the Company's shareholders but where the Company has beneficial ownership of the property.

The table below provides an overview of the Company's portfolio as at 31 December 2020 and its average occupancy figures for 2020.

<table>
<thead>
<tr>
<th>Property information</th>
<th>2020 occupancy (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Number, unless otherwise stated)</td>
</tr>
<tr>
<td>Residential units</td>
<td>2,201</td>
</tr>
<tr>
<td>Commercial area (m²)</td>
<td>47,002</td>
</tr>
<tr>
<td>Hotel keys</td>
<td>443</td>
</tr>
</tbody>
</table>

(1) In the case of residential units, calculated as daily leased units divided by total available units over 2020 and expressed as a percentage. In the case of commercial units, calculated as daily leased area divided by total available area over 2020 and expressed as a percentage. In the case of the hotel, calculated as the daily number of rooms occupied divided by the total number of rooms over 2020 and expressed as a percentage.

Operational property portfolio

The Company owns a total of 2,201 operational residential units in 26 separate residential developments and one five star hotel as at 31 December 2020.

Although there are a small number of corporate residential clients (usually embassies and services companies agreeing bulk leases for their staff), governments and most corporations in the UAE typically provide rental allowances to their employees and may also negotiate rental rates on their behalf but usually do not enter into leases directly.

The table below shows the breakdown of the Company's residential tenants as at 31 December 2020. The designations government, private company, embassy and bank in the table below simply identify the nature of the employer of particular individual tenants where that is known to the Company.

<table>
<thead>
<tr>
<th>Tenant type</th>
<th>No. of units</th>
<th>Residential rental revenue (as a percentage of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>66</td>
<td>51</td>
</tr>
<tr>
<td>Government</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>Private companies</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Embassy</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Bank</td>
<td>&lt;1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

The Company believes that its renewal rates and occupancy levels for its residential properties are relatively consistent from year to year.

The table below shows certain statistics relating to the Company's residential units for each of the three years ended 31 December 2020.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of units</td>
<td>2,138</td>
<td>2,168</td>
<td>2,201</td>
</tr>
<tr>
<td>Rentable days (1)</td>
<td>782,508</td>
<td>780,370</td>
<td>793,488</td>
</tr>
<tr>
<td>Occupancy days (2)</td>
<td>743,719</td>
<td>746,058</td>
<td>755,844</td>
</tr>
<tr>
<td>Vacant days (3)</td>
<td>38,789</td>
<td>34,312</td>
<td>37,644</td>
</tr>
<tr>
<td>Occupancy (per cent.) (4)</td>
<td>95.0</td>
<td>95.6</td>
<td>95.2</td>
</tr>
</tbody>
</table>

(1) Calculated for each unit as the number of days the unit was available for rent.
The Company seeks to maintain high residential occupancy levels by maintaining fair market-related rents, ensuring high quality and ongoing maintenance of all its properties, responding promptly to tenant requests for assistance in relation to services, security, utilities and cleanliness, regularly refurbishing older properties, and sustaining strong relationships with all major employers in Abu Dhabi and the wider region.

The table below shows the Company's tenant ageing profile (being the number of tenants that have renewed their leases) as at 31 December 2020.

<table>
<thead>
<tr>
<th>Tenant type</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
<th>Five</th>
<th>Five to 10</th>
<th>More than</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal</td>
<td>445</td>
<td>219</td>
<td>147</td>
<td>103</td>
<td>–</td>
<td>251</td>
<td>124</td>
</tr>
<tr>
<td>Government</td>
<td>207</td>
<td>79</td>
<td>133</td>
<td>57</td>
<td>60</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>Private company</td>
<td>17</td>
<td>2</td>
<td>7</td>
<td>11</td>
<td>3</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>Embassy</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>24</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>671</td>
<td>301</td>
<td>289</td>
<td>172</td>
<td>68</td>
<td>315</td>
<td>176</td>
</tr>
</tbody>
</table>

The Company believes that many of its residential tenants choose to roll over their one-year leases due to the prime locations of the properties, their premium features, the Company's high standards of maintenance and, particularly for its embassy staff and senior executive tenants, the prestige of living in properties associated with the ruling family of Abu Dhabi.

The Company's residential-focused properties included a total of 47,002 m² of commercial area as at 31 December 2020. The commercial units are primarily leased to retail tenants who service the needs of the residential tenants of the buildings and their nearby communities, including banks, airlines, car companies, supermarket chains, cafes and coffee shops, pharmacies, medical centres, beauty parlours, laundries and fitness centres.

The Company also owns the five star Khalidia Palace Hotel in Abu Dhabi and has a new Khalidia Palace Hotel under construction and nearing completion in Dubai. It also owns two adjacent vacant plots in Abu Dhabi which it intends to develop and lease in the medium term. These properties are discussed further below.

The Company's completed developments, most of which contain retail and office facilities and some of which contain leisure and other facilities, are presented below by geographic location.

**Abu Dhabi City**

Garden Tower (number 1 on the map)

Garden Tower is located in the north western corner of Abu Dhabi Island adjacent to the Capital Park. The property comprises a complex of four low rise residential blocks, each serviced by two passenger lifts. It
contains a total of 200 residential apartments (40 one-bedroom, 80 two-bedroom and 80 three-bedroom) and 1,540 m² of commercial area on the ground and mezzanine floors. The built up area ("BUA") of the property is 30,444 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 11.3 million. As at 31 December 2020, the fair value of the property was AED 136 million.

Al Reem Tower (number 2 on the map)

Al Reem Tower is located in the north western corner of Abu Dhabi Island opposite the Capital Park. The property comprises a high rise residential tower serviced by four passenger lifts, including three basements used for parking, a ground floor, mezzanine floor and 24 upper floors. It contains a total of 192 residential apartments (48 one-bedroom, 96 two-bedroom and 48 three-bedroom) and 1,162 m² of commercial area on the ground and mezzanine floors. The BUA of the property is 42,639 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 18.7 million. As at 31 December 2020, the fair value of the property was AED 246 million.

Al Etihad Tower (number 3 on the map)

Al Etihad Tower is located in the north western corner of Abu Dhabi Island in proximity to both the Capital and Formal parks. The property comprises a high rise residential tower serviced by three passenger lifts, including a ground floor, mezzanine floor and 24 upper floors. It contains a total of 115 residential apartments (69 one-bedroom and 46 two-bedroom) and 386 m² of commercial area on the ground and mezzanine floors. The BUA of the property is 12,100 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 6.5 million. As at 31 December 2020, the fair value of the property was AED 80 million.

Al Jazeera Tower (number 4 on the map)

Al Jazeera Tower is located in the north western corner of Abu Dhabi Island in proximity to both the Capital and Formal parks. The property comprises a high rise residential tower serviced by three passenger lifts, including a ground floor, mezzanine floor and 25 upper floors. It contains a total of 86 residential apartments (84 three-bedroom and two penthouses) and 779 m² of commercial area on the ground and mezzanine floors. The BUA of the property is 18,260 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 8.3 million. As at 31 December 2020, the fair value of the property was AED 95 million.

Garden City Tower (number 5 on the map)

Garden City Tower is located in the western part of Abu Dhabi Island. The property comprises a high rise residential tower serviced by three passenger lifts, including a ground floor, mezzanine floor and 19 upper floors. It contains a total of 76 three-bedroom residential apartments and 768 m² of commercial area on the ground and mezzanine floors. The BUA of the property is 20,610 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 7.6 million and as at 31 December 2020. As at 31 December 2020, the fair value of the property was AED 85 million.

Al Nakheel Tower (number 6 on the map)

Al Nakheel Tower is located in the western part of Abu Dhabi Island. The property comprises a high rise residential tower serviced by two passenger lifts, including a basement used for parking, ground floor, mezzanine floor and 20 upper floors. It contains a total of 77 residential apartments (38 two-bedroom, 38 three-bedroom and two penthouses) and 792 m² of commercial area on the ground and mezzanine floors. The BUA of the property is 17,940 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 8.2 million. As at 31 December 2020, the fair value of the property was AED 104 million.

Khalidia Centre (number 7 on the map)

Khalidia Centre is located in the western part of Abu Dhabi Island. The property comprises three high rise residential towers serviced by a total of 12 passenger lifts, including a basement used for parking which is accessible to all towers, ground floor, mezzanine floor and 17 upper floors in each tower. It contains a total of 256 residential apartments (88 one-bedroom, 144 three-bedroom and 24 four-bedroom) and 10,535 m²
of commercial area on the ground and mezzanine floors. The BUA of the property is 82,950 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 29.7 million. As at 31 December 2020, the fair value of the property was AED 424 million.

Sawari Towers (numbers 8 - 10 on the map)

The three Sawari Towers are located next to each other on plots with separate titles in the western part of Abu Dhabi Island.

Sawari Tower A (number 10 on the map) comprises a high-rise residential tower serviced by three passenger lifts, including a basement used for parking, ground floor, mezzanine floor and 19 upper floors. Sawari Tower A contains 63 residential apartments (36 three-bedroom and 27 four-bedroom) and 2,073 m² of commercial area on the ground and mezzanine floors. The BUA of Sawari Tower A is 28,483 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 12.2 million. As at 31 December 2020, the fair value of the property was AED 157 million.

Sawari Tower B (number 9 on the map) comprises a high-rise residential tower serviced by three passenger lifts, including a ground floor, mezzanine floor and 18 upper floors. Sawari Tower B contains 108 three-bedroom residential apartments and 2,075 m² of commercial area on the ground and mezzanine floors. The BUA of Sawari Tower B is 33,690 m². The Company owns and leases all of the units and commercial space in this property. One showroom space is rented to the National Bank of Fujairah until July 2023 with the remaining commercial units rented under the Company's standard leases. In 2020, this property generated rental income of AED 14.5 million. As at 31 December 2020, the fair value of the property was AED 192 million.

Sawari Tower C (number 8 on the map) comprises a high-rise residential tower serviced by three passenger lifts, including a ground floor, mezzanine floor and 18 upper floors. Sawari Tower C contains 114 residential apartments (38 two-bedroom and 76 three-bedroom) and 1,225 m² of commercial area on the ground and mezzanine floors. The BUA of Sawari Tower C is 22,678 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 10.6 million. As at 31 December 2020, the fair value of the property was AED 137 million.

Al Dana Tower (number 11 on the map)

Al Dana Tower is located in the western part of Abu Dhabi Island opposite Khalidia Children's park. The property comprises a high rise residential tower serviced by four passenger lifts, including a ground floor, mezzanine floor and 18 upper floors. It contains a total of 90 three-bedroom residential apartments and 1,310 m² of commercial area on the ground and mezzanine floors. The BUA of the property is 22,948 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 9.4 million. As at 31 December 2020, the fair value of the property was AED 117 million.

Al Sahel Tower (number 12 on the map)

Al Sahel Tower is located in the western part of Abu Dhabi Island opposite Al Khalidia garden. The property comprises a complex of four high rise residential towers, each serviced by three passenger lifts and each including a basement used for car parking, ground floor, mezzanine floor and 12 upper floors. The property contains a total of 242 residential apartments (44 one-bedroom and 66 each of two-, three- and four bedroom) and 15,821 m² of commercial area on the ground and mezzanine floors. The first floor commercial space is rented to a health club until December 2025 and the ground floor showroom is rented until May 2031. The balance of commercial space is rented under the Company's standard leases. The BUA of the property is 79,176 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 38.4 million. As at 31 December 2020, the fair value of the property was AED 611 million.

Al Rawdha Building (number 13 on the map)

Al Rawdha Building is located in the western part of Abu Dhabi Island close to Al Khubeirah garden. The property comprises a low rise residential building serviced by two passenger lifts, including a ground floor, mezzanine floor and three upper floors. It contains a total of 31 residential apartments (11 two-bedroom,
18 three-bedroom and two four-bedroom) and 3,400 m² of commercial area on the ground floor which is leased to Spinneys Supermarket until October 2030 with a 5 per cent. increase in rent which is adjusted every second year. The BUA of the property is 12,030 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 6.6 million. As at 31 December 2020, the fair value of the property was AED 87 million.

*Al Reif Building (number 14 on the map)*

Al Reif Building is located in the western part of Abu Dhabi Island. The property comprises a low rise residential building serviced by six passenger lifts, including a ground floor, mezzanine floor and four upper floors. It contains a total of 27 residential apartments (11 two-bedroom, two three-bedroom and 14 four-bedroom) and 1,334 m² of commercial area on the ground floor. The BUA of the property is 8,875 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property generated rental income of AED 3.5 million. As at 31 December 2020, the fair value of the property was AED 40 million.

*Khalidia Palace Hotel (number 15 on the map)*

Khalidia Palace Hotel is located next to the Qasr Al Watan Palace and opposite Emirates Palace Hotel and adjacent to the three Khalidia Towers, on a plot with a separate title and sharing its beach with the Khalidia Towers. Located in the western part of Abu Dhabi Island it was the first international-standard hotel in Abu Dhabi and was rebuilt in 2011 in its current configuration. Khalidia Palace Hotel is a five star hotel managed by Rotana. It has 443 keys (comprising a mix of rooms and suites), a business centre, retail outlets, two restaurants, a café, gym, fitness studios, two squash courts, two tennis courts, a spa and crèche.

The BUA of the Khalidia Palace Hotel is 33,056 m². In 2020, the average daily rate of the hotel was AED 291, its revenue per available room was AED 227 and its average occupancy was 78 per cent. As at 31 December 2020, the fair value of the Khalidia Palace Hotel was AED 480 million.

*Khalidia Towers (numbers 16, 17 and 25 on the map)*

The three Khalidia Towers are located next to each other, on a single plot with shared title which has its own beach, in the western part of Abu Dhabi Island adjacent to the Qadr Al Watan Palace and opposite Emirates Palace Hotel.

The three towers also benefit from a swimming pool, fitness centre, spa and tennis and squash courts. The Company owns and leases all of the units and commercial space in the towers.

*Khalidia Tower B (number 16 on the map)* comprises a high rise residential tower serviced by four passenger lifts, including two basements used for parking, ground floor, mezzanine floor and 19 upper floors. Khalidia Towers B contains 117 residential apartments (85 three-bedroom and 32 four-bedroom) and 50 m² of commercial area on the ground floor. The BUA of Khalidia Tower B is 55,412 m². Khalidia Tower B generated rental income of AED 18.1 million and as at 31 December 2020 its fair value was AED 218 million.

*Khalidia Tower C (number 17 on the map)* comprises a high rise residential tower serviced by four passenger lifts, including two basements used for parking, ground floor, mezzanine floor and 19 upper floors. Khalidia Towers C contains 117 residential apartments (84 three-bedroom and 33 four-bedroom) and 2,414 m² of commercial area on the ground floor and first floors which are occupied by the Company for which it pays an arms-length commercial rent. The BUA of the Khalidia Tower C is 55,412 m². Khalidia Tower C generated rental income of AED 23.6 million and as at 31 December 2020 its fair value was AED 284 million.

*Khalidia Tower D (number 25 on the map)* comprises a high rise residential tower serviced by four passenger lifts, including two basements used for parking, ground floor, mezzanine floor and 18 upper floors. Khalidia Tower D contains 117 residential apartments (84 three-bedroom and 33 four-bedroom) and 1,121 m² of commercial area on the ground floor. The BUA of the Khalidia Towers D is 33,056 m². Khalidia Tower D generated rental income of AED 14.4 million and as at 31 December 2020 its fair value was AED 185 million.
Khalidi Villas (numbers 18 - 22 on the map)

The Khalidi Villas are located in the western part of Abu Dhabi Island and back onto Khalidia Children's Park. The property comprises a total of 95 villas in five types. The 14 type A villas each have a BUA of 485 m² and four bedrooms. The 22 type B villas each have a BUA of 360 m² and four bedrooms. The 35 type C villas each have a BUA of 300 m² and three bedrooms. The 22 type D villas each have a BUA of 330 m² and four bedrooms and the two type E villas each have a BUA of 360 m² and four bedrooms. The total BUA of the Khalidia Villas is 33,190 m². All of the villas have off-road parking and gardens.

The Company owns and leases all of the villas. In 2020, these properties generated rental income of AED 19.4 million. As at 31 December 2020, the fair value of the properties was AED 272 million.

Garden Villas (number 23 on the map)

The Garden Villas are located in the western part of Abu Dhabi Island. The property comprises a total of 26 four-bedroom semi-detached villas, each with a BUA of 320 m². The total BUA of the Garden Villas is 8,320 m². The Company owns and leases all of the villas. All of the villas have off-road parking and front and rear gardens.

In 2020, this property generated rental income of AED 4.8 million. As at 31 December 2020, the fair value of the property was AED 78 million.

Al Reef Villas (number 24 on the map)

The Al Reef Villas are located in the south eastern part of Abu Dhabi Island in the diplomatic area. The property comprises a total of 46 four- and five-bedroom villas. The property has a community centre with a common pool and health facilities, including a gym, steam room, sauna and squash court for residents. The total BUA of the Al Reef Villas is 20,307 m². The Company owns and leases all of the villas. All of the villas have off-road parking and front and rear gardens.

In 2020, this property generated rental income of AED 7.7 million. As at 31 December 2020, the fair value of the property was AED 104 million.

Al Reef Extension (number 28 on the map)

The Al Reef Extension (also called Aryaf Tower) is located in the south eastern part of Abu Dhabi Island in the diplomatic area. The property comprises a low rise residential building serviced by two passenger lifts, including a basement used for car parking, ground floor and five upper floors. It contains a total of 30 two-bedroom residential apartments, 197 m² of commercial area and a health club on the ground floor. The BUA of the property is 6,942 m². The Company owns and leases all of the units and commercial space in this property. In 2020, this property, which was newly developed and handed over in November, generated rental income of AED 0.1 million. As at 31 December 2020, the fair value of the property was AED 27 million.

Dubai

The Company has a single completed residential property in Dubai, which it acquired in December 2018.

Bait Khalidia

Bait Khalidia is located in phase 2 of Warsan Fourth International City in Dubai. The property comprises a low rise residential building serviced by two passenger lifts, including a basement used for car parking, ground floor and four upper floors. It contains a total of 100 residential apartments (23 studios and 77 one-bedroom). The BUA of the property is 10,279 m². The property was completed in 2020 and the Company owns and leases all of the units in this property. As at 31 December 2020, the fair value of the property was AED 33.5 million based on rental contracts starting in July 2021.

Properties under construction

The Company has two properties under construction, a four tower residential complex in Abu Dhabi and a hotel in Dubai. The Company's in-house engineering and technical team is responsible for overseeing and monitoring all stages of construction of the projects as well as quality control, completion and hand over.
Waterfront Towers, Abu Dhabi (number 26 on the map)

Waterfront Towers is located in the western part of Abu Dhabi Island in the Al Bateen area. The property comprises four towers and a private marina, all under construction. Block A will comprise a ground floor and seven upper floors. Blocks B and C will each comprise a ground floor and 15 upper floors. All three blocks will share two common basement floors for car parking. The property is expected to contain a total of 292 residential apartments (70 one-bedroom, 142 two-bedroom, 77 three-bedroom and two four-bedroom) and 4,140 m² retail area. The assumed BUA of the property on completion is 119,780 m². Completion is currently expected in late 2021.

The Company expects to own and lease all of the units and commercial space in this property once it is completed in late 2021 or early 2022. As at 31 December 2020, the fair value of the property was AED 667 million.

Khalidia Palace Hotel, Dubai

Khalidia Palace Hotel is located near to Deira Creek in the heart of Old Dubai. Khalidia Palace Hotel is a five star hotel and is expected to have 311 keys (comprising mix of rooms and suites), three restaurants, a health spa and a swimming pool.

The BUA of the Khalidia Palace Hotel is 32,956 m². As at 31 December 2020, the fair value of the Khalidia Palace Hotel was AED 254 million. The hotel is currently expected to open before the end of 2021.

Vacant plots

The Company has two adjacent vacant plots in Abu Dhabi opposite the Emirates Palace Hotel. The Company intends to develop this area in the mid-term once economic conditions stabilise following the COVID-19 pandemic. The plot sizes are 4,500 m² and 1,507 m², respectively, and as at 31 December 2020 their fair values were AED 140 million and AED 52 million, respectively.

Property management

Overview

All of the Company's residential properties are managed in house by its Real Estate Department. Its operational hotel is managed by Rotana, a third party hotel management company. The new hotel in Dubai that is nearing completion is managed by Mourouj Gloria Hotel Management Company, a third party hotel management company.

The Company focuses on continuous asset management to enhance the value of its properties. Regular business planning is conducted for each property which allows asset performance to be reviewed and constantly monitored, with monthly updates on rental, maintenance, occupancy, cyclical maintenance plans and upgrading in order to increase asset values, and address potential problems that may arise in any of the properties. Each property has an on-site supervisor who is assisted by members of the Leasing, Engineering and Maintenance departments to allow the Company to make proactive strategic decisions with respect to each of its properties.

Residential-focused properties

Leasing is a core activity of the Company's operations. The Leasing department manages the leasing of all aspects of the Company's properties. It conducts periodic research on the state of the real estate market, determine the Company's rental rates based on real estate market performance, monitors vacant properties and updates the Company's occupancy lists.

In addition to managing the collection of rent and compliance by the tenant with the terms of the lease, the Leasing department is also responsible for (i) marketing available properties, (ii) providing help and advice to prospective new tenants, including conducting pre-occupation property inspections to ensure that the unit is fit for occupation, ensuring that prospective tenants are fully aware of the terms of the contract and the rights and duties of both parties under applicable law, and assisting with the moving in process, (iii) managing facilities (such as any underground parking spaces and health clubs or similar commonly used facilities), (iv) supporting and participating in all development plans, (v) conducting an annual customer
satisfaction survey and (vi) keeping existing tenants informed about new governmental regulations that require any actions or changes in policies or procedures.

The Maintenance department also responds to all urgent maintenance problems on a 24/7 basis with routine maintenance requests being actioned by the relevant property supervisor who is also responsible for investigating and resolving all complaints (which typically relate to noisy neighbours and misuse of common areas and facilities). The Company has a team of nearly 200 technicians and other skilled staff that provide maintenance and security services for all of its units.

When a tenant reaches the end of his lease and does not wish to renew the contract, the Leasing department manages the vacating process and refunds the security deposit where appropriate. Outgoing tenants are surveyed to discover their reason for not renewing the contract, which is typically one of leaving Abu Dhabi, up-or down-sizing unit, loss of job or reduced income.

The Company's annual tenant survey aims to monitor its tenants' satisfaction with services, determine how that satisfaction is changing, assess its tenants' views regarding the image of the Company and measure the effectiveness of the maintenance services offered. Over the seven year period to 31 December 2020, an average 95 per cent. response rate has been achieved which shows an average satisfaction rate of 96 per cent. being "Satisfied", 3 per cent. being "Neither satisfied nor dissatisfied" and only 1.0 per cent. being "Dissatisfied".

**Standard lease terms**

In the UAE, the government requirement is to use short-form standard contracts for tenancies. The Company uses the Tawtheeq standard lease contract which includes the following provisions:

- **Lease term**: this is a renewable one-year period for all tenant leases. For five commercial units, the Company has agreed automatic roll-over of the Tawtheeq lease to create longer lease terms. These have been requested by the tenants and are granted on an exceptional basis to give the tenant longer term surety of occupation. They are generally between three and 10 years with individual one-year leases being issued for each year of the tenancy period.

- **Rent**: this is typically required to be paid on a periodic basis and in advance and many tenants are required to pay by post-dated cheque, as any failure to honour a cheque is a criminal offence in the UAE. There are no automatic rent escalation clauses.

- **Assignment, sub-letting and other transfers**: the tenant cannot assign, sublet, transfer or otherwise deal with the premises, without the prior written consent of the landlord.

- **Default provisions**: these include events of default for non-payment of rent by the tenant, breach of any other term of the lease which is not remedied within a defined period and bankruptcy of the tenant. If an event of default occurs, the landlord may terminate the lease and re-let the property.

**Hotel management**

The Company's Abu Dhabi hotel is under third party management by Rotana which manages the day-to-day operation of the hotel under a hotel management agreement.

The Company's asset management approach in relation to its hotel includes monitoring room pricing, targeted capital improvements to enhance and/or expand the facilities offered and active oversight of the on-property management team. The Company collaborates with and/or provides input to Rotana on the development of the hotel's business plan, ongoing budgeting and capital expenditure programme in order to implement the above strategies. The Company also closely monitors the monthly performance of the hotel and conducts regular physical inspections. See "Risk factors – Risks relating to the Company's properties – The Company's objectives may conflict from time to time with the objectives of one or more of its hotel management companies, which may adversely impact the operation and profitability of one or more of the Company's hotel properties".

The Company's agreement with Rotana which was first signed in 2004 was most recently extended for 10 years in September 2020. The management agreement provides that Rotana will receive an incentive fee expressed as a percentage of the property's gross operating profit. The management agreement does not include a fixed fee component.
Under the management agreement, Rotana is responsible for the payment, on the Company's behalf, of any relevant property taxes, repair and maintenance costs, utilities, insurance and employment-related expenses. Rotana is delegated the power to maintain the property in good repair and condition and make all necessary routine repairs and minor alterations that it considers appropriate, as well as more significant improvements subject to the Company's approval.

The management agreement also requires Rotana to furnish services that it generally makes available to other hotels and resorts managed by it, including the instalment and operation of computer systems and reservation services, management and administration services, marketing and sales services and human resource training services.

Termination events under the management agreement include:

- default (which entitles the non-defaulting party to terminate);
- certain factors that enable the Company to terminate, including failure by Rotana to meet certain performance criteria and a disposal of the hotel by the Company; and
- certain factors that enable Rotana to terminate, including a determination that the Company has inadequate financial capacity to perform its obligations.

In some cases, termination may result in the Company paying termination fees.

The Company is also party to a hotel management agreement with Mourouj Gloria Hotel Management Company in relation to its hotel under construction in Dubai. The management term is for a period of 10 years from 1 March 2019 and the hotel manager is currently supervising the final completion and fit out of the property prior to soft-opening. The agreement is and is automatically renewable for a further five-year period. The Dubai hotel is currently expected to open in late 2021.

**Competition**

The Company is a significant residential-focused real estate management company in Abu Dhabi in terms of the number of units managed.

The Company's residential properties compete with other similar properties located in Abu Dhabi and Dubai to attract tenants. Any oversupply of competing residential properties, whether as a result of new developments or a decrease in the number of tenants, may adversely affect the Company's rental income. Landlords of residential properties compete to attract tenants based upon rental rates, operating costs, location, condition and features of the property. If competing properties have lower rents, lower operating costs, more favourable locations or better facilities, the Company's ability to attract tenants and the rental rates that it can charge at its residential properties may be adversely affected.

The Company is the only competitor of scale in the market not levying service charges on its tenants and not outsourcing its property maintenance to third parties. The Company believes that these factors contribute significantly to tenant retention and satisfaction.

The ability of the Company's properties to remain competitive and attract local and international tenants also depends on the Company's continued and effective management of its properties and successful execution of its business strategies, including asset enhancement projects. In the hotel sector, the Company principally faces competition from other five star hotels in Abu Dhabi. Competition is generated across all demand segments: corporate, conference, incentives and leisure and across all reservation channels. However, the Company seeks to differentiate itself by providing an accommodation offer that appeals to families and many guests from the GCC owing to its alcohol-free operation. The Company employs a reputable international operator featuring brand recognition, reservation channels, loyalty programmes and management expertise.

**Insurance**

The Company pursues a risk-based approach to devise and implement its insurance strategy and the insurance it obtains covers all of its properties. The Company's main corporate property all risk insurance programme covers reinstatement of operational assets and indemnity for losses arising due to machinery break down and business interruption and is tailored to suit the requirements of the Company.
The Company also has in place third party liability policies with indemnity appropriate to its activities, as well as fraud protection and director and officers' liability policies. The Company carefully selects its insurance and reinsurance partners for its insurance programme and relies on professional services of reputable international insurance brokers for advising on insurance matters and brokering.

**Information Technology**

The Company seeks to ensure that its IT systems and software meet the requirements of its business, are effectively maintained and are kept up to date. The Company has invested in advanced hardware and network infrastructure with one data centres ensuring real time and warm back-up and recovery capability. The disaster recovery system accommodates all business-critical systems, including enterprise resource planning, file server, email system, document control, intranet, email archiving system and other databases.

The Company has implemented a robust security architecture and has deployed up-to-date security technologies to prevent cyber threats and detect security incidents. Access to data and all information assets is strictly based on need-to-know and need-to-have principles. Data leakage prevention technology control has been deployed to prevent data leakage incidents. Security monitoring tools and technologies and processes are also in place to correlate security events and trigger security alerts based on detected anomalies.

The Company has gained ISO 9001:2015 certification, which recognises the existence of systems and processes to protect all of its corporate and client information assets.
The Board

The Board provides guidance and direction to the Company's management towards achieving the Company's strategic objectives. The Board is responsible for the direction and oversight of the Company on behalf of the shareholders. The day to day activities of the Company are delegated to management.

All other powers, authorities and responsibilities in respect of the management of the Company are vested in the Board in accordance with the Company's Articles of Association (the "Articles"), subject to those matters reserved under the Articles and/or applicable laws and regulations for the exclusive decision of the shareholders at the General Assembly.

In line with the Articles, each Board member was appointed when the Company was formed for an unlimited term.

The table below shows the Company's current Board members:

<table>
<thead>
<tr>
<th>Director</th>
<th>Designation</th>
</tr>
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<tbody>
<tr>
<td>H.H. Sheikh Khalifa bin Mohammed bin Khalid Al Nahyan</td>
<td>Chairman</td>
</tr>
<tr>
<td>H.H. Sheikh Sultan bin Mohammed bin Khalid Al Nahyan</td>
<td>Vice Chairman</td>
</tr>
<tr>
<td>H.H. Sheikh Hamdan bin Mohammed bin Khalid Al Nahyan</td>
<td>Second Vice Chairman</td>
</tr>
<tr>
<td>H.E. Abdul Jaleel Abdul Rahman Mohammed Al Blouki</td>
<td>Managing Director</td>
</tr>
</tbody>
</table>

The address of each Board member is Khalidia Building C, Corniche Street, Abu Dhabi, UAE. There are no potential conflicts of interest between the private interests or other duties of the directors listed above and their duties to the Company.

Detailed below is brief biographical information on the Board members:

**H.H. Sheikh Khalifa bin Mohammed bin Khalid Al Nahyan – Chairman**

Sheikh Khalifa Al Nahyan has been the Chairman of the Company since the death of his father, the previous chairman, in February 1997. Sheikh Khalifa holds a degree from the College of Political and Administrative Sciences at the UAE University.

Other positions currently held by him include Chairman of Wajib Volunteer Association since 2018, Honorary Chairman of the Board of Jordanian Businessmen since 2018, Honorary President of the Yas Theatre Association since 2019 and Honorary Member of the Emirates Safe Internet Association since 2019.

**H.H. Sheikh Sultan bin Mohammed bin Khalid Al Nahyan – Vice Chairman**

Sheikh Sultan Al Nahyan has been Vice Chairman of the Company since February 1997. Sheikh Sultan holds a Bachelor's degree in Business Administration from the Webster University Regent's College in the UK. Other positions currently held by him include Owner of Bonanza Elevators Corporation and Chairman of Aafaq Islamic Finance Company.

**H.H. Sheikh Hamdan bin Mohammed bin Khalid Al Nahyan – Second Vice Chairman**

Sheikh Hamdan Al Nahyan has been Second Vice Chairman of the Company since February 1997. Sheikh Hamdan holds a Bachelor's degree in Business Administration from the Webster University Regent's College in the UK.

**H.E. Abdul Jaleel Abdul Rahman Mohammed Al Blouki – Managing Director**

H.E. Abdul Jaleel Al Blouki has been the Managing Director of the Company since 1997. He has also been Undersecretary of Conservation for The Private Affairs of the President of the UAE, H. H. Sheikh Khalifa
Bin Zayed Al Nahyan, since 1998. He is a qualified director with more than 45 years' experience in senior managerial positions and directorships in a diversified range of companies in the UAE and internationally operating in a wide range of fields including trading, services, real estate, industrial, contracting, hotels and hotel management, food and beverage, farming, trading, forest management, healthcare and oil and gas.

Other positions currently held by H.E. Abdul Jabeel Al Blouki include Managing Director of Mawarid Holding Investment L.L.C., Chairman of Emirates Business Group, Chairman of Emirates International Group for Food and Agriculture L.L.C., Chairman of Barari Natural Forest Management, Chairman of IMCC Investment L.L.C., Chairman of Albustan Farms Limited and Chairman of United Business Investments LCC.

Executive and Senior Management

The following table sets out the names of the current members of the Company's executive and senior management team, their position and the date they joined the Company:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Date joined the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.E. Abdul Jabeel Al Blouki</td>
<td>Managing Director</td>
<td>1998</td>
</tr>
<tr>
<td>Mr. Mansoor Suliman</td>
<td>General Manager</td>
<td>2004</td>
</tr>
<tr>
<td>Mr. Roy Alexander</td>
<td>Finance and Administration Manager</td>
<td>1990</td>
</tr>
<tr>
<td>Dr. Ahmed Mansour, DBA, MBA, CFC</td>
<td>Chief Investment &amp; Finance Advisor</td>
<td>2019</td>
</tr>
<tr>
<td>Mr. Andrew Bruce, BSc MBA</td>
<td>Investment Manager</td>
<td>2020</td>
</tr>
<tr>
<td>Mdm. Wafa M El Minawi</td>
<td>Head of Customer Services</td>
<td>2003</td>
</tr>
<tr>
<td>Ahmad Turki</td>
<td>Head of Marketing</td>
<td>2011</td>
</tr>
<tr>
<td>Mohammad Suhaib</td>
<td>Head of Revenue Accounting</td>
<td>1998</td>
</tr>
<tr>
<td>Sanju Nair</td>
<td>Head of Accounting</td>
<td>2003</td>
</tr>
<tr>
<td>Duraid A. Al-Titi</td>
<td>Head of Engineering</td>
<td>2003</td>
</tr>
<tr>
<td>Morris Mathew</td>
<td>Head of IT</td>
<td>2004</td>
</tr>
</tbody>
</table>

The address of each of the members of the senior management team is Khalidia Building C, Corniche Street, Abu Dhabi, UAE. There are no potential conflicts of interest between the private interests or other duties of the executive management listed above and their duties to the Company.

Mr. Mansoor Ishaq Suliman – General Manager

Mr. Mansoor Suliman has a Bachelor's degree in Accountancy from the UAE University. He has been the General Manager of the Company since December 2018. Prior to that he was Deputy General Manager from June 2017 to December 2018, Assistant General Manager from June 2014 to June 2017 and Real Estate Department Manager from February 2014 to June 2014.

Other positions currently held by him include Director of Aafaq Islamic Finance Company since 2016 and Director and Chairman of the Finance and Administration Committee of Wajib Volunteer Association since 2018.

Mr. Roy Alexander – Finance and Administration Manager

Mr. Alexander has a Bachelor's degree in Accountancy from the University of Kerala in 1984. He joined the PD in 1990 as an accountant and has been sequentially promoted reaching his current position of Finance and Administration Manager in 2008. He previously worked for Al Qayed Airconditioning – Doha Qatar where he was an accountant.
**Dr. Ahmed Mansour, DBA, MBA, CFC – Chief Investment & Finance Advisor**

Dr Mansour has a DBA (Economics) from SSBH, Switzerland, an MBA (Financial Management), USA, and a BSc (Accounting), from Al Mansoura University, Egypt. A Certified Accountant, he is the Chief Investment & Finance Advisor and investment committee member with oversight of all investment and finance activities as well as banking and capital market activities. He is a managing partner and the CEO of Profit Consultancy, Abu Dhabi and prior to this worked for eight years with the VIS Group and Al Dana Group where he was the Regional CFO.

His further business interests include CEO – CIH holding (a global investment and asset management firm), Director at Safeer Company, EIG Investment and Senior Partner - PROFIT Caledonian (a capital markets advisory group)

**Mr. Andrew Bruce, BSc MBA – Investment Manager**

Mr Bruce has a BSc (Physics & Maths) from the University of Adelaide and a MBA – AGSM. He is the investment manager for capital market projects and oversight of investment proposals. He is a Director of Caledonian Advisory Services, Singapore. Mr Bruce was previously Co-head DB Zwirn Asia and MD for Macquarie Bank Asia.

A widely experienced investment adviser and asset manager, his further business interests include Triton Group Special Situations JV and Senior Partner - PROFIT Caledonian (Capital Markets Advisory Group).

**Mr. Mohammad Suhaib – Head of Revenue Accounting**

Mr Mohamed Suhaib has a Bachelor's degree in Commerce and Business Administration from Berkeley International University. He joined the PD in 1998 as a Senior Accountant. Previously, he was a Senior Accountant with the Al Mawarid Group in Saudi Arabia.

**Mdm. Wafa M El Minawi – Head of Customer Services**

Madam Wafa El Minawi attended Kuwait University where she received a BSc (Physics). Subsequently at the University of Leeds she completed graduate courses in business skills and computing. An effective communicator and team leader, she joined the PD in 2003 after working for 13 years in Amman and Dubai.

**Eng. Duraid A Al-Titi – Head of Engineering**

Mr Al Titi has a Bachelor of Science (Civil Engineering) from Kansas State University, USA (1986). He joined the PD in 2003 as the Head of Projects and Maintenance. Previously, he was the Head of Project and Maintenance with Dhabi Enterprises from 1999 -2003 in Abu Dhabi.

**Sanju Nair – Head of Accounting**

Mr Nair has a Bachelor's degree in Commerce from the University of Kerala, India and an MBA (Finance) from Rajasthan Vidyapeeth University, India. He joined the PD in 2002 as an Accountant and was promoted to the position of Head of Accounting in 2011. Previously, he was a Finance Manager with ARN Traffic and Transport Technology, India.

**Ahmad Turki – Head of Marketing**

Mr Turki has a Bachelor's degree in Business and Accounting from Abu Dhabi University in 2011 after which he joined the PD. He is a professionally certified marketer and has completed post graduate courses in communications and digital marketing at the International Business Management Institute.

**Morris Mathew – Head of IT**

Mr Matthew has a Master's degree in Computer Application from the University of Madras, India in 2003 after which he joined the PD in 2004 and was subsequently been promoted to the position of Head of IT.

**Employees**

As at 31 December 2020, the Company had 220 full time staff. There are 22 staff members in the head office and 198 staff members in the maintenance and engineering teams.
SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Trustee and the Principal Paying Agent (as defined in the Conditions). Defined terms used below have the meaning given to them in the Conditions unless stated otherwise.

Master Purchase Agreement, as supplemented by each Supplemental Purchase Agreement

The Master Purchase Agreement was entered into on 5 July 2021 between the Trustee (in its capacity as purchaser) and the Obligor (in its capacity as Seller) and is governed by the laws of Abu Dhabi and, to the extent applicable in Abu Dhabi, the federal laws of the UAE. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Tranche and will also be governed by the laws of Abu Dhabi and, to the extent applicable in Abu Dhabi, the federal laws of the UAE.

Pursuant to each Supplemental Purchase Agreement, the Seller will sell, transfer and assign to the Purchaser, and the Purchaser will purchase from the Seller all of its rights, title, interests, benefits and entitlements in, to and under: (a) (on the issue date of the first Tranche of a Series) the relevant Initial Asset Portfolio; and (b) (on each date on which any additional Certificates are issued) the relevant Additional Assets.

Service Agency Agreement

The Service Agency Agreement was entered into on 5 July 2021 between the Trustee and the Obligor (in its capacity as Service Agent) and is governed by English law.

Pursuant to the Service Agency Agreement, the Trustee has appointed the Service Agent to service the Wakala Portfolio relating to each Series. In particular, the Service Agent will, in relation to each Series, perform, amongst other things, the following services (the "Services") as agent of the Trustee, during the Wakala Ownership Period:

(a) it will service the Wakala Portfolio in accordance with the wakala services particulars (the "Wakala Services Particulars") (the form of which is set out in the Schedule to the Service Agency Agreement), which shall be completed at the time of issue of the first Tranche of the relevant Series upon receipt from the Trustee of the relevant Supplemental Purchase Agreement;

(b) if the Trustee issues an additional Tranche, it shall as soon as practicable after such issuance amend the Wakala Services Particulars for that Series to take into account the issuance of such additional Tranche;

(c) it shall ensure that, on the Issue Date of each Tranche of a Series, more than 50 per cent. of the value of the Wakala Portfolio on such Issue Date is derived from Wakala Assets;

(d) it shall ensure at all times from the Issue Date of the first Tranche of a Series the appointment of the Shari'a Adviser;

(e) it shall use its best endeavours to procure that, at all times after the Issue Date of the first Tranche of a Series, other than as a result of the occurrence of a Total Loss Event, the Value (as defined in the Service Agency Agreement) of the Wakala Assets as a proportion of the Wakala Portfolio Value (as defined in the Service Agency Agreement) is more than 50 per cent. (the "Tangibility Ratio"). If at any time, the Tangibility Ratio, other than as a result of a Total Loss Event, falls:

(i) to 50 per cent. or less (but is 33 per cent. or more), the Service Agent shall take any and all steps (in its capacity as Service Agent) (in consultation with the Shari'a Adviser) as may be required to ensure such Tangibility Ratio is restored to more than 50 per cent. within the time period determined by the Shari'a Adviser;

(ii) below 33 per cent. (such event, being a "Tangibility Event"), within 10 business days of the Service Agent becoming aware of the occurrence of the Tangibility Event, the Service Agent shall send a Tangibility Event Trustee Notice (as defined in the Service Agency Agreement) providing notice to the Trustee and the Delegate of such occurrence and
requesting the Trustee to promptly deliver a Tangibility Event Notice to the relevant Certificateholders in accordance with Condition 10(f) (Capital Distributions of the Trust – Tangibility Event Put Option). Any breach of this paragraph shall not constitute an Obligor Event;

(f) it shall carry out all major maintenance and structural repair in respect of the Wakala Assets of the relevant Series on account and on behalf of the Trustee and in so doing the Service Agent shall:

(i) ensure that accurate and current records are kept of all major maintenance and structural repair activities;

(ii) conduct regular and proper inspection of such Wakala Assets and ensure that major maintenance and structural repair is carried out with the proper quality of materials and workmanship; and

(iii) ensure that major maintenance and structural repair is carried out by qualified persons and in accordance with all applicable regulations and law,

in each case, in accordance with good maintenance practice expected from a prudent person carrying on business and operations similar to that of the Service Agent on an arm's length basis and in order to fully maintain the value of the Wakala Assets;

(g) it shall do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) that it considers (and without the need for the consent of the Trustee) reasonably necessary to ensure the assumption of, and compliance by, each lessee of a Wakala Asset (the "Lessee") with its covenants, undertakings or other obligations under the leases relating to such Wakala Asset (the "Leases") to which it is a party in accordance with applicable law and the terms of the Leases, in each case in respect of the relevant Wakala Assets;

(h) it shall discharge or procure the discharge of all obligations to be discharged by the Obligor (in whatever capacity) in respect of any of the Wakala Assets under all Leases, it being acknowledged that the Service Agent may appoint one or more agents to discharge these obligations on its behalf;

(i) it shall pay on behalf of the Trustee any actual costs, expenses, losses and taxes (other than proprietorship taxes) which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio;

(j) it shall promptly pay, on behalf of the Trustee, all proprietorship taxes (if any) charged, levied or claimed in respect of the Wakala Assets of the relevant Series by any relevant taxing authority and promptly, upon request, provide to the Trustee appropriate receipts or certificates from the relevant taxing authority for the full amount of all proprietorship taxes paid by it;

(k) it shall use its reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues (free and clear of, and without withholding or deduction for, taxes), investigate non-payment of Wakala Portfolio Revenues and generally make all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues payable under the relevant Leases and in respect of each Commodity Murabaha Investment as and when the same shall become due so that the Wakala Portfolio Revenues in respect of each Wakala Distribution Period are at least equal to the Expected Wakala Portfolio Return and shall record such Wakala Portfolio Revenues in the Collection Accounts in accordance with the terms of the Service Agency Agreement;

(l) it shall maintain the Collection Accounts in accordance with the terms of the Service Agency Agreement;

(m) it shall obtain all necessary licences, authorisations and consents in connection with any of the Wakala Assets and its obligations under or in connection with the Service Agency Agreement;
in relation to the Wakala Assets of the relevant Series:

(i) subject always to paragraph (iii) below, the Service Agent will (on behalf of the Trustee):

(1) ensure that such Wakala Assets are insured, and shall effect such insurances in respect of such Wakala Assets (the "Insurances") including against a Total Loss Event. The Service Agent undertakes to ensure that the insured amount relating to a Total Loss Event, will, at all times, be at least equal to the Full Reinstatement Value;

(2) promptly make a claim in respect of each loss relating to such Wakala Assets in accordance with the terms of the Insurances; and

(3) ensure that in the event of a Total Loss Event occurring, unless such Wakala Assets have been replaced as set out in paragraph (ii) below, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are credited in the Specified Currency to the Collection Account by no later than the 90th day after the occurrence of the Total Loss Event;

(ii) as soon as possible, but, in any event, by no later than the 89th day after the occurrence of a Total Loss Event, the Obligor may procure the identification of available replacement Eligible Assets to which the Obligor has full legal title free and clear of any adverse claim and the aggregate value of which is not less than the aggregate value of the replaced Wakala Assets at the relevant time (the "Replacement Eligible Assets"). Immediately following such identification, the Obligor shall notify the Trustee of the same and the Trustee may, pursuant to and on the terms of a separate purchase agreement substantially in the form, mutatis mutandis, of a Supplemental Purchase Agreement, purchase all of the Obligor's rights, title, interests, benefits and entitlements in, to and under such Replacement Eligible Assets from the Obligor at a purchase price to be paid by the Service Agent on behalf of the Trustee using the proceeds of the Insurances (or the assignment of the rights to such proceeds) to or to the order of the Obligor; and

(iii) wherever the Service Agent procure Insurances in accordance with the terms of the Service Agency Agreement (including the renewal of any Insurances in existence on the Issue Date) it shall use its reasonable endeavours to obtain such Insurances on a takaful basis if such takaful insurance is available on commercially viable terms.

For the avoidance of doubt, any breach of this paragraph (n) shall not constitute an Obligor Event; and

(o) it shall carry out any incidental matters relating to any of the above.

If, following the occurrence of a Total Loss Event at any time during the Wakala Ownership Period in relation to a Series, and provided that the Wakala Assets have not been replaced as described above, the Service Agent fails to comply with its obligations relating to Insurances as set out in paragraphs (n)(i)(1) to (n)(i)(3) above, and as a result of such breach the amount (if any) credited to the Collection Account pursuant to paragraph (n)(i)(3) above is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Collection Account being the "Total Loss Shortfall Amount"), then the Service Agent will:

(x) transfer the amounts (if any) credited to the Collection Account in accordance with paragraph (n)(i)(3) above; and

(y) (unless it proves beyond any doubt that any shortfall in the insurance proceeds is neither attributable to its negligence nor its failing to comply with the terms of the Service Agency Agreement relating to Insurances) irrevocably and unconditionally undertake to pay the Total Loss Shortfall Amount,

in each case, directly to the Transaction Account (in same day, freely transferable, cleared funds) by no later than close of business in London on the 91st day after the Total Loss Event has occurred. Subject to transferring such amounts (if any) credited to the Collection Account in accordance with paragraph (n)(i)(3) above and/or paying such Total Loss Shortfall Amount, in each case, in accordance with the above
paragraph, there will be no further claim against the Service Agent for failing to comply with its obligations relating to Insurances.

If a Total Loss Event occurs, the Service Agent shall immediately notify the Trustee and the Delegate and the Trustee shall promptly notify Certificateholders of the occurrence of the Total Loss Event and that, from the date of the notice to Certificateholders, and until any further notice from the Trustee stating otherwise, the Certificates shall no longer be tradable. Following any replacement of any Wakala Asset in accordance with paragraph (n)(ii) above, the Service Agent shall notify the Trustee and the Delegate and the Trustee shall promptly give notice to Certificateholders from the date of that notice that the Certificates may be traded at any price.

The Service Agent has undertaken in the Service Agency Agreement, in relation to each Series, that it shall maintain actual or constructive possession, custody or control of, or rights, title, interests, benefits or entitlements in, to or under, all or any part of the Wakala Assets comprising the Wakala Portfolio during the Wakala Ownership Period, in each case in accordance with, without prejudice to clause 4.1 of the Master Purchase Agreement, the terms of the relevant Leases.

The Service Agent shall provide the Services in accordance with all applicable laws and regulations and with the degree of skill and care that it would exercise in respect of its own assets.

The Service Agent acknowledges and confirms in the Service Agency Agreement that it is capable of performing the Services (including procuring Insurances to the extent available) in accordance with the above paragraphs. Without prejudice to the Service Agent's entitlement to incur Service Agency Liabilities Amounts (as defined in the Service Agency Agreement) and to recover such Service Agency Liabilities Amounts in accordance with the provisions of the Service Agency Agreement, the Service Agent further confirms in the Service Agency Agreement, based on its due diligence, that it has the resources to perform its obligations as set out above.

In relation to each Series, the Service Agent will maintain two ledger accounts (such accounts being the "Collection Account" and the "Reserve Account") in its books (each of which shall be denominated in the Specified Currency).

In relation to each Series, all rentals and other amounts payable by the relevant lessee under the terms of the relevant Lease, and all consideration, actual damages, insurance proceeds, compensation or other sums, in each case in respect of, or in connection with, the Wakala Assets comprising the relevant Wakala Portfolio and, if applicable, all Murabaha Profit Instalments (as defined in the Master Murabaha Agreement) payable in respect of the relevant Commodity Murabaha Investment (together, the "Wakala Portfolio Revenues") will be recorded by the Service Agent in the Collection Account.

Amounts standing to the credit of the Collection Account relating to each Series will be applied by the Service Agent on each "Wakala Distribution Determination Date" (being the Business Day immediately prior to the relevant Wakala Distribution Date under the Certificates of the relevant Series) in the following order of priority:

(A)  *first*, in payment to the Service Agent of any amounts advanced by it to the Trustee by way of a Liquidity Facility (as defined below);

(B)  *second*, in payment of any due but unpaid Service Agency Liabilities Amounts for the Wakala Distribution Period ending immediately before the immediately following "Wakala Distribution Date" (being the date which corresponds with the relevant Periodic Distribution Date under the Certificates of the relevant Series) and (if applicable) any Service Agency Liabilities Amounts for any previous Wakala Distribution Period that remain unpaid;

(C)  *third*, the Service Agent will pay into the relevant Transaction Account an amount which is intended to fund an amount equal to the lesser of the "Required Amount" (being, in relation to each Series, an amount equal to the aggregate of the Periodic Distribution Amounts payable on each relevant Periodic Distribution Date in respect of the Certificates of such Series, together with an amount equal to the amounts payable pursuant to Conditions 6(b)(i) and 6(b)(ii) (Trust – Application of Proceeds from Trust Assets), as the case may be) payable on the immediately following Periodic Distribution Date and the balance of the Collection Account; and
fourth, any amounts still standing to the credit of the Collection Account immediately following payment of all of the above amounts shall be debited from the Collection Account and credited to the Reserve Account.

The Service Agent will be entitled to deduct amounts standing to the credit of the Reserve Account at any time and use such amounts for its own account, provided that such amounts shall be repaid by it if so required to fund a Shortfall (as defined below) or upon the occurrence of a Dissolution Event and/or a Total Loss Event and/or a Tangibility Event (as applicable).

If, following payment of amounts standing to the credit of the Reserve Account, a shortfall remains on any Wakala Distribution Determination Date between the amount standing to the credit of the Transaction Account and the Required Amount payable on the immediately following Periodic Distribution Date (the difference between such amounts being referred to as a "Shortfall"), the Service Agent may either: (a) provide Shari'a compliant funding itself; or (b) procure Shari'a compliant funding from a third party, in each case, to the extent necessary to ensure that the Trustee receives, on each Wakala Distribution Determination Date, the Required Amount payable by it in accordance with the Conditions of the relevant Series on the immediately following Periodic Distribution Date, by payment of the same into the Transaction Account and on terms that such funding will be settled: (i) from Wakala Portfolio Revenues in accordance with the Service Agency Agreement; or (ii) from: (A) the relevant exercise price payable pursuant to the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be; or (B) the Full Reinstatement Value pursuant to the terms of the Service Agency Agreement, as the case may be, on the relevant Dissolution Date (such funding in relation to a Series, a "Liquidity Facility").

Following payment of all amounts due and payable under the Certificates on any Dissolution Date upon which all (but not some only) of the Certificate of the relevant Series are to be redeemed, the Service Agent shall be entitled to retain any amounts that remain standing to the credit of the Reserve Account for its own account as an incentive payment for acting as Service Agent.

The Service Agent shall be entitled to receive a fee for acting as service agent which comprises a fixed fee of U.S.$100 (the receipt and adequacy of which is acknowledged by the Service Agent under the Service Agency Agreement) and may also receive additional payments as described below.

In the Service Agency Agreement, the Trustee and the Service Agent have agreed that, in relation to each Series and provided no Dissolution Event, Potential Dissolution Event, Total Loss Event or Tangibility Event has occurred and is continuing:

(x) the Obligor may at any time exercise its rights under the Sale and Substitution Undertaking to substitute any one or more Wakala Assets for new Wakala Assets, as it may select in accordance with, and subject to, the conditions of the Service Agency Agreement and the Sale and Substitution Undertaking; and

(y) upon any Wakala Asset ceasing to be an Eligible Asset:

(i) the Obligor shall use its best endeavours to identify new Wakala Assets in replacement of the relevant substituted Wakala Asset(s);

(ii) promptly following such identification, the Service Agent may deliver a Substitution Request to the Trustee in request of such substitution; and

(iii) immediately following receipt of the relevant substitution request by the Trustee, the Trustee may exercise its right under the Purchase Undertaking in respect of such substituted Wakala Asset(s),

provided that any such substitution shall otherwise be undertaken in accordance with, and subject to, the conditions of the Service Agency Agreement and the Purchase Undertaking.

The Service Agent has agreed in the Service Agency Agreement that all payments by it under the Service Agency Agreement must be made in the Specified Currency and without any withholding or deduction for, or on account of, any taxes unless required by law and without set-off or counterclaim of any kind and, in such case, the Service Agent will pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made.
The Service Agent has undertaken in the Service Agency Agreement that, in the event that it receives any non-Shari'a compliant revenues in the course of its collection of the Wakala Portfolio Revenues, it shall pay such amounts to such Shari'a-compliant charity or charities as nominated by the Service Agent and approved by the Shari'a Adviser. For the avoidance of doubt, any breach of this paragraph shall not constitute an Obligor Event.

The Service Agent has undertaken in the Service Agency Agreement that any payment obligations of the Service Agent under the Service Agency Agreement will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a) (Obligor Covenants – Negative Pledge)) unsecured obligations of the Service Agent and shall at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Service Agent, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

**Purchase Undertaking**

The Purchase Undertaking was executed as a deed on 5 July 2021 by the Obligor in favour of the Trustee and the Delegate, and is governed by English law.

In relation to each Series, provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Wakala Assets have been replaced in accordance with the Service Agency Agreement), the Obligor has irrevocably granted to the Trustee and the Delegate (in each case, on behalf of itself and the Certificateholders) each of the following rights:

(a) provided that a Dissolution Event has occurred and is continuing, to require the Obligor to purchase on the Dissolution Event Redemption Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprised in the Wakala Portfolio applicable to the relevant Series at the Exercise Price specified in the relevant Exercise Notice;

(b) to require the Obligor to purchase, on the Scheduled Dissolution Date, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprised in the Wakala Portfolio applicable to such Series at the Exercise Price specified in the relevant Exercise Notice;

(c) provided that: (i) Certificateholder Put Option is specified as applicable in each applicable Pricing Supplement (and Optional Dissolution Right is specified as not applicable in each applicable Pricing Supplement); and (ii) one or more Certificateholders have exercised the Certificateholder Put Option in accordance with the Conditions, to require the Obligor to purchase on the Certificateholder Put Option Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Certificateholder Put Option Wakala Assets at the Certificateholder Put Option Exercise Price specified in the relevant Exercise Notice;

(d) provided that: (i) Change of Control Put Option is specified as applicable in each applicable Pricing Supplement; (ii) a Change of Control Event has occurred; and (iii) one or more Certificateholders have exercised the Change of Control Put Option in accordance with the Conditions, to require the Obligor to purchase on the Change of Control Put Option Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Change of Control Put Option Wakala Assets at the Change of Control Put Option Exercise Price specified in the relevant Exercise Notice;

(e) provided that: (i) a Tangibility Event has occurred; and (ii) one or more Certificateholders have exercised the Tangibility Event Put Option in accordance with the Conditions, to require the Obligor to purchase on the Tangibility Event Put Option Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Tangibility Event Put Option Wakala Assets at the Tangibility Event Put Option Exercise Price specified in the relevant Exercise Notice; and

(f) to require the Obligor to assign, transfer and convey to the Trustee on the substitution date all of the Obligor's rights, title, interests, benefits and entitlements in, to and under the new Wakala Assets against the assignment, transfer and conveyance to the Obligor of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the substituted Wakala Assets, subject to certain conditions set out in the Purchase Undertaking,
in each case, on an as is basis but free and clear of any adverse claim (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Purchase Undertaking.

In relation to any Series: (a) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor (acting in any capacity) is in actual or constructive possession, custody or control of all or any part of the Wakala Assets, the Certificateholder Put Option Wakala Assets, the Change of Control Put Option Wakala Assets or the Tangibility Event Put Option Wakala Assets, as the case may be; and (b) if, following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor fails to pay the relevant Exercise Price, Certificateholder Put Option Exercise Price, Change of Control Put Option Exercise Price or Tangibility Event Put Option Exercise Price, as the case may be, for any reason whatsoever and thereby resulting in the Obligor's failure to comply with its obligations in accordance with clause 3.2(a) of the Purchase Undertaking, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates or the Certificateholder Put Option Certificates, Change of Control Put Option Certificates or Tangibility Event Put Option Certificates as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Option Exercise Price, the Change of Control Put Option Exercise Price or the Tangibility Event Put Option Exercise Price, as the case may be. Payment of an amount equal to the Exercise Price, the Certificateholder Put Option Exercise Price, the Change of Control Put Option Exercise Price or the Tangibility Event Put Option Exercise Price, as the case may be, into the Transaction Account in accordance with clause 2.3 of the Purchase Undertaking shall evidence the acceptance of the Exercise Notice by the Obligor delivered in accordance with the provisions of the Purchase Undertaking and the conclusion of the transfer of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets, the Certificateholder Put Option Wakala Assets, the Change of Control Put Option Wakala Assets or the Tangibility Event Put Option Wakala Assets, as the case may be. Payment of an amount equal to the Exercise Price, the Certificateholder Put Option Exercise Price, the Change of Control Put Option Exercise Price or the Tangibility Event Put Option Exercise Price, as the case may be, into the Transaction Account in accordance with clause 2.3 of the Purchase Undertaking shall also constitute full discharge of the obligation of the Obligor to pay the Exercise Price, the Certificateholder Put Option Exercise Price, the Change of Control Put Option Exercise Price or the Tangibility Event Put Option Exercise Price, as the case may be, to the Trustee (or for the benefit of the Certificateholders).

The Obligor has agreed in the Purchase Undertaking that all payments by it under the Purchase Undertaking must be made in the Specified Currency and without any withholding or deduction for, or on account of, any taxes unless required by law and without set-off or counterclaim of any kind and, in such case, the Obligor will pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been receivable by it if no withholding or deduction had been made.

The Obligor has undertaken in the Purchase Undertaking that any payment obligations of the Obligor under the Purchase Undertaking will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 5(a) (Obligor Covenants – Negative Pledge)) unsecured obligations of the Obligor and shall at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Obligor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Sale and Substitution Undertaking

The Sale and Substitution Undertaking was executed as a deed on 5 July 2021 by the Trustee in favour of the Obligor and is governed by English law.

In relation to each Series, provided that no Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the Wakala Assets have been replaced in accordance with the Service Agency Agreement), the Trustee has irrevocably granted to the Obligor each of the following rights:

(a) provided that a Tax Event has occurred, to require the Trustee to sell, assign, transfer and convey to the Obligor on the Early Tax Dissolution Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprised in
the Wakala Portfolio applicable to such Series at the Exercise Price specified in the relevant Exercise Notice;

(b) provided that Optional Dissolution Right is specified as applicable in each applicable Pricing Supplement (and Certificateholder Put Option is specified as not applicable in each applicable Pricing Supplement), to require the Trustee to sell, assign, transfer and convey to the Obligor on the Optional Dissolution Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Optional Dissolution Wakala Assets (as defined in the Sale and Substitution Undertaking) at the Optional Dissolution Exercise Price specified in the relevant Exercise Notice;

(c) if 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 10(g) (Capital Distributions of the Trust – Clean Up Call Option), to require the Trustee to sell, assign, transfer and convey to the Obligor on the Clean Up Call Right Dissolution Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprised in the Wakala Portfolio applicable to the relevant Series at the Exercise Price (as defined in the Sale and Substitution Undertaking) specified in the relevant Exercise Notice; and

(d) following delivery of the cancelled Certificates to the Registrar for cancellation pursuant to Condition 13(b) (Purchase and Cancellation of Certificates – Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries), to require the Trustee to assign, transfer and convey to the Obligor on the cancellation date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the cancellation Wakala Assets subject to certain conditions set out in the Sale and Substitution Undertaking; and

(e) to require the Trustee to assign, transfer and convey to the Obligor on the substitution date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under, the substituted Wakala Assets against the assignment, transfer and conveyance to the Trustee of all of the Obligor's rights, title, interests, benefits and entitlements in, to and under, the new Wakala Assets subject to certain conditions set out in the Sale and Substitution Undertaking,

in each case, on an as is basis but free and clear of any adverse claim (without any warranty express or implied and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Sale and Substitution Undertaking.

Master Murabaha Agreement

The Master Murabaha Agreement was entered into on 5 July 2021 between the Trustee (in its capacity as Seller), the Obligor (in its capacity as Buyer) and the Delegate and is governed by English law.

Pursuant to the Master Murabaha Agreement, and in connection with each relevant Tranche of Certificates, the Trustee may enter into a Commodity Murabaha Investment with the Buyer using a portion of the issue proceeds (being no more than 49 per cent. of the aggregate face amount of the Certificates of that Tranche) of the relevant Tranche, as specified in each applicable Pricing Supplement. In accordance with the Master Murabaha Agreement, on receipt of a duly completed Notice of Request to Purchase from the Buyer, the Trustee (acting through the Commodity Agent) may purchase the relevant commodities on the relevant Issue Date at the relevant Commodity Purchase Price.

Upon completion of the purchase of the commodities by the Trustee in accordance with the Master Murabaha Agreement and the Trustee gaining title thereto and (actual or constructive) possession thereof, the Trustee may deliver to the Buyer a duly completed Offer Notice (with a copy to the Commodity Agent and the Delegate) by no later than 1.00 p.m. (or such other time as may be agreed in writing by the Buyer and the Trustee) on the relevant Issue Date.

Provided that the Buyer has received the Offer Notice and it wishes to enter into Murabaha Contract, the Buyer will accept the terms of, countersign and deliver to the Trustee any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and purchase from the Trustee the relevant Commodities acquired by the Trustee for the relevant Deferred Payment Price, in each case no later than 2.00 p.m. London time (or such other time as may be agreed between the Buyer and the Trustee) on the relevant Issue Date.

As soon as the Buyer has accepted the Trustee's offer by countersigning the relevant Offer Notice, a Murabaha Contract shall be created between the Trustee and the Buyer upon the terms of that Offer Notice.
and incorporating the terms and conditions set out in the Master Murabaha Agreement and ownership of
and all risks in and to the relevant Commodities shall immediately pass to and be vested in the Buyer,
together with all rights and obligations relating thereto.

The Buyer has agreed in the Master Murabaha Agreement that all payments by it under the Master
Murabaha Agreement must be made in the Specified Currency and without any withholding or deduction
for, or on account of, any taxes unless required by law and without set-off or counterclaim of any kind and,
in such case, the Buyer will pay all additional amounts as will result in the receipt by the Trustee of such
net amounts as would have been receivable by it if no withholding or deduction had been made.

The Buyer has undertaken in the Master Murabaha Agreement that any payment obligations of the Buyer
under the Master Murabaha Agreement will be direct, unconditional, unsubordinated and (subject to the
provisions of Condition 5(a) (Obligor Covenants – Negative Pledge)) unsecured obligations of the Buyer
and shall at all times rank at least pari passu with all other present and future unsecured and unsubordinated
obligations of the Buyer, save for such obligations as may be preferred by provisions of law that are both
mandatory and of general application.

Master Declaration of Trust, as supplemented by each Supplemental Declaration of Trust

The Master Declaration of Trust was entered into on 5 July 2021 between the Trustee, the Obligor and the
Delegate and is governed by English law. A Supplemental Declaration of Trust between the same parties
will be entered into on the Issue Date of each Tranche of Certificates and will also be governed by English
law.

The Trust Assets in respect of each Series of Certificates comprise: (a) all of the cash proceeds of the issue
of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents;
(b) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under
the Wakala Portfolio; (c) all of the Trustee's rights, title, interests, benefits and entitlements, present and
future, in, to and under the Transaction Documents (excluding any representations given by the Obligor to
the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the
Trustee pursuant to clause 17.1 of the Master Declaration of Trust); (d) all moneys standing to the credit of
the relevant Transaction Account from time to time; and (e) all proceeds of the foregoing.

If and to the extent the Trustee has exercised its rights under Condition 20 (Further Issues) to issue
additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee
will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing
Certificates and the holders of such additional Certificates so created and issued, declaring that the
Additional Assets transferred to the Trustee (in respect of the issuance of the additional Certificates) and
the Wakala Assets comprising the Wakala Portfolio in respect of the relevant Series as in existence
immediately prior to the creation and issue of the additional Certificates and each Commodity Murabaha
Investment made pursuant to the Master Murabaha Agreement (and all rights arising under or with respect
thereto) in relation to the relevant Series are commingled and shall collectively comprise part of the Trust
Assets for the benefit of the holders of the existing Certificates and the holders of such additional
Certificates as tenants in common pro rata according to the face amount of Certificates held by each
Certificateholder, in accordance with the Master Declaration of Trust.

Pursuant to the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of
Trust, the Trustee will, in relation to each Series of Certificates, inter alia:

(i) hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries
in respect of that Series only; and

(ii) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and
perform its duties in accordance with the provisions of the Master Declaration of Trust as
supplemented by the relevant Supplemental Declaration of Trust.

The Trustee will irrevocably and unconditionally appoint the Delegate to be its delegate and attorney and
in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents, and to exercise
all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but
not limited to, the authority to request directions from any Certificateholders and the power to make any
determinations to be made under the Master Declaration of Trust as supplemented by the relevant
Supplemental Declaration of Trust) and discretions vested in the Trustee by the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, to exercise all of the rights of the Trustee under any of the Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Master Declaration of Trust as supplemented by the relevant Supplemental Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event. The appointment of such delegate is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Obligor has covenanted and undertaken in the Master Declaration of Trust as follows:

1. to comply with all provisions of the Conditions which are expressed to be applicable to it including, without limitation, the covenants described in Condition 5 (Obligor Covenants);
2. to comply with the terms of the Transaction Documents to which it is a party; and
3. to forthwith notify the Delegate and the Trustee in writing of any Dissolution Event (and the steps, if any, being taken to remedy it) and/or Potential Dissolution Event, in each case promptly upon becoming aware of its occurrence.

The Obligor has acknowledged and agreed in the Master Declaration of Trust that the Obligor Events applicable to it are set out in full in the Conditions, that it is fully aware of and understands the terms thereof and that the occurrence thereof shall constitute a Dissolution Event for the purposes of the Conditions.

In relation to any Series: (a) if, at the time of delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor (acting in any capacity) is in actual or constructive possession, custody or control of all or any part of the Wakala Assets, the Certificateholder Put Option Wakala Assets, the Change of Control Put Option Wakala Assets or the Tangibility Event Put Option Wakala Assets, as the case may be; and (b) if, following delivery of an Exercise Notice in accordance with the provisions of the Purchase Undertaking, the Obligor fails to pay the relevant Exercise Price, Certificateholder Put Option Exercise Price, Change of Control Put Option Exercise Price or Tangibility Event Put Option Exercise Price, as the case may be, for any reason whatsoever and thereby resulting in the Obligor's failure to comply with its obligations in accordance with clause 3.2(a) of the Purchase Undertaking, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates or the Certificateholder Put Option Certificates, Change of Control Put Option Certificates or Tangibility Event Put Option Certificates as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Option Exercise Price, the Change of Control Put Option Exercise Price or the Tangibility Event Put Option Exercise Price, as the case may be, into the Transaction Account in accordance with clause 2.3 of the Purchase Undertaking shall evidence the acceptance of the Exercise Notice by the Obligor delivered in accordance with the provisions of the Purchase Undertaking and the conclusion of the transfer of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets, the Certificateholder Put Option Wakala Assets, the Change of Control Put Option Wakala Assets or the Tangibility Event Put Option Wakala Assets, as the case may be. Payment of an amount equal to the Exercise Price, the Certificateholder Put Option Exercise Price, the Change of Control Put Option Exercise Price or the Tangibility Event Put Option Exercise Price, as the case may be, into the Transaction Account in accordance with clause 2.3 of the Purchase Undertaking shall also constitute full discharge of the obligation of the Obligor to pay the Exercise Price, the Certificateholder Put Option Exercise Price, the Change of Control Put Option Exercise Price or the Tangibility Event Put Option Exercise Price, as the case may be, to the Trustee (or for the benefit of the Certificateholders).

The Obligor has covenanted and undertaken in the Master Declaration of Trust that if the outstanding Deferred Payment Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, the Buyer shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption of the outstanding Certificates of such Series and, accordingly, the amount payable under any such indemnity claim will equal the outstanding Deferred Payment Price.
In addition, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11 (Taxation), the Obligor has covenanted and undertaken in the Master Declaration of Trust that it will unconditionally and irrevocably (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by it in respect of the Certificates pursuant to Condition 11 (Taxation).

In relation to each Series, a non-interest bearing Transaction Account in London will be established in the name of the Trustee. Moneys received in the relevant Transaction Account will, inter alia, comprise payments of Periodic Distribution Amounts and/or Dissolution Amounts immediately prior to each Periodic Distribution Date and/or any Dissolution Date, as the case may be. The Master Declaration of Trust provides that all moneys credited to the relevant Transaction Account from time to time will be applied in the order of priority set out in the Master Declaration of Trust.

**Shari’a Compliance**

Each Transaction Document to which it is a party provides that each of PD Sukuk Limited and Private Department of Skh Mohamed Bin Khalid Al Nahyan – LLC agrees that it has accepted the Shari’a-compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

(a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of Shari’a;

(b) it shall not take any steps or bring any proceedings in any forum to challenge the Shari’a compliance of the Transaction Documents to which it is a party; and

(c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of Shari’a.
TAXATION

The following is a general description of certain tax considerations relating to the Certificates. It does not purport to be a complete analysis of all tax considerations relating to the Certificates, whether in those countries or elsewhere. Prospective purchasers of Certificates should consult their own tax advisers as to which countries’ tax laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments of profit, principal and/or other amounts under the Certificates and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

United Arab Emirates

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Certificates is based on the taxation law and practice in force at the date of this Offering Circular and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Certificates and the receipt of any payments with respect to such Certificates under the laws of the jurisdictions in which they may be liable to taxation.

There is currently in force in Abu Dhabi legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended)). The regime is, however, not enforced save in respect of companies active in the oil industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Abu Dhabi taxation in respect of payments of profit and principal to any holder of the Certificates. In the event of such imposition of any such withholding, the Trustee has undertaken to gross-up any payments subject to certain limited exceptions.

The Constitution of the UAE specifically reserves to the UAE government the right to raise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into double taxation arrangements with certain other countries.

Cayman Islands

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Certificates. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor’s particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

There are no income, corporation, capital gains tax or estate duty, inheritance tax or gift tax in effect in the Cayman Islands on the basis of present legislation. The Trustee has applied for and expects to receive an undertaking from the Governor-in-Cabinet of the Cayman Islands, pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands that, for a period of 20 years from the date of issue, no law which is thereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which would include the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment (as defined in the Tax Concessions Act (As Revised)). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. An instrument of transfer in respect of a Certificate may be stampable if executed in or brought to the Cayman Islands. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.
The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the "Commission's proposal") for a Directive for a common financial transaction tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The Trustee may be classified as a foreign financial institution for these purposes. A number of jurisdictions (including the UAE and the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements ("IGAs") with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payment are published in the U.S. Federal Register and Certificates issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Certificates (as described under Condition 20 (Further Issues)) that are not distinguishable from previously issued Certificates are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Certificates, including the Certificates offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Certificateholders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.
SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 5 July 2021 (the "Programme Agreement"), agreed with the Trustee and the Obligor a basis on which they or any of them may from time to time agree to purchase Certificates. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Certificates, the price at which such Certificates will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Trustee in respect of such purchase. The Programme Agreement will make provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Certificates.

General

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has (to the best of its knowledge and belief) complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Certificates or possesses or distributes this Offering Circular or any Pricing Supplement or any related offering material, in all cases at its own expense. Other persons into whose hands this Offering Circular, any Pricing Supplement or any related offering material comes are required by the Trustee, the Obligor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Certificates or possess, distribute or publish this Offering Circular, any Pricing Supplement or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph above.

With regard to each Series, the relevant Dealer will be required to comply with such other restrictions as the Trustee, the Obligor and the relevant Dealer shall agree and as shall be set out in the applicable subscription agreement, Dealer accession letter, Dealer confirmation or Pricing Supplement, as the case may be.

Selling restrictions may be supplemented or modified with the agreement of the Trustee and the Obligor. Any such supplement or modification may be set out in a supplement to this Offering Circular.

United States of America

The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Certificates: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of the Certificates comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S or pursuant to an available exemption from, or in a transaction not subject to, registration under the Securities Act, and such Dealer will have sent to each dealer to which it sells Certificates during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the completion of the distribution of the Certificates comprising the relevant Tranche, as described above, any offer or sale of Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in these paragraphs have the meanings given to them by Regulation S under the Securities Act.
Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no offer or invitation, whether directly or indirectly, to subscribe for the Certificates has been or will be made to any member of the public in the Cayman Islands.

United Kingdom

Public offer selling restrictions under the UK Prospectus Regulation

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Certificates to the public in the UK:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and/or the Obligor (if applicable) for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that, no such offer of Certificates referred to above shall require the Trustee, the Obligor or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Certificates to the public" in relation to any Certificates means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates and the expression "UK Prospectus Regulation" for the purposes of this paragraph means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory provisions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) in relation to any Certificates which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not or in the case of the Obligor, would not, if the Obligor was not an authorised person, apply to the Trustee or the Obligor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the UK.
Public Offer Selling Restrictions under the Prospectus Regulation

In relation to each Member State of the EEA, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Offering Circular as completed by the applicable Pricing Supplement in relation thereto to the public in that Member State, except that it may make an offer of such Certificates to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and/or the Obligor (if applicable) for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that, no such offer of Certificates referred to above shall require the Trustee, the Obligor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "an offer of Certificates to the public" in relation to any Certificates in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates and the expression "Prospectus Regulation" for the purposes of this paragraph means Regulation (EU) 2017/1129.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates, other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.
Malaysia

This Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia under the CMSA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, by it nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3), of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase any Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of any Certificates as aforesaid without the necessary approvals being in place.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an Accredited investor;

(iii) securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.
United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "DFSA") rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Certificates. Any investor in Saudi Arabia or who is a Saudi person (a "Saudi Investor") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority of Saudi Arabia (the "CMA") resolution number 3-123-2017 dated 27 December 2017, as amended by its resolution number 1-7-2021 dated 14 January 2021 (the "KSA Regulations"), through a person authorised by the CMA to carry on the securities activity of arranging and following a notification to the CMA under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in Saudi Arabia other than to "Sophisticated Investors" under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates to a Saudi Investor will be made in compliance with the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the Certificates are being offered or sold in such other circumstances as the CMA may prescribe.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "accredited investor" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more excluding that person's principal place of residence;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or
(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

**State of Qatar (including the Qatar Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Offering Circular: (i) has not been, and will not be, registered with or approved by the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.
GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issuance of Certificates thereunder was duly authorised by a resolution of the board of directors of the Trustee dated 1 July 2021 and by a resolution of the board of directors of the Obligor dated 14 April 2021. Each of the Trustee and the Obligor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue of the Certificates and/or the entry into, and performance of the obligations under, the Transaction Documents to which it is a party, as the case may be.

Listing of Certificates

Application has been made to the London Stock Exchange for the Certificates issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the ISM. The ISM is not a regulated market for the purposes of MiFID II or a UK regulated market for the purposes of UK MiFIR. The ISM is a market designated for professional investors.

Certificates admitted to trading on the ISM are not admitted to the Official List of the UK Listing Authority. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

The admission to trading of the Programme is expected to be granted on or around 5 July 2021. It is expected that each Tranche of Certificates which is to be admitted to trading on the ISM will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Tranche.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Trustee or the Obligor is aware) which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Trustee, the Obligor and its Subsidiaries (taken as a whole).

Significant/Material Change

Save as described in "Risk Factors – Risk factors that may affect the Obligor's ability to fulfil its obligations in respect of the Transaction Documents – Risks relating to the company's properties – The Company has been adversely affected in 2020 by the measures taken in response to the COVID-19 pandemic" and "Risk Factors – Risk factors that may affect the Obligor's ability to fulfil its obligations in respect of the Transaction Documents – Risks relating to the company's properties – The success of the Company's business is dependent on the UAE's economy and is significantly affected by trends in the UAE's real estate markets", there has been no material adverse change in the prospects of the Obligor or the Obligor and its Subsidiaries and there has been no significant change in the financial performance or financial position of the Obligor or the Obligor and its Subsidiaries, in each case since 31 December 2020.

There has been no material adverse change in the prospects of the Trustee and there has been no significant change in the financial performance or financial position of the Trustee, in each case, since the date of its incorporation.

Auditors

The current auditors of the Obligor are PricewaterhouseCoopers (Abu Dhabi Branch) (authorised and regulated under the Register of Practicing Accountants at the UAE Ministry of Economy and Planning as required by UAE Federal Law No. 22 of 1995).

The consolidated financial statements of the Obligor for the years ended 31 December 2020 and 31 December 2019 have been audited without qualification in accordance with International Standards on Auditing by PricewaterhouseCoopers (Abu Dhabi Branch), as stated in their audit reports set out herein.

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.
Documents on Display

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available, during normal business hours on any day (excluding Saturdays, Sundays and public holidays), for inspection and/or collection from the registered office of the Trustee and from the specified office of the Principal Paying Agent:

(a) the Memorandum and Articles of Association of the Trustee and the Obligor (together with, in the case of the Obligor only, direct and accurate English translations thereof);

(b) the most recently published audited consolidated financial statements of the Obligor and (if prepared) reviewed interim condensed consolidated financial statements of the Obligor, in each case, together with any audit or review reports thereon and the notes thereto;

(c) in relation to each Series, each Pricing Supplement, the other Transaction Documents, the Corporate Services Agreement and the forms of the Global Certificate and the Certificates in definitive form and any other documents incorporated herein or therein by reference (save that such documents will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificate and identity); and

(d) a copy of this Offering Circular together with any future supplements to the Offering Circular.

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Certificates of each Series will be specified in the applicable Pricing Supplement.

Dealers transacting with the Trustee, the Obligor or the Obligor's Affiliates

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Trustee, the Obligor or the Obligor's affiliates in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Obligor or the Obligor's affiliates. Certain of the Dealers or their affiliates that have a financing/lending relationship with the Trustee or the Obligor routinely hedge their credit exposure to the Trustee and/or the Obligor (as the case may be) consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with an offering of Certificates issued under the Programme, each Dealer and/or its affiliate(s) may act as an investor for its own account and may take up Certificates in the offering and in that capacity may retain, purchase or sell for its own account such Certificates and any securities of the Trustee or related investments and may offer or sell such securities or other investments otherwise than in connection with an offering. Accordingly, references herein to the Certificates being offered should be read as including any offering of the Certificates to the Dealers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.
Cayman Islands Data Protection

The Cayman Islands Government enacted the Data Protection Act (As Revised) of the Cayman Islands (the "DPA") on 18 May 2017 which was brought into force on 30 September 2019. The DPA introduces legal requirements for the Trustee based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances).

For further information on the application of the DPA to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at dubai@maples.com), which provides an outline of investors' data protection rights and obligations as they relate to the investment in the Certificates.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.
## INDEX TO THE FINANCIAL STATEMENTS

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Independent auditor’s report to the shareholders of
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the "Department") and its subsidiary (together referred to as the "Group") as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.
Independent auditor’s report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Other information

The directors are responsible for the other information. The other information comprises of the Directors’ report (but does not include the consolidated financial statements and our auditor’s report thereon) which we obtained prior to the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information which we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
Independent auditor’s report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the Directors’ report is consistent with the books of account of the Group;
Independent auditor’s report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Report on other legal and regulatory requirements (continued)

(v) as disclosed in Note 1 to the consolidated financial statements the Group disclose the Group’s investments in shares during the year ended 31 December 2020;

(vi) Note 16 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

(vii) as disclosed in Note 1, there were no social contributions made during the year; and

(viii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Department’s Articles of Association which would materially affect its activities or its financial position as at 31 December 2020.

PricewaterhouseCoopers

28th March 2021

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of financial position

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<td><strong>Current assets</strong></td>
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<td>32,488,882</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>Total equity</strong></td>
<td><strong>Non-current liabilities</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

These consolidated financial statements were authorized for issuance by the Board of Directors on 28 May 2021, and signed on its behalf by:

Sh. Khalifa bin Mohammed
bin Khalid Al Nahyan
Chairman

Abdul Jalil Abdul Rehman
Mohammed Al Blouki
Managing Director

The notes on pages 10 to 58 form an integral part of these consolidated financial statements.
## Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

### Consolidated statement of comprehensive income

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 31 December</th>
<th>2020 AED</th>
<th>2019 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>17</td>
<td>331,835,308</td>
<td>393,920,236</td>
</tr>
<tr>
<td>Direct costs</td>
<td>18</td>
<td>(62,324,966)</td>
<td>(70,663,320)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td>269,510,342</td>
<td>323,256,916</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>19</td>
<td>(61,899,870)</td>
<td>(73,376,932)</td>
</tr>
<tr>
<td>Marketing and selling expenses</td>
<td>21</td>
<td>(5,382,439)</td>
<td>(9,355,571)</td>
</tr>
<tr>
<td>Management incentive fee</td>
<td></td>
<td>(591,773)</td>
<td>(2,091,461)</td>
</tr>
<tr>
<td>Net impairment loss on financial assets</td>
<td>7</td>
<td>(11,221,759)</td>
<td>(601,792)</td>
</tr>
<tr>
<td>Unrealised loss on revaluation of investment properties</td>
<td>6</td>
<td>(28,031,146)</td>
<td>(23,132,317)</td>
</tr>
<tr>
<td>Unrealised (loss) / gain on revaluation of property and equipment</td>
<td></td>
<td>(7,824,346)</td>
<td>51,509,423</td>
</tr>
<tr>
<td>Other income</td>
<td></td>
<td>3,351,780</td>
<td>271,859</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td>157,910,789</td>
<td>266,480,125</td>
</tr>
<tr>
<td>Finance costs</td>
<td>22</td>
<td>(60,343,655)</td>
<td>(89,713,094)</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments</td>
<td></td>
<td>13,883,854</td>
<td>(39,817,571)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td></td>
<td>111,450,988</td>
<td>136,949,460</td>
</tr>
</tbody>
</table>

### Other comprehensive income

*Items that will not be reclassified to profit or loss*

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 31 December</th>
<th>2020 AED</th>
<th>2019 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation of property and equipment</td>
<td>5</td>
<td>(137,742)</td>
<td>9,792,781</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td></td>
<td>111,313,246</td>
<td>146,742,241</td>
</tr>
</tbody>
</table>

### Earnings per share for profit attributable to the ordinary equity holders of the Parent Company

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 31 December</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td></td>
<td>9.44</td>
<td>11.61</td>
</tr>
</tbody>
</table>

The notes on pages 10 to 58 form an integral part of these consolidated financial statements.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of changes in equity

<table>
<thead>
<tr>
<th></th>
<th>Share capital AED</th>
<th>Legal reserve AED</th>
<th>General reserve AED</th>
<th>Retained earnings AED</th>
<th>Revaluation reserve AED</th>
<th>Total equity AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2019</strong></td>
<td>11,800,000</td>
<td>5,900,000</td>
<td>868,641,817</td>
<td>2,182,302,823</td>
<td>4,813,602</td>
<td>3,073,458,242</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>136,949,460</td>
<td>9,792,781</td>
<td>146,742,241</td>
</tr>
<tr>
<td>Dividends paid (Note 16)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(147,812,111)</td>
<td>-</td>
<td>(147,812,111)</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td>11,800,000</td>
<td>5,900,000</td>
<td>868,641,817</td>
<td>2,171,440,172</td>
<td>14,606,383</td>
<td>3,072,388,372</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>111,450,988</td>
<td>(137,742)</td>
<td>111,450,988</td>
</tr>
<tr>
<td>Dividends paid (Note 16)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(157,962,710)</td>
<td>-</td>
<td>(157,962,710)</td>
</tr>
<tr>
<td><strong>At 31 December 2020</strong></td>
<td>11,800,000</td>
<td>5,900,000</td>
<td>868,641,817</td>
<td>2,124,928,450</td>
<td>14,468,641</td>
<td>3,025,738,908</td>
</tr>
</tbody>
</table>

The notes on pages 10 to 58 form an integral part of these consolidated financial statements.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of cash flows

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 31 December</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td>111,450,988</td>
<td>136,949,460</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>5</td>
<td>20,375,005</td>
<td>19,017,010</td>
</tr>
<tr>
<td>Loss on fair value of investment properties</td>
<td>6</td>
<td>28,031,146</td>
<td>23,132,317</td>
</tr>
<tr>
<td>Loss / (gain) on revaluation of property and equipment</td>
<td></td>
<td>7,824,346</td>
<td>(51,509,423)</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments in cash flow hedges</td>
<td>23</td>
<td>(13,883,854)</td>
<td>39,817,571</td>
</tr>
<tr>
<td>Provision for employees’ end of service benefits</td>
<td>14</td>
<td>1,053,550</td>
<td>1,232,939</td>
</tr>
<tr>
<td>Net impairment losses on financial assets</td>
<td>7</td>
<td>11,221,759</td>
<td>601,792</td>
</tr>
<tr>
<td>Finance costs</td>
<td>22</td>
<td>60,343,655</td>
<td>89,713,094</td>
</tr>
<tr>
<td>Finance income on fixed deposits</td>
<td>8</td>
<td>(164,139)</td>
<td>-</td>
</tr>
<tr>
<td>Operating cash flows before payment of employees’ end of service benefits and changes in working capital</td>
<td></td>
<td>226,252,456</td>
<td>258,954,760</td>
</tr>
<tr>
<td>Payment of employees’ end of service benefits</td>
<td>14</td>
<td>(518,000)</td>
<td>(1,083,909)</td>
</tr>
<tr>
<td>Changes in working capital:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>46,128</td>
<td>(86,094)</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td></td>
<td>15,878,355</td>
<td>(33,746,114)</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>(202,497)</td>
<td>(22,223)</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(13,977,182)</td>
<td>11,324,154</td>
<td></td>
</tr>
<tr>
<td>Due to related parties</td>
<td>21,306,566</td>
<td>25,938,561</td>
<td></td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td></td>
<td>248,785,826</td>
<td>261,279,135</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>5</td>
<td>(48,614,427)</td>
<td>(124,589,878)</td>
</tr>
<tr>
<td>Acquisition of investment properties</td>
<td>6</td>
<td>(169,633,592)</td>
<td>(91,302,596)</td>
</tr>
<tr>
<td>Margin deposits (placed)/released</td>
<td>(10,006,664)</td>
<td>1,760,657</td>
<td></td>
</tr>
<tr>
<td>Interest received on fixed deposits</td>
<td></td>
<td>48,731</td>
<td>-</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td></td>
<td>(228,205,952)</td>
<td>(214,131,817)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from bank borrowings</td>
<td>13</td>
<td>209,380,499</td>
<td>202,341,307</td>
</tr>
<tr>
<td>Repayment of bank borrowings</td>
<td></td>
<td>(9,960,503)</td>
<td>(100,579,640)</td>
</tr>
<tr>
<td>Dividends paid to shareholders</td>
<td>16</td>
<td>(157,962,710)</td>
<td>(147,812,111)</td>
</tr>
<tr>
<td>Finance cost paid</td>
<td></td>
<td>(49,887,689)</td>
<td>(27,444,661)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td></td>
<td>(8,430,403)</td>
<td>(73,495,105)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td></td>
<td>12,149,471</td>
<td>(26,347,787)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td></td>
<td>(4,124,277)</td>
<td>22,223,510</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the year</td>
<td>8</td>
<td>8,025,194</td>
<td>(4,124,277)</td>
</tr>
</tbody>
</table>

The notes on pages 10 to 58 form an integral part of these consolidated financial statements. (9)
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2020

1 General information

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the “Department”) is a limited liability company incorporated in the United Arab Emirates under the UAE Federal Law No. (2) of 2015, and operates under a commercial license number CN-1020235 dated 5 May 1998 issued by Department of Economic Development.

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the “Department”) and its subsidiary (together referred to as the “Group”) The Group operates mainly in the fields of hospitality and real estate lease.

The registered address of the Department is PO Box 305, Corniche Street, Abu Dhabi, UAE.

The Group has not purchased or invested in any shares during the year ended 31 December 2020. Furthermore, the Group has not made any social contributions during the year.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

During the year 2005, the Department established one subsidiary in Abu Dhabi, United Arab Emirates. The details of the Group’s subsidiary is as follows:

<table>
<thead>
<tr>
<th>Name of subsidiary</th>
<th>Principal activity</th>
<th>Year of incorporation</th>
<th>Country of incorporation</th>
<th>% interest held 2020</th>
<th>% interest held 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khalidia Real Estate Management L.L.C.</td>
<td>Real estate</td>
<td>2016</td>
<td>UAE</td>
<td>99.9%</td>
<td>99.9%</td>
</tr>
</tbody>
</table>

During the year ended 31 December 2020 and 2019, the subsidiary (“Khalidia Real Estate Management L.L.C”) is dormant and no transaction occurred during the year.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.
2 Summary of significant accounting policies (continued)

2.1 Basis of preparation

2.1.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). They have been prepared under the historical cost convention except for investment properties and buildings which are classified as property and equipment, these are at fair value and the defined benefit pension plans that have been measured the present value of future obligations using the projected unit credit method.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The consolidated financial statement are prepared in United Arab Emirates Dirhams (AED) which is the functional and reporting currency of the Group.

2.1.2 Going Concern

During the period ended 31 December 2020, the Group had a net current liability position of AED 202,194,713 (2019: AED 109,616,990). These conditions indicate the existence of an uncertainty which may cast a doubt about the Group’s ability to continue as a going concern. The Group’s shareholders have confirmed their intention to continue to arrange funding for the Group to enable it both to meet its liabilities as they fall due and to carry on its business without a significant curtailment of operations. Additionally, the Group’s shareholders have confirmed their intention to support the Group to meet its liabilities as they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

2.2 Changes in accounting policies

New and revised IFRS applied in the preparation of the consolidated financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in this consolidated financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

(a) Definition of Material – amendments to IAS 1 and IAS 8 - These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material.
Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

2 Summary of significant accounting polices (continued)

2.2 Changes in accounting policies (continued)

New and revised IFRS applied in the preparation of the consolidated financial information (continued)

(b) Definition of a Business – amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

(c) Revised Conceptual Framework for Financial Reporting - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

(d) Interest Rate Benchmark Reform (Phase 1) – amendments to IFRS 9, IAS 39 and IFRS 7 - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the consolidated statement of income. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

The Group did not have to make retrospective adjustments as a result of adoption of the aforementioned standards.

New and revised IFRS issued but not yet effective and not early adopted

(a) IFRS 17, ‘Insurance contracts’ (effective 1 January 2023);
(b) Amendments to IAS 1 and IAS 8 (effective 1 January 2022);
(c) Amendments to IFRS 16 (effective 1 June 2020);
(d) Interest Rate Benchmark Reform (Phase 2) (effective 1 January 2021).

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.
2 Summary of significant accounting policies (continued)

2.3 Basis of consolidation

Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Group and is deconsolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Transaction costs attributable to the acquisition are directly expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Property and equipment

Buildings and properties, which mainly consist of Group’s hotel property, are recognised at fair value based on periodic, but at least yearly, valuations by external independent valuers, less subsequent depreciation for buildings and properties. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Buildings and properties category consist of the building and the land which the building is constructed upon.

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. The historical cost consists of expenses related directly to the acquisition of the asset.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.
2 Summary of significant accounting policies (continued)

2.4 Property and equipment (continued)

Depreciation is calculated so as to write off the cost of property and equipment over the useful lives of these assets as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and properties</td>
<td>35</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>2 to 5</td>
</tr>
<tr>
<td>Office equipment</td>
<td>2 to 5</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>3</td>
</tr>
</tbody>
</table>

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

The repair and maintenance expenses are included in the consolidated statement of comprehensive income when incurred.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also include properties that are being constructed or developed for future use as investment properties.

Investment properties are measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value. Investment properties under construction are measured at fair value if the fair value is considered to be reliably determinable.

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset.

If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

2 Summary of significant accounting policies (continued)

2.5 Investment properties (continued)

Valuations are performed as of the reporting date by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Investment properties that are being redeveloped for continuing use as investment properties or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, operating lease income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditures are capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Changes in fair values are recognised in the consolidated statement of comprehensive income. Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Investment properties under development

Properties acquired or properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as development properties and are measured at the lower of cost or net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer fee, construction overheads and other related direct costs.

Cost includes the cost of land, selling transactions cost, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress.
2.5 Investment properties (continued)

Direct costs from the start of the project up to completion of the project are capitalised. Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project to be completed. Upon completion, unsold properties, if any are transferred at cost to properties held for sale.

Management reviews the carrying values of the development properties on an annual basis.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Capitalized borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a part of the contractual provision of the instruments.
2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(a) Financial assets

Classification

The Group classifies its financial assets in accordance with IFRS 9. The Group financial assets consist of trade and other receivables less prepayments and advances, due from related parties and cash and bank balances. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition.

(i) Trade and other receivables

Trade and other receivables are amounts due from customers and related parties for goods sold or services performed in the ordinary course of business. They are generally due for settlement in one year or less and therefore are all classified as current. If not, they are classified as non-current assets.

(ii) Cash and bank balances

Cash and bank balances comprise cash on hand, current accounts and bank deposits with original maturities of three months or less, net of margin deposits and bank overdrafts, if any.

Recognition and measurement

Financial assets at amortised cost are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

(i) Trade and other receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments per case by case basis.

If, in a subsequent period, the amount of the impaired loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised such as an improvement in the debtor’s credit rating. Reversal of the previously recognised impairment loss is recognised in the statement of financial position.
2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

(i) Trade and other receivables (continued)

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group’s trade receivables are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Cash and bank balances

Cash and bank balances are also subject to the impairment requirements of IFRS 9.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(b) Financial liabilities

Financial liabilities mainly comprise borrowings, trade and other payables and due to related parties. Financial liabilities are initially measured at fair value and subsequently carried at amortized cost using the effective interest method. The Group’s financial liabilities are classified as financial liabilities at amortized costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at amortized costs*

After initial recognition, interest bearing loans and borrowings and amounts due to a related party are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

2.9 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.10 Cash and bank balances

Cash and bank balances comprise cash at bank and on hand and deposits with original maturities of three months or less.

Long-term bank deposits represent bank deposits with maturities exceeding three months from the date of placement. Management does not have any intention to hold these long-term bank deposits for more than one year from the date of the financial statements.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

2 Summary of significant accounting policies (continued)

2.11 Inventories

Inventories relate to food and beverage, tobacco, and other scrap parts related to the hotel and real estate divisions. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less variable selling expenses.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if the payments’ due date is within one year or less. If not, they will be classified as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.14 Provision for employees benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations within ‘trade and other payables’.

A provision is made for the estimated liability for employees’ entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. The provision relating to annual leave and leave passage is considered as a current liability included within ‘trade and other payables’.
2 Summary of significant accounting policies (continued)

2.14 Provision for employees benefits (continued)

(ii) Other long-term employee benefit obligations

In the UAE, the Group also has liabilities for long service end of service benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The provision for employees’ end of service benefits, disclosed as a long-term liability, where their respective labour laws require providing indemnity payments upon termination of relationship with their employees. The provision relating to end of service benefits is disclosed as a non-current liability.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of income over the period of the loans using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.16 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).
2 Summary of significant accounting policies (continued)

2.16 Derivatives (continued)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in (Note 23). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses). The Group does not apply hedge accounting.

2.17 Leases

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.
2 Summary of significant accounting policies (continued)

2.17 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group used the rate applicable on their active banking contracts for a loan of equivalent amount.

Lease payments are allocated between principal and finance cost. The finance costs incurred during construction are capitalised in the construction work in progress during the construction period, finance costs incurred after the construction period are charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis and is charged to the statement of comprehensive income. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Operating lease income is recognised on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are derived.

2.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:
2 Summary of significant accounting policies (continued)

2.18 Revenue recognition (continued)

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

Revenue is measured based on the consideration to which the Group expects to be entitled in contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(ii) Operating lease income

Operating lease income is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of operating lease income. See note 2.19 for further information.

(iii) Income from hotel operations

Income from hotel operations comprises revenue from rooms, food and beverages and other associated services provided, and is recognised at the point when the goods are sold or services are rendered. All revenue pertain to hotel operations (room and F&B revenues) are recorded net of discounts and promotions.

Room revenues

Room revenue pertains to income generated by renting rooms to their customers, and it is recognised over time when the goods/services are rendered (over the period of the customer’s stay in the hotel).

F&B revenue

F&B (food and beverage) comprises of revenue recognised from sales of F&B from the food outlets and room service in the hotel, and it is recognised at a point in time when the goods are sold.
2 Summary of significant accounting policies (continued)

2.19 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in UAE Dirham, which is the Group’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

2.20 Dividend distribution

Dividend distribution to the Group shareholders is recognised as a liability in the Group’s consolidated financial statements in the period in which the dividends are approved by the Group’s shareholders.

3 Financial risk management

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group has an insignificant exposure to foreign currency risks as the majority of transactions are denominated in UAE dirhams.

(ii) Price risk

The Group is not exposed to price risk because as the Group has not invested in listed securities.

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk. Please see Note 4 for more details.
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest bearing liabilities which carry variable interest rates (bank overdrafts and bank borrowings).

The sensitivity analysis calculates the effect of a reasonably possible movement in the interest rate on the consolidated statement of income:

<table>
<thead>
<tr>
<th>Interest rates – increase by 100 basis points</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED</td>
<td>(21,529,035)</td>
<td>(19,432,483)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest rates – decrease by 100 basis points</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED</td>
<td>21,529,035</td>
<td>19,432,483</td>
</tr>
</tbody>
</table>

(b) Credit risk

Credit risk arises from cash, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case-by-case basis. The utilization of credit limits is regularly monitored.

Risk management

The Group's policy is to place cash and bank balances with reputable banks and financial institutions.

The Group trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result to minimize the exposure to bad debts. Credit risks are limited to the carrying values of financial assets in the statement of financial position.

The Group has significant concentration of credit risk as explained in Note 7.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- due from related parties; and
- cash and bank balances (including cash and cash equivalents and margin and fixed deposits).
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables

As mentioned in Note 2.8, the Group’s trade receivables and accrued operating lease income are subject to the expected credit model. To measure the expected credit losses, trade receivables and due from related parties have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance for trade receivables and due from related parties is based on assumptions about risk of default and expected loss rates.

The expected loss rates are based on the roll rates of receivables over a period of 36 months before 31 December 2020 or 31 December 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and credit rating to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considers information developed internally or obtained from external sources that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group) as constituting as an event of default for internal credit risk management purposes as historical experience indicating that are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that potential default may occur when a financial asset is more than 365 days after invoice issuance date unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Trade receivables are provided for when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Due from related parties

While due from related parties are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Cash and bank balances

While cash and bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. All banks are investment grade rated ranging from prime 1 to prime 3 categories.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a short term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual principal maturities of financial liabilities presented on an undiscounted basis:

<table>
<thead>
<tr>
<th>31 December 2020</th>
<th>Carrying value</th>
<th>Contractual cash out flows</th>
<th>1 year or less</th>
<th>Later than 1 year and not later than 5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Trade and other</td>
<td>114,902,479</td>
<td>114,902,479</td>
<td>114,902,479</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to related</td>
<td>65,226,266</td>
<td>65,226,266</td>
<td>65,226,266</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial liability</td>
<td>35,091,559</td>
<td>35,091,559</td>
<td>35,091,559</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>24,463,688</td>
<td>24,463,688</td>
<td>24,463,688</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>2,144,902,138</td>
<td>2,582,805,274</td>
<td>133,104,283</td>
<td>1,094,826,443</td>
<td>1,354,874,548</td>
</tr>
<tr>
<td></td>
<td>2,384,586,130</td>
<td>2,822,489,266</td>
<td>372,788,275</td>
<td>1,094,826,443</td>
<td>1,354,874,548</td>
</tr>
</tbody>
</table>

(28)
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

<table>
<thead>
<tr>
<th></th>
<th>Carrying value</th>
<th>Contractual cash out flows</th>
<th>1 year or less</th>
<th>Later than 1 year and not later than 5 years</th>
<th>Over 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>31 December 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other</td>
<td>128,879,661</td>
<td>128,879,661</td>
<td>128,879,661</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to related parties</td>
<td>43,919,700</td>
<td>43,919,700</td>
<td>43,919,700</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial</td>
<td>48,975,413</td>
<td>48,975,413</td>
<td>48,975,413</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>liability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>26,733,414</td>
<td>26,733,414</td>
<td>26,733,414</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>1,917,959,444</td>
<td>2,404,824,295</td>
<td>106,506,290</td>
<td>627,440,317</td>
<td>1,670,877,688</td>
</tr>
<tr>
<td></td>
<td>2,166,467,632</td>
<td>2,653,332,483</td>
<td>355,014,478</td>
<td>627,440,317</td>
<td>1,670,877,688</td>
</tr>
</tbody>
</table>

3.2 Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policies are based on management’s assessment of available options, in conjunction with the shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as total equity as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December 2020 and 2019 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>2,144,902,138</td>
<td>1,917,959,444</td>
</tr>
<tr>
<td>Less: cash and bank balances</td>
<td>(42,863,920)</td>
<td>(22,977,512)</td>
</tr>
<tr>
<td>Net debt</td>
<td>2,102,038,218</td>
<td>1,894,981,932</td>
</tr>
<tr>
<td>Equity</td>
<td>3,025,738,908</td>
<td>3,072,388,372</td>
</tr>
<tr>
<td>Capital</td>
<td>5,111,314,797</td>
<td>4,965,925,721</td>
</tr>
<tr>
<td>Gearing ratio</td>
<td>41%</td>
<td>38%</td>
</tr>
</tbody>
</table>

(29)
3 Financial risk management (continued)

3.2 Capital risk management (continued)

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the certain financial covenants:

- Loan to Value ("LTV") ratio of total outstanding facilities including total fair value of derivative liabilities as a percentage of the total Asset Value should not exceed 67% LTV.
- Debt Service Coverage Ratio ("DSCR") should not fall less than 1.25x measured quarterly on a rolling annual basis.
- Cash flow cover ratio must not be less than 1.25:1.0.

The Group has complied with these covenants throughout the reporting period.

3.3 Fair value estimation

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).
3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The table below analyses the Group’s financial asset and liabilities and investment property that are measured at fair value as at 31 December 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>At 31 December 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>35,091,559</td>
<td>-</td>
</tr>
<tr>
<td>Investment properties</td>
<td>-</td>
<td>-</td>
<td>4,530,345,087</td>
</tr>
<tr>
<td>Buildings and properties</td>
<td>-</td>
<td>-</td>
<td>780,409,091</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35,091,559</td>
<td>5,310,754,178</td>
</tr>
<tr>
<td>At 31 December 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>48,975,413</td>
<td>-</td>
</tr>
<tr>
<td>Investment properties</td>
<td>-</td>
<td>-</td>
<td>4,371,675,909</td>
</tr>
<tr>
<td>Buildings and properties</td>
<td>-</td>
<td>-</td>
<td>758,454,545</td>
</tr>
<tr>
<td></td>
<td></td>
<td>48,975,413</td>
<td>5,130,130,454</td>
</tr>
</tbody>
</table>

The fair value of financial instruments traded in active markets is based on quoted market regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The carrying values of financial assets and financial liabilities of the Group approximate their fair values, as they are either short term in nature, or held at amortised cost or fair value. The nominal values less impairment provision of trade and other receivables and payables are assumed to approximate their fair values as they are recoverable within 12 months.
3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the unobservable inputs used in recurring level 3 fair value measurements:

<table>
<thead>
<tr>
<th>Description</th>
<th>Unobservable inputs</th>
<th>Range of inputs (probability-weighted average)</th>
<th>Relationship of unobservable inputs to fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings, leased residential and commercial buildings</td>
<td>Discount rate</td>
<td>9% to 10%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Expected vacancy rate</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>Capitalisation rate</td>
<td>6% to 7.5% (6.75%)</td>
<td>6% to 7.5% (6.75%)</td>
</tr>
<tr>
<td>Properties under development</td>
<td>Estimated cost to completion</td>
<td>AED 30,856,950 to AED 212,372,397</td>
<td>AED 66,999,689 to AED 415,453,500 (AED 241,226,595)</td>
</tr>
<tr>
<td></td>
<td>Rental growth rate</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Capital expenditures rate</td>
<td>2.70%</td>
<td>2.70%</td>
</tr>
<tr>
<td></td>
<td>Capitalisation rate</td>
<td>7.50%</td>
<td>7.50%</td>
</tr>
</tbody>
</table>
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

A quantitative sensitivity analysis for significant assumptions (which is the discount rate) on the fair value of investment properties as at 31 December 2020 and 31 December 2019 is, as shown below:

<table>
<thead>
<tr>
<th>Impact on fair value of investment properties</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.5% increase</td>
<td>26,553,771</td>
<td>25,650,652</td>
</tr>
<tr>
<td>0.5% decrease</td>
<td>26,553,771</td>
<td>(25,650,652)</td>
</tr>
</tbody>
</table>

(b) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its investment properties annually by independent valuers certified by the Royal Institute of Chartered Surveyors. At the end of each reporting period, the management updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property’s value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Management considers information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based on a property’s estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3.

4 Key estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The major estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:
Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

4 Key estimates and judgments (continued)

(a) Provision for impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group's historical data, existing market conditions as well as forward looking estimates.

(b) Impairment of investment properties

The Group assess impairment of its investment properties on a continuous basis by comparing the fair value of its investment properties based on the latest valuation performed by external valuers and internal Management experts. This value will be compared to the carrying amount of investment properties to ascertain any probable impairment in investment properties. Where investment properties are determined to have a significant decline in fair value that could indicate impairment, the Group adjusts the carrying amount of investment properties to its recoverable amount/fair value as of the reporting date. The Management of the Group believes that investment properties are neither impaired nor significantly below their fair value. The Group performs a valuation of its investment properties every year. For details, please refer to Note 6.

(c) COVID-19

The economic fallout of the COVID-19 crisis is significant in the region the Group operates and is still evolving. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The Group considers this outbreak to have had a disruptive impact on the Group's businesses. The Group is continuously monitoring the indirect impact of the COVID-19 pandemic on the Group's operations and its finances, particularly on the effect this may have on its Group's hotel operations and real estate operating lease income. However, the effect of COVID-19 on the hotel operations includes a 3% reduction in occupancy rates as the hotel was used as a quarantine centre during the pandemic as a mitigating response against the pandemic's impact. With regards to its real estate segment, the entity has also implemented measures to decrease the rental charges to tenants as to ease the impact of the pandemic and avoid vacant apartments. Additionally, there has been a fair value loss of AED 28 million (Note 6) in the investment properties recognised in the consolidated statement of comprehensive due to expected decrease in occupancy rates as a result of COVID-19.
4 Key estimates and judgments (continued)

(c) COVID 19 (continued)

Business continuity planning

The Group is closely monitoring the situation and has invoked crisis management actions to ensure the safety and security of the Group’s staff as well as uninterrupted customer service. Remote working arrangements have been implemented with the majority of the admin staff currently working from home except essential operational staff and real estate agents. All on site staff are provided with the appropriate personal protective equipment (masks, gloves and sanitizers), temperature checks, daily and given regular safety awareness talks. Additionally, there has been mandatory onsite vaccinations and COVID-19 biweekly test for all the staff.

COVID-19 impact on measurement of ECL

IFRS 9 framework requires the estimation of Expected Credit Loss (“ECL”) based on current and forecasted economic conditions. In order to assess ECL under forecast economic conditions, the Group concluded that such situation is likely to lead to an increase in the Expected Credit Loss (ECL) from trade receivables. This is mainly due to the increase of the counterparty risk (risk of default) from commercial customers. The quantification of such increase in risk remains very difficult in the current uncertain environment. However, management has performed revised assessments and a total loss allowance of AED 29,606,806 has been accounted for in these financial statements. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

Liquidity management

The global market stress brought on by the COVID-19 crisis can negatively affect the liquidity. In this environment, the Group has taken measures to manage liquidity risk until the crisis is over. The Group’s credit and treasury department is closely monitoring the cash flows and forecasts.

(d) Ownership of Khalidiya Center

Management has recognised an investment property in the name of the shareholders in the consolidated statement of financial position. Under the nominee agreement between the Group and the shareholders, the shareholders have assigned the Group as the beneficiary owner of the property, in which all rights to use and operate the property are nominated to the Group including all the controlling rights, risks, and rewards for that property. For more details of the assigned property, please refer to Note 6.

(e) Fair value of property and equipment

The Group assess impairment of its property and equipment on a continuous basis by comparing the fair value of its property and equipment based on the latest valuation performed by independent external. This value will be compared to the carrying amount of buildings and properties under the property and equipment to ascertain any probable impairment in property and equipment.
4 Key estimates and judgments (continued)

(e) Fair value of property and equipment

Where property and equipment are determined to have a significant decline in fair value that could indicate impairment, the Group adjusts the carrying amount of buildings and properties under property and equipment to its recoverable amount/fair value as of the reporting date. The Management of the Group believes that buildings and properties are neither impaired nor significantly below their fair value. The Group performs a valuation of its investment properties every year. For details, please refer to Note 5.

(f) Useful life of the property plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property plant and equipment. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.
Private Department of SHH Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

5 Property and equipment

<table>
<thead>
<tr>
<th></th>
<th>Buildings and properties* AED</th>
<th>Furniture and fixtures AED</th>
<th>Office equipment AED</th>
<th>Motor vehicles AED</th>
<th>Capital work in progress AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 1 January 2019</strong></td>
<td>605,742,113</td>
<td>35,984,721</td>
<td>18,626,164</td>
<td>3,356,658</td>
<td>2,735,913</td>
<td>666,445,569</td>
</tr>
<tr>
<td>Additions</td>
<td>121,490,577</td>
<td>2,639,247</td>
<td>460,054</td>
<td>-</td>
<td>-</td>
<td>124,589,878</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>2,735,913</td>
<td>-</td>
<td>(2,735,913)</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation gain**</td>
<td>61,302,204</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>61,302,204</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td>788,534,894</td>
<td>38,623,968</td>
<td>21,822,131</td>
<td>3,356,658</td>
<td>-</td>
<td>852,337,651</td>
</tr>
<tr>
<td>Additions</td>
<td>46,324,346</td>
<td>901,820</td>
<td>139,721</td>
<td>97,143</td>
<td>1,151,397</td>
<td>48,614,427</td>
</tr>
<tr>
<td>Revaluation loss**</td>
<td>(7,962,087)</td>
<td></td>
<td>-</td>
<td>-</td>
<td>(7,962,087)</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31 December 2020</strong></td>
<td>826,897,153</td>
<td>39,525,788</td>
<td>21,961,852</td>
<td>3,453,801</td>
<td>1,151,397</td>
<td>892,989,991</td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 1 January 2019</strong></td>
<td>14,969,386</td>
<td>31,229,496</td>
<td>17,471,432</td>
<td>3,356,658</td>
<td>-</td>
<td>67,026,972</td>
</tr>
<tr>
<td>Charge for the year (Note 19)</td>
<td>15,110,963</td>
<td>2,709,647</td>
<td>1,196,400</td>
<td>-</td>
<td>-</td>
<td>19,017,010</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td>30,080,349</td>
<td>33,939,143</td>
<td>18,667,832</td>
<td>3,356,658</td>
<td>-</td>
<td>86,043,982</td>
</tr>
<tr>
<td>Charge for the year (Note 19)</td>
<td>16,407,713</td>
<td>2,521,746</td>
<td>1,432,053</td>
<td>13,493</td>
<td>-</td>
<td>20,375,005</td>
</tr>
<tr>
<td><strong>At 31 December 2020</strong></td>
<td>46,488,062</td>
<td>36,460,889</td>
<td>20,099,885</td>
<td>3,370,151</td>
<td>-</td>
<td>106,418,987</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 31 December 2020</strong></td>
<td>780,409,091</td>
<td>3,064,899</td>
<td>1,861,967</td>
<td>83,650</td>
<td>1,151,397</td>
<td>786,571,004</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td>758,454,545</td>
<td>4,684,825</td>
<td>3,154,299</td>
<td>-</td>
<td>-</td>
<td>766,293,669</td>
</tr>
</tbody>
</table>

(37)
5 Property and equipment (continued)

The depreciation charge has been allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct costs (Note 18)</td>
<td>16,407,713</td>
<td>15,110,963</td>
</tr>
<tr>
<td>General and administrative expenses (Note 19)</td>
<td>3,967,292</td>
<td>3,906,047</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,375,005</strong></td>
<td><strong>19,017,010</strong></td>
</tr>
</tbody>
</table>

*The buildings and properties category also consists of one building under development stated at fair value as at 31 December 2020 amounting to AED 253,942,500 (2019: 215,000,000). Please refer to Note 26 for capital commitments against this building under development.

All buildings and properties valued by an independent valuer in accordance with valuation standards issued by the Royal Institute of Chartered Surveyors and International Valuation Standards as at 31 December 2020 and 2019. The valuation has been arrived at by using an income valuation approach for completed buildings and the residual value method for the buildings and properties under development.

The fair value of the buildings and properties as at 31 December 2020 provided by the valuer was AED 780,409,091 (2019: AED 758,454,545) which resulted in a decrease in revaluation reserve by AED 137,742 during 2020 (2019: increase by AED 9,792,781). Please refer to Note 13 for more details.

All key assumptions used in the valuation, reflect market conditions as at the date of valuation, using transactional evidence in addition to general market knowledge of such properties in the local market (Note 3.3a).

At 31 December 2020, buildings and properties with carrying value of AED 746,909,091 (2019: AED 723,454,545) are mortgaged in favour of lenders against Ijarah Facility 1 (refer to Note 13 for more details on the loans).

The carrying value of the building at 31 December 2020 under the cost model would have been AED 862,174,550 (2019: AED 833,736,256).

During the year ended 31 December 2020, a loss of AED 7,824,346 (2019: gain of AED 51,509,423) was charged to the statement profit and loss as the original carrying amount of the asset exceeded its fair value. During the same year a loss of AED 137,742 (2019: gain of AED 9,792,781) was charged on the statement of other comprehensive income as a loss on the reserve previously recognised for the asset.
6 Investment properties (continued)

During the year ended 31 December 2020, the fair value of the investment properties was based on an external independent valuer’s report prepared in accordance with the valuation standards issued by the Royal Institute of Chartered Surveyors and International Valuation Standards. The future development costs as per consultants’ report and management estimations were assessed and accrued to carrying amount in order to evaluate the change in the fair value. Management estimates that this fair valuation is reliable and has adopted the valuation conclusions which showed a loss in fair value of AED 28,031,146 (2019: fair value loss of AED 23,132,316).

Movement of total investment properties at fair value:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 January</td>
<td>4,371,675,909</td>
<td>4,290,874,434</td>
</tr>
<tr>
<td>Additions from property under development</td>
<td>169,633,592</td>
<td>91,302,596</td>
</tr>
<tr>
<td>Borrowings costs capitalised</td>
<td>17,066,732</td>
<td>12,631,196</td>
</tr>
<tr>
<td>Revaluation loss</td>
<td>(28,031,146)</td>
<td>(23,132,317)</td>
</tr>
<tr>
<td></td>
<td>4,530,345,087</td>
<td>4,371,675,909</td>
</tr>
</tbody>
</table>

Investment properties in use at fair value

Movement of investment properties in use at fair value is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 January</td>
<td>3,749,745,456</td>
<td>3,858,427,274</td>
</tr>
<tr>
<td>Revaluation loss</td>
<td>(83,912,046)</td>
<td>(108,681,818)</td>
</tr>
<tr>
<td></td>
<td>3,665,833,410</td>
<td>3,749,745,456</td>
</tr>
</tbody>
</table>

Investment properties under development at fair value

Movement of investment properties under development at fair value is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 January</td>
<td>621,930,453</td>
<td>432,447,160</td>
</tr>
<tr>
<td>Additions</td>
<td>169,633,592</td>
<td>91,302,597</td>
</tr>
<tr>
<td>Borrowings cost capitalised</td>
<td>17,066,732</td>
<td>12,631,196</td>
</tr>
<tr>
<td>Revaluation gain</td>
<td>55,880,900</td>
<td>85,549,501</td>
</tr>
<tr>
<td></td>
<td>864,511,677</td>
<td>621,930,453</td>
</tr>
</tbody>
</table>

Investment properties under developments comprise of Waterfront Towers project and Khalidiya Gateway plots “A” and “B”. Please refer to Note 26 for capital commitments against these properties under development. As at 31 December 2020, none of these properties under development have been completed and no transfers have been made into completed investment properties.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

6 Investment properties (continued)


Borrowing costs capitalised pertain to Ijarah Facility 2 for the construction of the Waterfront project. As of 31 December 2020, interest on these facilities have been fully capitalised.

Operating lease income from investment properties for the year amounted to AED 275,310,739 (2019: AED 300,164,893.67). Related direct expenses amounted to AED 29,546,230 (2019: AED 30,121,797).

At 31 December 2020, investment properties with carrying value of AED 4,310,945,087 (2019: AED 4,151,675,909) are mortgaged in favour of lenders against Ijarah Facility 1, Ijarah Facility 2, and Term Loan 2 (refer to Note 13 for more details on the loans).

As per the loan agreements, the Group shall not create or subsist any of its security interest over any of its assets, including its mortgaged properties.

Khalidiya Center is held in the name of the shareholders of the Group for the beneficial ownership of the Group. There is a nominee agreement for this property for a total fair value of AED 424 million (2019: AED 425 million) and the management is in the process of transferring the title deed from the shareholders to the Group in 2021 (Note 4).

The Group has recognised accrued operating lease income related to the rental of the above residential and commercial investment properties:

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Accrued operating lease income (Note 7)</td>
<td>12,043,814</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>(2,257,488)</td>
</tr>
<tr>
<td></td>
<td>9,786,326</td>
</tr>
</tbody>
</table>

The accrued operating lease income primarily relates to the Group’s rights to consideration for lease rental services provided but not billed at the reporting date. The amount is transferred to receivables when the rights become unconditional. Accrued operating lease income decreased as the Group provided services that are not yet billed. The Group also recognised a loss allowance for accrued operating lease income in accordance with IFRS 9. See Note 7 for further information.

The Group has recognised the following unearned rental income to the rental of the above residential and commercial investment properties:

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Unearned rental income (Note 15)</td>
<td>77,779,063</td>
</tr>
</tbody>
</table>

The unearned rental income mainly relate to the advances received from customers in accordance with contract terms and conditions.
6 Investment properties (continued)

Investment properties with a carrying value of AED 3,665,833,410 (2019: AED 3,749,745,456) were fully completed and in use at the end of the reporting period. The properties are required to comply with the relevant health and safety and other environmental requirements, subject to ongoing self-certification and periodic inspections from independent oversight bodies, in order to continue in operation. Management considers that the Group’s completed properties comply with substantially all the relevant requirements, and based on the Group’s historical experience, all properties are expected to continue to be approved for ongoing use.

The properties under development require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, compliance with environmental regulations and other matters. Based on the Group’s historical experience with similar developments in similar locations, all relevant permits and approvals are expected to be obtained, but the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Group.

The Group manages risks around the assets which it leases out to tenants by ensuring that vacancy rates are kept to a minimum and rentals are negotiated at optimal terms and conditions. The Group manages vacancy rates by adjusting rental rates according to market conditions. In addition, the Group manages the underlying operational condition of the assets to ensure that optimal rates can be obtained. These factors coupled together assist the Group in ensuring that the risks regarding the assets are managed appropriately.

7 Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>50,079,423</td>
<td>45,773,870</td>
</tr>
<tr>
<td>Accrued operating lease income (Note 6)</td>
<td>12,043,814</td>
<td>35,013,509</td>
</tr>
<tr>
<td>Less: provision for impairment on trade receivables and accrued income</td>
<td>(29,606,806)</td>
<td>(18,385,047)</td>
</tr>
<tr>
<td>Prepayments</td>
<td>826,692</td>
<td>5,333,130</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>1,570,547</td>
<td>1,573,547</td>
</tr>
<tr>
<td>Other receivables</td>
<td>23,298,090</td>
<td>15,887,457</td>
</tr>
<tr>
<td>Total</td>
<td>58,211,760</td>
<td>85,196,466</td>
</tr>
</tbody>
</table>

At 31 December 2020, the Group had a significant concentration of credit risk, with 1 customer representing 10% (2019: 1 customer accounting for 36%) of trade receivables and accrued operating lease income outstanding at that date. Management is confident that this concentration of credit risk will not result in any loss to the Group considering the credit history of this customer.

As of 31 December 2020, trade receivables and accrued operating lease income of AED 32,516,431 (2019: AED 62,402,332) were fully performing which the Group has not provided for, as there has not been a significant change in the credit quality and the amounts are considered recoverable.
7 Trade and other receivables (continued)

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued operating lease income.

To measure the expected credit losses, trade receivables and accrued operating lease income have been grouped based on shared credit risk characteristics and the days past due. The accrued operating lease income relate to renewed contracts but not billed have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the accrued operating lease income.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the UAE in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2020 was determined as follows for both trade receivables and accrued operating lease income:

<table>
<thead>
<tr>
<th>Past due nor impaired</th>
<th>Total AED</th>
<th>1 - 90 days AED</th>
<th>91 - 180 days AED</th>
<th>181 - 365 days AED</th>
<th>More than 365 days AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2020 Expected credit loss rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated total gross carrying amount at default</td>
<td>62,123,237</td>
<td>16,791,807</td>
<td>5,102,009</td>
<td>9,839,470</td>
<td>30,389,951</td>
</tr>
<tr>
<td>Expected credit loss</td>
<td>(29,606,806)</td>
<td>(3,551,000)</td>
<td>(2,167,113)</td>
<td>(4,175,040)</td>
<td>(19,713,653)</td>
</tr>
<tr>
<td></td>
<td>32,516,431</td>
<td>13,240,807</td>
<td>2,934,896</td>
<td>5,664,430</td>
<td>10,676,298</td>
</tr>
</tbody>
</table>
7 Trade and other receivables (continued)

<table>
<thead>
<tr>
<th>Past due nor impaired</th>
<th>1 – 90 days</th>
<th>91 –180 days</th>
<th>181 –365 days</th>
<th>More than 365 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total AED</td>
<td>1,000,000 AED</td>
<td>1,000,000 AED</td>
<td>1,000,000 AED</td>
<td>1,000,000 AED</td>
</tr>
<tr>
<td>31 December 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected credit loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2%</td>
<td>10%</td>
<td>83%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Estimated total gross carrying amount at default</td>
<td>80,787,379</td>
<td>48,472,427</td>
<td>16,157,476</td>
<td>2,423,621</td>
</tr>
<tr>
<td>Expected credit loss</td>
<td>(18,385,047)</td>
<td>(969,449)</td>
<td>(1,681,743)</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td></td>
<td>62,402,332</td>
<td>47,502,978</td>
<td>14,475,733</td>
<td>423,621</td>
</tr>
</tbody>
</table>

Trade receivables and accrued operating lease income are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and accrued operating lease income are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Movement in the provision for impairment of trade receivable:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>At 1 January</td>
<td>18,385,047</td>
<td>17,783,255</td>
</tr>
<tr>
<td>Add: Addition during the year</td>
<td>11,296,059</td>
<td>3,865,193</td>
</tr>
<tr>
<td>Less: Reversal during the year</td>
<td>(74,300)</td>
<td>(3,263,401)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>29,606,806</td>
<td>18,385,047</td>
</tr>
</tbody>
</table>

(43)
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements for the year ended 31 December 2020 (continued)

8 Cash and bank balances

### Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>250,635</td>
<td>281,597</td>
</tr>
<tr>
<td>Cash at banks</td>
<td>21,189,517</td>
<td>22,327,540</td>
</tr>
<tr>
<td>Fixed deposits below 3 months</td>
<td>11,048,730</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,488,882</strong></td>
<td><strong>22,609,137</strong></td>
</tr>
</tbody>
</table>

### Margin and bank deposits

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed deposit above 3 months</td>
<td>10,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Margin deposits</td>
<td>375,038</td>
<td>368,375</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10,375,038</strong></td>
<td><strong>368,375</strong></td>
</tr>
</tbody>
</table>

For the purpose of the statement of cash flow, cash and bank balances comprise of:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>32,488,882</td>
<td>22,609,137</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>(24,463,688)</td>
<td>(26,733,414)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,025,194</td>
<td>(4,124,277)</td>
</tr>
</tbody>
</table>

Bank overdraft represents a credit facility with a limit of AED 35 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2014. The overdraft facility is at an applicable facility commission rate of 3.75% over 3 months EIBOR per annum.

Fixed deposits below 3 months represent three Wakala deposits placed by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2020 that are auto renewable on a monthly basis. As of 31 December 2020, two of the deposits amounting to AED 9,039,870 have an expected fixed profit rate of 1.75% per annum while the third deposit amounting AED 2,008,860 has an expected profit rate 4% per annum.

Fixed deposit above 3 months represent one Wakala deposit placed by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2020. As of 31 December 2020, the deposit has an expected fixed profit rate of 4% per annum.

As at 31 December 2020, interest income on the fixed deposits amounted to AED 164,139 (2019: AED nil).

Margin deposits were held as security against certain guarantees issued by the bank in the ordinary course of business.
Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

9 Share capital

The share capital of the Group comprises 11,800,000 authorised, issued and fully paid shares of AED 1 each.

The share capital is allocated as follows:

<table>
<thead>
<tr>
<th>Name of Shareholder</th>
<th>Number of shares</th>
<th>% of ownership</th>
<th>Value AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheikh Khalifa Bin Mohamed Bin Khalid Bin Sultan Alnehayan</td>
<td>1,700,000</td>
<td>14%</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Sheikh Sultan Bin Mohd Bin Khalid Alnehayan</td>
<td>1,700,000</td>
<td>14%</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Sheikh Hamdan Mohamed Khalid Alnehayan</td>
<td>1,700,000</td>
<td>14%</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Sheikha Hamda Mohamed Khalifa Alnehayan</td>
<td>750,000</td>
<td>6%</td>
<td>750,000</td>
</tr>
<tr>
<td>Sheikha Shamma Mohammed Khalid Alnahayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Rawdha Mohamed Khalid Alnahayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Maryam Mohd Khaled Almahyan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Salama Mohammed Khalid Almahyan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Mouza Mohd K Al Nehayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Shaikha Mohamed Khalid Sultan Al Nahyan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Maytha Mohd Khalid Almahyan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
</tbody>
</table>

11,800,000 | 100% | 11,800,000 |

10 Legal reserve

In accordance with the Articles of Association of the Group and in line with the provisions of Article 103 of UAE Federal Law No. 2 of 2015 ("Companies Law"), the Group entities are required to transfer annually to a statutory reserve account an amount equals to 10% of its net profit at each entity level, until such reserve reaches 50% of the respective entity’s share capital.

11 General reserve

The general reserve represents the value of all asset net of its attached liabilities inherited in prior years by the shareholders from the estates of the late H.E. Sheikh Mohammed Bin Khalid Al Nahyan and the late H.E. Sheikha Mouza Bint Buti Bin Khalifa Al Kubeisi and transferred to the Department. This reserve is not available for distribution.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

12 Revaluation reserve

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Beginning balance</td>
<td>14,606,383</td>
<td>4,813,602</td>
</tr>
<tr>
<td>Revaluation of property and equipment (Note 5)</td>
<td>(137,742)</td>
<td>9,792,781</td>
</tr>
<tr>
<td>At 31 December</td>
<td>14,468,641</td>
<td>14,606,383</td>
</tr>
</tbody>
</table>

As at 31 December 2020 and 2019, the above revaluation reserve is not available for distribution to shareholders.

13 Bank borrowings

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>At 1 January</td>
<td>1,917,959,444</td>
<td>1,741,298,147</td>
</tr>
<tr>
<td>Additions</td>
<td>209,380,499</td>
<td>202,341,307</td>
</tr>
<tr>
<td>Interest charged during the year</td>
<td>76,484,413</td>
<td>101,243,818</td>
</tr>
<tr>
<td>Repayment during the year</td>
<td>(58,922,218)</td>
<td>(126,923,828)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>2,144,902,138</td>
<td>1,917,959,444</td>
</tr>
<tr>
<td>Current</td>
<td>65,185,782</td>
<td>57,544,583</td>
</tr>
<tr>
<td>Non current</td>
<td>2,079,716,356</td>
<td>1,860,414,861</td>
</tr>
<tr>
<td></td>
<td>2,144,902,138</td>
<td>1,917,959,444</td>
</tr>
</tbody>
</table>

The Group currently has borrowing arrangements with local banks that comprise of:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Ijarah Facility 1</td>
<td>1,372,685,486</td>
<td>1,350,191,323</td>
</tr>
<tr>
<td>Ijarah Facility 2</td>
<td>274,011,714</td>
<td>142,452,001</td>
</tr>
<tr>
<td>Term Loan 1</td>
<td>-</td>
<td>191,947,176</td>
</tr>
<tr>
<td>Term Loan 2</td>
<td>90,991,356</td>
<td>100,951,860</td>
</tr>
<tr>
<td>Term Loan 3</td>
<td>-</td>
<td>93,000,000</td>
</tr>
<tr>
<td>Term Loan 4</td>
<td>-</td>
<td>33,417,084</td>
</tr>
<tr>
<td>Term Loan 5</td>
<td>391,109,437</td>
<td>-</td>
</tr>
<tr>
<td>Term Loan 6</td>
<td>10,104,145</td>
<td>-</td>
</tr>
<tr>
<td>Term Loan 7</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td></td>
<td>2,144,902,138</td>
<td>1,917,959,444</td>
</tr>
</tbody>
</table>
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

13 Bank Borrowings (continued)

Ijarah Facility 1: represents an Ijarah facility amounting to AED 1,350 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2017 and is repayable through 19 quarterly instalments with first instalment being on 31 March 2023 and amounting to AED 25,000,000. Final instalment is scheduled on 30 September 2027. The profit rate is 2.75% plus 3 months EIBOR.

Ijarah Facility 2: represents an Ijarah facility with a ceiling of AED 605 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2017 to construct the Waterfront Towers project repayable through 28 quarterly instalments with first instalment being on 30 September 2021 and final instalment is scheduled on 30 June 2028. The profit rate is 2.75% plus 3 months EIBOR. Interest on this facility has been fully capitalised into investment properties under development.

Term loan 1: represents a loan with a ceiling of AED 220 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2015. The loan is at a rate of 3 months EIBOR plus 2.75% per annum and is repayable through 40 quarterly instalments with first instalment being six months from the start of operations. Interest on this facility has been fully capitalised into investment properties under development. On 12 February 2020, the outstanding utilization plus the accrued interest on the loan was combined and included as part a new term facility. For more details, please refer to the below details on Term Loan 5.

Term loan 2: represents a loan amounting to AED 202 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2002 and is repayable through annual fixed instalments of AED 11,100,000 inclusive of interest.

Term loan 3: represents a loan with a ceiling of AED 120 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") the year ended 31 December 2017. The loan is at a rate of 3 months EIBOR plus 2.75% per annum and is repayable through 39 equal quarterly instalments with first instalment being on the 31 December 2017. On 12 February 2020, the outstanding utilization plus the accrued interest on the loan was combined and included as part a new term facility. For more details, please refer to the below details on Term Loan 5.

Term loan 4: represents a loan amounting to AED 33 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2019 at a rate of 7% per annum. On 12 February 2020, this loan and its accrued interest was taken over by Abu Dhabi Commercial Bank, and included as part of Term Loan 5. For more details, please refer to the below details on Term Loan 5.
13 Bank Borrowings (continued)

Term loan 5: represents a commercial facility loan obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2020. On 12 February 2020, the Parent Company entered into a new 2 year facility agreement with Abu Dhabi Commercial Bank for which the bank has taken over the Parent Company’s outstanding balance and accrued interest of Term Loan 4 with Finance House (AED 33 million plus accrued interest) as well as the outstanding utilization and accrued interest of Term Loan 1 and 3 (AED 191 million and AED 93 million, respectively). The total outstanding balances were combined and a new commercial facility loan with a ceiling of AED 420 million was obtained at a rate of 3 months EIBOR plus 2.75% per annum and is repayable through 8 quarterly instalments with the first instalment being on 31 March 2020.

Term loan 6: represents a Murabaha facility loan obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2020 on 26 October 2020. The loan is at a profit rate of 5.75% per annum and is repayable through annual 24 fixed instalments including interest rates starting from 21 January 2021.

Term loan 7: represents a Murabaha term finance loan obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2017. The loan is at a fixed profit rate of 6.5% per annum and is repayable on 25 December 2022 in a bullet payment amounting to AED 7,950,000 including interest.

There were several financial covenants attached to the interest-bearing loans and Ijarah facilities. Please refer to Note 3.2 for more details.

14 Provision for employees’ end of service benefits

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>8,730,564</td>
<td>8,581,534</td>
</tr>
<tr>
<td>Charge for the year (Note 20)</td>
<td>1,053,550</td>
<td>1,232,939</td>
</tr>
<tr>
<td>Payments</td>
<td>(518,000)</td>
<td>(1,083,909)</td>
</tr>
<tr>
<td>Balance at 31 December</td>
<td>9,266,114</td>
<td>8,730,564</td>
</tr>
</tbody>
</table>

Principal assumptions used in determining benefit obligations for the Group are shown below:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Discount rate</td>
<td>0.77</td>
<td>3.45</td>
</tr>
<tr>
<td>Salary increase rate</td>
<td>4.80</td>
<td>4.80</td>
</tr>
<tr>
<td>Normal retirement age (years)</td>
<td>60</td>
<td>60</td>
</tr>
</tbody>
</table>

Management believes that no reasonably possible change in any of the above assumptions would cause a material change in the carrying value.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

14 Provision for employees’ end of service benefits (continued)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

15 Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>13,341,511</td>
<td>24,384,967</td>
</tr>
<tr>
<td>Unearned rental income</td>
<td>77,779,063</td>
<td>86,956,205</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>9,692,657</td>
<td>9,231,146</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>4,873,189</td>
<td>5,501,520</td>
</tr>
<tr>
<td>Staff payables</td>
<td>4,350,703</td>
<td>656,310</td>
</tr>
<tr>
<td>Other payables</td>
<td>4,865,356</td>
<td>2,149,513</td>
</tr>
<tr>
<td></td>
<td>114,902,479</td>
<td>128,879,661</td>
</tr>
</tbody>
</table>

16 Related party balances and transactions

Related parties represent major shareholders, directors, key management personnel of the Group, and entities owned by the shareholders of the Group. All transactions with related parties are at arm’s length.

Balances with related parties included in the statement of financial position are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Due from related parties:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotana affiliate companies</td>
<td>198,990</td>
<td>97,507</td>
</tr>
<tr>
<td>Rotana Hotel Management Corporation Corporation (operator of Al Khalidiya Palace Rayhaan Hotel)*</td>
<td>101,014</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>300,004</td>
<td>97,507</td>
</tr>
<tr>
<td>Due to related parties:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Square General Contracting Co LLC</td>
<td>62,831,592</td>
<td>41,018,419</td>
</tr>
<tr>
<td>Shareholders</td>
<td>2,240,857</td>
<td>2,512,706</td>
</tr>
<tr>
<td>Rotana Hotel Management Corporation (operator of Al Khalidiya Palace Rayhaan Hotel)*</td>
<td>87,576</td>
<td>273,823</td>
</tr>
<tr>
<td>Al Samadi Sweets</td>
<td>29,721</td>
<td>8,340</td>
</tr>
<tr>
<td>Rotana affiliate hotels</td>
<td>23,342</td>
<td>98,628</td>
</tr>
<tr>
<td>Al Khalidia Airconditioning &amp; Refrigeration LLC</td>
<td>13,178</td>
<td>-</td>
</tr>
<tr>
<td>Khalidia International Shipping</td>
<td>-</td>
<td>7,784</td>
</tr>
<tr>
<td></td>
<td>65,226,266</td>
<td>43,919,700</td>
</tr>
</tbody>
</table>

(49)
16 Related party balances and transactions (continued)

During the year ended 31 December 2020, the Group declared and recorded dividends of AED 13.39 per share amounting to AED 157,962,710 (2019: AED 12.53 per share amounting to AED 147,812,111).

*Rotana Hotel Management Corporation ("the Operator") is the managing operator of Al Khalidiya Palace Rayhaan Hotel and the transactions disclosed relate to management fees and other related costs charged from/to the operator.

Compensation of key management personnel

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and allowances</td>
<td>7,784,645</td>
<td>7,901,432</td>
</tr>
<tr>
<td>Other benefits</td>
<td>108,000</td>
<td>108,000</td>
</tr>
<tr>
<td>Number of key management personnel</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

17 Revenue

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease income</td>
<td>280,063,417</td>
<td>303,860,235</td>
</tr>
<tr>
<td>Room revenue</td>
<td>33,468,152</td>
<td>52,399,080</td>
</tr>
<tr>
<td>F&amp;B revenue</td>
<td>10,938,352</td>
<td>26,002,179</td>
</tr>
<tr>
<td>Recreation revenue</td>
<td>2,003,400</td>
<td>2,804,280</td>
</tr>
<tr>
<td>Other revenue</td>
<td>5,361,987</td>
<td>8,854,462</td>
</tr>
<tr>
<td></td>
<td>331,835,308</td>
<td>393,920,236</td>
</tr>
</tbody>
</table>

Disaggregation of revenue from contracts with customers

The Group derives revenue from performance obligations over time except for F&B which is at a point in time.

18 Direct costs

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities expenses</td>
<td>16,359,682</td>
<td>16,377,189</td>
</tr>
<tr>
<td>Depreciation expenses (Note 5)</td>
<td>16,407,713</td>
<td>15,110,963</td>
</tr>
<tr>
<td>Staff costs (Note 20)</td>
<td>10,842,520</td>
<td>14,256,763</td>
</tr>
<tr>
<td>F&amp;B cost</td>
<td>3,406,438</td>
<td>8,091,444</td>
</tr>
<tr>
<td>Security expenses</td>
<td>2,461,799</td>
<td>2,753,400</td>
</tr>
<tr>
<td>Cleaning expenses</td>
<td>2,424,624</td>
<td>2,132,747</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>2,367,562</td>
<td>2,527,911</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>1,649,190</td>
<td>1,295,302</td>
</tr>
<tr>
<td>Building works expenses</td>
<td>1,305,848</td>
<td>2,337,046</td>
</tr>
<tr>
<td>Service costs</td>
<td>806,025</td>
<td>1,567,666</td>
</tr>
<tr>
<td>Other expenses</td>
<td>4,293,565</td>
<td>4,212,889</td>
</tr>
<tr>
<td></td>
<td>62,324,966</td>
<td>70,663,320</td>
</tr>
</tbody>
</table>
### 19 General and administrative expenses

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>2020 AED</th>
<th>2019 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs (Note 20)</td>
<td>31,703,542</td>
<td>35,449,022</td>
</tr>
<tr>
<td>Utility expenses</td>
<td>5,185,145</td>
<td>6,092,744</td>
</tr>
<tr>
<td>Depreciation expenses (Note 5)</td>
<td>3,967,292</td>
<td>3,906,047</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>2,041,943</td>
<td>1,128,873</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>1,684,188</td>
<td>2,239,994</td>
</tr>
<tr>
<td>Professional fees</td>
<td>1,603,208</td>
<td>792,204</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>1,560,096</td>
<td>1,721,599</td>
</tr>
<tr>
<td>IT expenses</td>
<td>1,341,144</td>
<td>1,460,801</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,220,238</td>
<td>1,232,523</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,117,709</td>
<td>1,247,751</td>
</tr>
<tr>
<td>Credit card commissions</td>
<td>518,525</td>
<td>869,159</td>
</tr>
<tr>
<td>Communication expenses</td>
<td>266,604</td>
<td>382,576</td>
</tr>
<tr>
<td>Charity expenses</td>
<td>88,415</td>
<td>136,251</td>
</tr>
<tr>
<td>Government fees</td>
<td>66,531</td>
<td>6,081,212</td>
</tr>
<tr>
<td>Other</td>
<td>9,535,290</td>
<td>10,636,176</td>
</tr>
<tr>
<td><strong>Total General and administrative expenses</strong></td>
<td><strong>61,899,870</strong></td>
<td><strong>73,376,932</strong></td>
</tr>
</tbody>
</table>

### 20 Staff costs

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>2020 AED</th>
<th>2019 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and allowances</td>
<td>33,135,606</td>
<td>35,842,834</td>
</tr>
<tr>
<td>End of service benefits (Note 14)</td>
<td>1,053,550</td>
<td>1,232,939</td>
</tr>
<tr>
<td>Other employees’ benefits</td>
<td>9,673,589</td>
<td>14,207,229</td>
</tr>
<tr>
<td><strong>Total Staff costs</strong></td>
<td><strong>43,862,745</strong></td>
<td><strong>51,283,002</strong></td>
</tr>
</tbody>
</table>

Staff costs are allocated as follows:

- **Direct costs (Note 18)**: 10,842,520 (2020), 14,256,763 (2019)
- **Marketing & selling expenses (Note 21)**: 1,316,683 (2020), 1,577,221 (2019)

**Total Staff costs allocated**: 43,862,745 (2020), 51,283,002 (2019)
Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

21 Marketing & selling expenses

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissions</td>
<td>1,896,442</td>
<td>4,916,739</td>
</tr>
<tr>
<td>Staff costs (Note 20)</td>
<td>1,316,683</td>
<td>1,577,217</td>
</tr>
<tr>
<td>Representation expenses</td>
<td>743,424</td>
<td>908,509</td>
</tr>
<tr>
<td>Loyalty program</td>
<td>715,870</td>
<td>593,961</td>
</tr>
<tr>
<td>Franchise fees</td>
<td>464,617</td>
<td>920,649</td>
</tr>
<tr>
<td>Media expenses</td>
<td>147,671</td>
<td>369,086</td>
</tr>
<tr>
<td>Others</td>
<td>97,732</td>
<td>69,410</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,382,439</td>
<td>9,355,571</td>
</tr>
</tbody>
</table>

22 Finance cost

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans</td>
<td>59,417,681</td>
<td>88,612,621</td>
</tr>
<tr>
<td>Interest on bank overdraft</td>
<td>925,974</td>
<td>1,100,473</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>60,343,655</td>
<td>89,713,094</td>
</tr>
</tbody>
</table>

23 Derivative financial instruments

Derivative financial instruments consist of four interest rate swap arrangements entered with a counter-party bank for a notional amount that mirrors the draw down and repayment schedule of Ijara Term Loan 1 (please refer to Note 13). However, the Group does not apply hedge accounting in accordance with IFRS 9 and gains or losses on derivatives are recognised in profit or loss in net change in fair value of financial instruments at FVPL.

The notional amounts outstanding for all the derivative contracts as at 31 December 2020 were AED 1,350 million (31 December 2019: AED 855 million).

At 31 December 2020, the fixed rate is 0.25% per annum. The derivative instruments had negative fair values amounting to AED 35,091,559 as at 31 December 2020 (31 December 2019: AED 48,975,413).

The movement in derivative financial instruments is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>48,975,413</td>
<td>9,157,842</td>
</tr>
<tr>
<td>(Gain)/loss recognized during the year</td>
<td>(13,883,854)</td>
<td>39,817,571</td>
</tr>
<tr>
<td>At 31 December</td>
<td>35,091,559</td>
<td>48,975,413</td>
</tr>
</tbody>
</table>
23 Derivative financial instruments (continued)

Derivative financial instruments are allocated in the statement of financial position as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Current</td>
<td>35,091,559</td>
<td>48,975,413</td>
</tr>
</tbody>
</table>

24 Basic earnings per share

Basic earnings per share for the year are calculated by dividing profit for the year by the weighted average number of ordinary shares outstanding during the year. Please refer to Note 16 for details regarding dividend earning per share.

The following reflects the income and share data used in the earnings per share computations:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year attributable to the ordinary equity holders of the Group (AED)</td>
<td>111,450,988</td>
<td>136,949,460</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue</td>
<td>11,800,000</td>
<td>11,800,000</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>9.44</td>
<td>11.61</td>
</tr>
</tbody>
</table>

25 Segmental information

Management has determined the operating segments based on the reports reviewed by the Managing Director (Chief Operating Decision Maker) in making strategic decisions.

The Managing Director considers the business based on the following operating segments:

- UAE - Real estate: includes management of real estate, land purchase, sale and rental housing units.
- UAE - Hospitality: includes basic hotel services.

The operating segments derive their revenue primarily from operating lease income from lessees. All of the Group’s business activities and operating segments are reported within the above segments.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit.

Transfer prices between operating segments are on an arm’s (length basis in a manner similar to transactions with third parties.
Notes to the consolidated financial statements
for the year ended 31 December 2020 (continued)

25 Segmental information (continued)

The segment information provided to the Managing Director for the operating segments, (which also represent the reportable segments) for the year ended 31 December 2020 and 2019 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>UAE - Real Estate AED</th>
<th>UAE - Hospitality AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended 31 December 2020</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue*</td>
<td>278,582,823</td>
<td>53,252,485</td>
<td>331,835,308</td>
</tr>
<tr>
<td>Direct costs</td>
<td>(29,546,232)</td>
<td>(32,778,734)</td>
<td>(62,324,966)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>249,036,591</td>
<td>20,473,751</td>
<td>269,510,342</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(40,145,211)</td>
<td>(21,754,659)</td>
<td>(61,899,870)</td>
</tr>
<tr>
<td>Marketing and selling</td>
<td>-</td>
<td>(5,382,439)</td>
<td>(5,382,439)</td>
</tr>
<tr>
<td>Management incentive fee</td>
<td>-</td>
<td>(591,773)</td>
<td>(591,773)</td>
</tr>
<tr>
<td>Net impairment losses on financial assets</td>
<td>(11,124,801)</td>
<td>(96,958)</td>
<td>(11,221,759)</td>
</tr>
<tr>
<td>Unrealised loss/gain on revaluation of investment properties</td>
<td>(28,031,146)</td>
<td>-</td>
<td>(28,031,146)</td>
</tr>
<tr>
<td>Unrealised gain / (loss) on revaluation of property and equipment</td>
<td>(7,824,346)</td>
<td>-</td>
<td>(7,824,346)</td>
</tr>
<tr>
<td>Other income</td>
<td>3,351,780</td>
<td>-</td>
<td>3,351,780</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>165,262,867</td>
<td>(7,352,078)</td>
<td>157,910,789</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(60,343,655)</td>
<td>-</td>
<td>(60,343,655)</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments in cash flow hedges</td>
<td>13,883,854</td>
<td>-</td>
<td>13,883,854</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>118,803,066</td>
<td>(7,352,078)</td>
<td>111,450,988</td>
</tr>
</tbody>
</table>

**Other comprehensive income**

*Items that will not be reclassified to profit or loss*

Revaluation of property and equipment | - | (137,742) | (137,742)

**Total comprehensive income for the year**

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>118,803,066</td>
<td>(7,489,820)</td>
<td>111,313,246</td>
</tr>
</tbody>
</table>

*Total revenue includes revenue from contracts with customers and rental income.*
25 Segmental information (continued)

<table>
<thead>
<tr>
<th></th>
<th>UAE – Real Estate AED</th>
<th>UAE – Hospitality AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>301,855,384</td>
<td>92,064,852</td>
<td>393,920,236</td>
</tr>
<tr>
<td><strong>Direct costs</strong></td>
<td>(30,121,801)</td>
<td>(40,541,519)</td>
<td>(70,663,320)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>271,733,583</td>
<td>51,523,333</td>
<td>323,256,916</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(46,039,042)</td>
<td>(27,337,890)</td>
<td>(73,376,932)</td>
</tr>
<tr>
<td>Marketing and selling</td>
<td>-</td>
<td>(9,355,571)</td>
<td>(9,355,571)</td>
</tr>
<tr>
<td>Management incentive fee</td>
<td>-</td>
<td>(2,091,461)</td>
<td>(2,091,461)</td>
</tr>
<tr>
<td><strong>Net impairment losses on financial assets</strong></td>
<td>(486,809)</td>
<td>(114,983)</td>
<td>(601,792)</td>
</tr>
<tr>
<td>Unrealised loss/gain on revaluation of investment properties</td>
<td>(23,132,317)</td>
<td>-</td>
<td>(23,132,317)</td>
</tr>
<tr>
<td>Unrealised gain/(loss) on revaluation of property and equipment</td>
<td>51,509,423</td>
<td>-</td>
<td>51,509,423</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>271,859</td>
<td>-</td>
<td>271,859</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>253,856,697</td>
<td>12,623,428</td>
<td>266,480,125</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(89,713,094)</td>
<td>-</td>
<td>(89,713,094)</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments in cash flow hedges</td>
<td>(39,817,571)</td>
<td>-</td>
<td>(39,817,571)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>124,326,032</td>
<td>12,623,428</td>
<td>136,949,460</td>
</tr>
</tbody>
</table>

**Other comprehensive income**

*Items that will not be reclassified to profit or loss*

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation of property and equipment</td>
<td>-</td>
<td>9,792,781</td>
<td>9,792,781</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td>124,326,032</td>
<td>22,416,209</td>
<td>146,742,241</td>
</tr>
</tbody>
</table>

*Total revenue includes revenue from contracts with customers and rental income.*
### Segmental information (continued)

The segment assets and liabilities were as follows:

<table>
<thead>
<tr>
<th></th>
<th>UAE - Real Estate AED</th>
<th>UAE - Hospitality AED</th>
<th>Elimination AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended 31 December 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>4,836,916,091</td>
<td>480,000,000</td>
<td>-</td>
<td>5,316,916,091</td>
</tr>
<tr>
<td>Current assets</td>
<td>319,518,855</td>
<td>22,681,156</td>
<td>(239,524,950)</td>
<td>102,675,061</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,156,434,946</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td>(239,524,950)</td>
<td>5,419,591,152</td>
</tr>
<tr>
<td></td>
<td>2,610,696,040</td>
<td>17,496,124</td>
<td>(234,339,920)</td>
<td>2,393,852,244</td>
</tr>
<tr>
<td><strong>Year ended 31 December 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>4,642,969,578</td>
<td>495,000,000</td>
<td>-</td>
<td>5,137,969,578</td>
</tr>
<tr>
<td>Current assets</td>
<td>327,587,707</td>
<td>23,276,505</td>
<td>(241,247,222)</td>
<td>109,616,990</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,970,557,285</td>
</tr>
<tr>
<td>Liabilities</td>
<td>2,393,168,913</td>
<td>16,580,418</td>
<td>(234,551,135)</td>
<td>2,175,198,196</td>
</tr>
</tbody>
</table>

The Group operates from its base in the United Arab Emirates and accordingly no further geographical analysis of revenues, profit, fair value gains, assets and liabilities is given.

### Contingencies and commitments

<table>
<thead>
<tr>
<th></th>
<th>2020 AED</th>
<th>2019 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of guarantee</td>
<td>12,133,000</td>
<td>333,000</td>
</tr>
</tbody>
</table>

As at 31 December 2020, the Group has capital commitments of AED 342 million (2019: AED 533 million) towards construction of investment properties under construction.
27 Financial instruments by category

Financial assets at amortized cost

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from related parties</td>
<td>300,004</td>
<td>97,507</td>
</tr>
<tr>
<td>Trade and other receivables*</td>
<td>57,385,068</td>
<td>79,863,336</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>42,863,920</td>
<td>22,977,512</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,548,992</strong></td>
<td><strong>102,938,355</strong></td>
</tr>
</tbody>
</table>

Financial liabilities at amortized cost

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>2,144,902,138</td>
<td>1,917,959,444</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>65,226,266</td>
<td>43,919,700</td>
</tr>
<tr>
<td>Trade and other payables*</td>
<td>37,123,416</td>
<td>41,923,456</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,247,251,820</strong></td>
<td><strong>2,003,802,600</strong></td>
</tr>
</tbody>
</table>

Derivative financial instruments:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derivative financial liability</td>
<td>35,091,559</td>
<td>48,975,413</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,282,343,379</strong></td>
<td><strong>2,052,778,013</strong></td>
</tr>
</tbody>
</table>

*For the purpose of financial instruments disclosure, non-financial assets amounting to AED 826,692 (2019: AED 5,333,130) have been excluded from trade and other receivables and non-financial liabilities amounting to AED 77,779,063 (2019: AED 86,956,205) have been excluded from trade and other payables.

28 Net debt reconciliation

The sections sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>42,863,920</td>
<td>22,977,512</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>(2,144,902,138)</td>
<td>(1,917,959,444)</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>(2,102,038,218)</td>
<td>(1,894,981,932)</td>
</tr>
</tbody>
</table>

Cash and bank balances | 42,863,920 | 22,977,512 |
Gross debt – variable interest rates | (2,037,806,637) | (1,777,590,500) |
Gross debt – fixed interest rates | (107,095,501) | (140,368,944) |
**Net debt**         | (2,102,038,218) | (1,894,981,932) |
### 28 Net debt reconciliation (continued)

<table>
<thead>
<tr>
<th></th>
<th>Cash and bank balances AED</th>
<th>Bank borrowings AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt as at 1 January 2019</td>
<td>38,191,852</td>
<td>(1,741,298,147)</td>
<td>(1,703,106,295)</td>
</tr>
<tr>
<td>Cash flows</td>
<td>(15,214,340)</td>
<td>25,680,010</td>
<td>10,465,670</td>
</tr>
<tr>
<td>Net debt as at 31 December 2019</td>
<td>22,977,512</td>
<td>(1,917,959,444)</td>
<td>(1,894,981,932)</td>
</tr>
<tr>
<td>Additions/interest</td>
<td>-</td>
<td>(209,380,499)</td>
<td>(209,380,499)</td>
</tr>
<tr>
<td>Cash flows</td>
<td>19,886,408</td>
<td>(17,562,195)</td>
<td>2,324,213</td>
</tr>
<tr>
<td>Net debt as at 31 December 2020</td>
<td>42,863,920</td>
<td>(2,144,902,138)</td>
<td>(2,102,038,218)</td>
</tr>
</tbody>
</table>
Independent auditor’s report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the "Department") and its subsidiary (together referred to as the "Group") as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.
Independent auditor’s report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Report on the audit of the consolidated financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises of the Directors’ report (but does not include the consolidated financial statements and our auditor’s report thereon) which we obtained prior to the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information which we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The comparative information as at 1 January 2018 has not been audited.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
Independent auditor’s report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
Independent auditor’s report to the shareholders of Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2019:

(i) we have obtained all the information we considered necessary for the purposes of our audit;
(ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
(iii) the Group has maintained proper books of account;
(iv) the financial information included in the Directors’ report is consistent with the books of account of the Group;
(v) as disclosed in Note 1 to the consolidated financial statements the Group disclose the Group’s investments in shares during the year ended 31 December 2019;
(vi) Note 16 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
(vii) as disclosed in Note 1, there were no social contributions made during the year; and
(viii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Department’s Articles of Association which would materially affect its activities or its financial position as at 31 December 2019.

PricewaterhouseCoopers

22 March 2021

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates
Private Department of Shk Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of financial position

| Note | ASSETS | | |  | | | | | | | | 2019 | 2018 | 2018 |
|------|--------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
|      |        |  |  |  |  |  |  |  |  |  |  |  | AED | AED | AED |
|      | Non-current assets | | | | | | | | | | | | | | | |
| 5    | Property and equipment | | | | | | | | | | | | 766,293,669 | 599,418,597 | 624,396,139 |
| 6    | Investment properties | | | | | | | | | | | | 4,371,675,909 | 4,290,874,434 | 3,798,334,463 |
|      | Total non-current assets | | | | | | | | | | | | 5,137,969,578 | 4,890,293,031 | 4,422,730,602 |
|      | Current assets | | | | | | | | | | | | | | | |
| 7    | Inventories | | | | | | | | | | | | 1,345,505 | 1,259,411 | 1,278,279 |
| 8    | Trade and other receivables | | | | | | | | | | | | 85,196,466 | 52,052,144 | 60,948,007 |
| 16   | Due from related parties | | | | | | | | | | | | 97,507 | 75,284 | - |
| 8    | Cash and cash equivalents | | | | | | | | | | | | 22,609,137 | 36,062,821 | 137,096,446 |
| 8    | Margin and bank deposits | | | | | | | | | | | | 368,375 | 2,129,031 | 2,125,355 |
|      | Total current assets | | | | | | | | | | | | 109,616,990 | 91,578,691 | 201,448,087 |
|      | Total assets | | | | | | | | | | | | 5,247,586,568 | 4,981,871,722 | 4,624,178,689 |
|      | EQUITY AND LIABILITIES | | | | | | | | | | | | | | | |
|      | EQUITY | | | | | | | | | | | | | | | |
| 9    | Share capital | | | | | | | | | | | | 11,800,000 | 11,800,000 | 11,800,000 |
| 10   | Legal reserve | | | | | | | | | | | | 5,900,000 | 5,900,000 | 5,900,000 |
| 11   | General reserve | | | | | | | | | | | | 868,641,817 | 868,641,817 | 868,641,817 |
| 17   | Retained earnings | | | | | | | | | | | | 2,171,440,172 | 2,182,302,823 | 1,859,637,454 |
| 12   | Revaluation reserve | | | | | | | | | | | | 14,606,383 | 4,813,602 | - |
|      | Total equity | | | | | | | | | | | | 3,072,388,372 | 3,073,458,242 | 2,745,979,271 |
|      | LIABILITIES | | | | | | | | | | | | | | | |
|    | Non-current liabilities | | | | | | | | | | | | | | | |
| 13   | Bank borrowings | | | | | | | | | | | | 1,860,414,861 | 1,715,257,677 | 1,628,505,750 |
| 14   | Provision for employees’ end of service benefits | | | | | | | | | | | | 8,730,564 | 8,581,534 | 9,535,506 |
|      | Total non-current liabilities | | | | | | | | | | | | 1,869,145,425 | 1,723,839,211 | 1,638,041,256 |
| 8    | Bank overdraft | | | | | | | | | | | | 26,733,414 | 13,839,311 | - |
| 23   | Derivative financial liability | | | | | | | | | | | | 48,975,413 | 9,157,842 | 32,371,153 |
| 15   | Trade and other payables | | | | | | | | | | | | 128,879,661 | 117,555,507 | 169,679,304 |
| 16   | Due to related parties | | | | | | | | | | | | 43,919,700 | 17,981,139 | 21,362,828 |
|      | Total current liabilities | | | | | | | | | | | | 306,052,771 | 184,574,269 | 240,158,162 |
|      | Total liabilities | | | | | | | | | | | | 2,175,198,196 | 1,908,413,480 | 1,878,199,418 |
|      | Total equity and liabilities | | | | | | | | | | | | 5,247,586,568 | 4,981,871,722 | 4,624,178,689 |

These consolidated financial statements were authorized for issuance by the Board of Directors on 2018-01-31 and signed on its behalf by:

Sh. Khalifa bin Mohammed bin Khalid Al Nahyan
Chairman

Abdul Jalil Abdul Rehman Mohammed Al Blouki
Managing Director

The notes on pages 10 to 63 form an integral part of these consolidated financial statements.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of comprehensive income

<table>
<thead>
<tr>
<th>Note</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Revenue</td>
<td>393,920,236</td>
<td>423,861,593</td>
</tr>
<tr>
<td>Direct costs</td>
<td>(70,663,320)</td>
<td>(71,479,591)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>323,256,916</td>
<td>352,382,002</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(73,376,932)</td>
<td>(71,090,519)</td>
</tr>
<tr>
<td>Marketing &amp; selling expenses</td>
<td>(9,355,571)</td>
<td>(9,631,255)</td>
</tr>
<tr>
<td>Management incentive fee</td>
<td>(2,091,461)</td>
<td>(2,017,036)</td>
</tr>
<tr>
<td>Net impairment loss on financial assets</td>
<td>(601,792)</td>
<td>(3,508,301)</td>
</tr>
<tr>
<td>Unrealised (loss) / gain on revaluation of investment properties</td>
<td>(23,132,317)</td>
<td>450,514,291</td>
</tr>
<tr>
<td>Unrealised gain / (loss) on revaluation of property and equipment</td>
<td>51,509,423</td>
<td>(65,216,045)</td>
</tr>
<tr>
<td>Other income</td>
<td>271,859</td>
<td>114,539</td>
</tr>
<tr>
<td>Operating profit</td>
<td>266,480,125</td>
<td>651,547,676</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(89,713,094)</td>
<td>(89,167,802)</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments</td>
<td>(39,817,571)</td>
<td>23,213,311</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>136,949,460</td>
<td>585,593,185</td>
</tr>
</tbody>
</table>

Other comprehensive income

*Items that will not be reclassified to profit or loss*

<table>
<thead>
<tr>
<th>Note</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation of property and equipment</td>
<td>9,792,781</td>
<td>4,813,602</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>146,742,241</td>
<td>590,406,787</td>
</tr>
</tbody>
</table>

Earnings per share for profit attributable to the ordinary equity holders of the Parent Company

<table>
<thead>
<tr>
<th>Note</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share</td>
<td>11.61</td>
<td>49.63</td>
</tr>
</tbody>
</table>

The notes on pages 10 to 63 form an integral part of these consolidated financial statements.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

**Consolidated statement of changes in equity**

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Legal reserve</th>
<th>General reserve</th>
<th>Retained earnings</th>
<th>Revaluation reserve</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2018 (unaudited)</strong></td>
<td>11,800,000</td>
<td>5,900,000</td>
<td>868,641,817</td>
<td>1,859,637,454</td>
<td>-</td>
<td>2,745,979,271</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>585,593,185</td>
<td>-</td>
<td>585,593,185</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>585,593,185</td>
<td>4,813,602</td>
<td>590,406,787</td>
</tr>
<tr>
<td>for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,813,602</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid (Note 16)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(262,927,816)</td>
<td>-</td>
<td>(262,927,816)</td>
</tr>
<tr>
<td><strong>At 31 December 2018</strong></td>
<td>11,800,000</td>
<td>5,900,000</td>
<td>868,641,817</td>
<td>2,182,302,823</td>
<td>4,813,602</td>
<td>3,073,458,242</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>136,949,460</td>
<td>-</td>
<td>136,949,460</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,792,781</td>
<td>9,792,781</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>136,949,460</td>
<td>9,792,781</td>
<td>146,742,241</td>
</tr>
<tr>
<td>for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(147,812,111)</td>
<td>(147,812,111)</td>
</tr>
<tr>
<td>Dividends paid (Note 16)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td>11,800,000</td>
<td>5,900,000</td>
<td>868,641,817</td>
<td>2,171,440,172</td>
<td>14,606,383</td>
<td>3,072,388,372</td>
</tr>
</tbody>
</table>

The notes on pages 10 to 63 form an integral part of these consolidated financial statements.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Consolidated statement of cash flows

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 AED</th>
<th>2018 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended 31 December</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>136,949,460</td>
<td>585,593,185</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>19,017,010</td>
<td>18,982,886</td>
</tr>
<tr>
<td>Loss / (gain) on fair value of investment properties</td>
<td>23,132,317</td>
<td>(450,514,291)</td>
</tr>
<tr>
<td>(Gain) / loss on revaluation of property and equipment</td>
<td>(51,509,423)</td>
<td>65,216,045</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments</td>
<td>39,817,571</td>
<td>(23,213,311)</td>
</tr>
<tr>
<td>Provision for employees’ end of service benefits</td>
<td>1,232,939</td>
<td>1,280,331</td>
</tr>
<tr>
<td>Net impairment losses on financial assets</td>
<td>601,792</td>
<td>3,508,301</td>
</tr>
<tr>
<td>Finance costs</td>
<td>89,713,094</td>
<td>89,167,802</td>
</tr>
<tr>
<td><strong>Operating cash flows before payment of employees’ end of service benefits and changes in working capital</strong></td>
<td>258,954,760</td>
<td>290,020,948</td>
</tr>
<tr>
<td>Payment of employees’ end of service benefits</td>
<td>(1,083,909)</td>
<td>(2,234,303)</td>
</tr>
<tr>
<td><strong>Changes in working capital:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>(86,094)</td>
<td>18,868</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(33,746,114)</td>
<td>5,387,562</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>(22,223)</td>
<td>(75,284)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>11,324,154</td>
<td>(52,123,797)</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>25,938,561</td>
<td>(3,381,689)</td>
</tr>
<tr>
<td><strong>Net generated operating activities</strong></td>
<td>261,279,135</td>
<td>237,612,305</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(124,589,878)</td>
<td>(54,407,787)</td>
</tr>
<tr>
<td>Acquisition of investment properties</td>
<td>(91,302,596)</td>
<td>(37,827,287)</td>
</tr>
<tr>
<td>Margin deposits released / placed</td>
<td>1,760,657</td>
<td>(3,676)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(214,131,817)</td>
<td>(92,238,750)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from bank borrowings</td>
<td>202,341,307</td>
<td>120,555,122</td>
</tr>
<tr>
<td>Repayment of bank borrowings</td>
<td>(100,579,640)</td>
<td>(92,867,154)</td>
</tr>
<tr>
<td>Dividends paid to shareholders</td>
<td>(147,812,111)</td>
<td>(262,927,816)</td>
</tr>
<tr>
<td>Finance cost paid</td>
<td>(27,444,661)</td>
<td>(25,006,643)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(73,495,105)</td>
<td>(260,246,491)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td>(26,347,787)</td>
<td>(114,872,936)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td>22,223,510</td>
<td>137,096,446</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of the year</strong></td>
<td>4,124,277</td>
<td>22,223,510</td>
</tr>
</tbody>
</table>

The notes on pages 10 to 63 form an integral part of these consolidated financial statements.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019

1 General information

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the “Department”) is a limited liability company incorporated in the United Arab Emirates under the UAE Federal Law No. (2) of 2015, and operates under a commercial license number CN-1020235 dated 5 May 1998 issued by Department of Economic Development.

Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC (the “Department”) and its subsidiary (together referred to as the “Group”) The Group operates mainly in the fields of hospitality and real estate lease.

The registered address of the Department is PO Box 305, Corniche Street, Abu Dhabi, UAE. The Group has not purchased or invested in any shares during the year ended 31 December 2019. Furthermore, the Group has not made any social contributions during the year.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

During the year 2005, the Department established one subsidiary in Abu Dhabi, United Arab Emirates. The details of the Group’s subsidiary is as follows:

<table>
<thead>
<tr>
<th>Name of subsidiary</th>
<th>Principal activity</th>
<th>Year of incorporation</th>
<th>Country of incorporation</th>
<th>% interest held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khalidia Real Estate Management L.L.C.</td>
<td>Real estate management</td>
<td>2016</td>
<td>UAE</td>
<td>99.9%</td>
</tr>
</tbody>
</table>

During the year ended 31 December 2019 and 2018, the subsidiary (“Khalidia Real Estate Management L.L.C") is dormant and no transactions occurred during the year.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”). They have been prepared under the historical cost convention except for investment properties and buildings which are classified as property and equipment, these are at fair value and the defined benefit pension plans that have been measured the present value of future obligations using the projected unit credit method.
2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Statement of compliance (continued)

These are the Group’s first set of financial statements prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. An explanation of how the transition to IFRS has affected the reported financial position and financial performance of the Group is provided in Note 27.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The consolidated financial statement are prepared in United Arab Emirates Dirhams (AED) which is the functional and reporting currency of the Group.

2.2 Changes in accounting policies

New and revised IFRS applied in the preparation of the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these consolidated financial statements. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

(a) IFRS 16, ‘Leases’ - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

There is no material impact of the IFRS 16 on these consolidated financial statements.
2 Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

New and revised IFRS applied in the preparation of the consolidated financial statements (continued)

(b) Amendment to IFRS 9, ‘Financial instruments’ – The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets. The amendment also confirms that modifications in financial liabilities will result in the immediate recognition of a gain or loss. The amendment did not have a material impact of the Group’s consolidated financial statements.

(c) IFRIC 23 Uncertainty over Income Tax Treatments – The interpretation address the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation did not have a material impact of the Group’s consolidated financial statements.

(d) Amendments to IAS 28: Long-term interests in associates and joint ventures’ - The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associates and joint ventures, the amendments do not have an impact on its consolidated financial statements.
2 Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

New and revised IFRS applied in the preparation of the consolidated financial statements (continued)

(e) IFRS 11 Joint Arrangements’ - A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

New and revised IFRS issued but not yet effective and not early adopted

(a) Amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

This standard will be effective for annual periods beginning on or after 1 January 2020.

(b) Amendments to IAS 1 and IAS 8 - These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

This standard will be effective for annual periods beginning on or after 1 January 2020.

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt them, if applicable, when they become effective.
2 Summary of significant accounting policies (continued)

2.3 Basis of consolidation

Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Group and is deconsolidated from the date the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Transaction costs attributable to the acquisition are directly expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Property and equipment

Buildings and properties, which mainly consist of Group's hotel properties, are recognised at fair value based on periodic, but at least yearly, valuations by external independent valuers, less subsequent depreciation for buildings and properties. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Buildings category consist of the building and the land which the building is constructed upon.

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. The historical cost consists of expenses related directly to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.
2 Summary of significant accounting policies (continued)

2.4 Property and equipment (continued)

Depreciation is calculated so as to write off the cost of property and equipment over the useful lives of these assets as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and properties</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td></td>
<td>2 to 5</td>
</tr>
<tr>
<td>Office equipment</td>
<td></td>
<td>2 to 5</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

The repair and maintenance expenses are included in the consolidated statement of comprehensive income when incurred.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.5 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also includes properties that are being constructed or developed for future use as investment properties.

Investment properties are measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value. Investment properties under construction are measured at fair value if the fair value is considered to be reliably determinable.

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset.
2 Summary of significant accounting policies (continued)

2.5 Investment properties (continued)

If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the reporting date by independent professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

Investment properties that are being redeveloped for continuing use as investment properties or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, operating lease income and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditures are capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditures will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Changes in fair values are recognised in the consolidated statement of comprehensive income. Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Investment properties under development

Properties acquired or properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as development properties and are measured at the lower of cost or net realisable value.

Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer fee, construction overheads and other related direct costs.
2 Summary of significant accounting policies (continued)

2.5 Investment properties (continued)

Cost includes the cost of land, selling transactions cost, infrastructure, construction and other related expenditure such as professional fees and engineering costs attributable to the project, which are capitalised as and when activities that are necessary to get the assets ready for the intended use are in progress.

Direct costs from the start of the project up to completion of the project are capitalised. Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project to be completed. Upon completion, unsold properties, if any are transferred at cost to properties held for sale.

Management reviews the carrying values of the development properties on an annual basis.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Capitalized borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.
2 Summary of significant accounting policies (continued)

2.8 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a part of the contractual provision of the instruments.

(a) Financial assets

Classification

The Group classifies its financial assets in accordance with IFRS 9. The Group financial assets consist of trade and other receivables less prepayments and advances, due from related parties and cash and cash equivalents. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition.

(i) Trade and other receivables

Trade and other receivables are amounts due from customers and related parties for goods sold or services performed in the ordinary course of business. They are generally due for settlement in one year or less and therefore are all classified as current. If not, they are classified as non-current assets.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and bank deposits with original maturities of three months or less, net of margin deposits and bank overdrafts, if any.

Recognition and measurement

Financial assets at amortised cost are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

(i) Trade and other receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments per case by case basis.
2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

(i) Trade and other receivables (continued)

If, in a subsequent period, the amount of the impaired loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised such as an improvement in the debtor's credit rating, Reversal of the previously recognised impairment loss is recognised in the statement of financial position.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group’s trade receivables are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables are provided for when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.
2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

(ii) Cash and cash equivalents

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial liabilities

Financial liabilities mainly comprise borrowings, trade and other payables and due to related parties. Financial liabilities are initially measured at fair value and subsequently carried at amortized cost using the effective interest method. The Group’s financial liabilities are classified as financial liabilities at amortized costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized costs

After initial recognition, interest bearing loans and borrowings and amounts due to a related party are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(b) Financial liabilities (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

2.9 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposits with original maturities of three months or less.

Long-term bank deposits represent bank deposits with maturities exceeding three months from the date of placement. Management does not have any intention to hold these long-term bank deposits for more than one year from the date of the financial statements.

2.11 Inventories

Inventories relate to food and beverage, tobacco, and other scrap parts related to the hotel and real estate divisions. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less variable selling expenses.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if the payments’ due date is within one year or less. If not, they will be classified as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.
2 Summary of significant accounting policies (continued)

2.13 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a net basis. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

2.14 Provision for employees benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations within ‘trade and other payables’.

A provision is made for the estimated liability for employees’ entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. The provision relating to annual leave and leave passage is considered as a current liability included within ‘trade and other payables’.

(ii) Other long-term employee benefit obligations

In the UAE, the Group also has liabilities for long service end of service benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The provision for employees’ end of service benefits, disclosed as a long-term liability, where their respective labour laws require providing indemnity payments upon termination of relationship with their employees. The provision relating to end of service benefits is disclosed as a non-current liability.

2.15 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of income over the period of the loans using the effective interest method.
2 Summary of significant accounting policies (continued)

2.15 Borrowings (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.16 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in (Note 23). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses). The Group does not apply hedge accounting.
2.17 Leases

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group used the rate applicable on their active banking contracts for a loan of equivalent amount.
2 Summary of significant accounting policies (continued)

2.17 Leases (continued)

Lease payments are allocated between principal and finance cost. The finance costs incurred during construction are capitalised in the construction work in progress during the construction period, finance costs incurred after the construction period are charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and is charged to the statement of comprehensive income. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Operating lease income is recognised on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are derived.

2.18 Accounting policies for assets under leases applied until 31 December 2018

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Leases in which a significant portion of the risks and rewards of ownership of assets remain with the lessors are accounted for as operating leases. Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases, including leases which transfer ownership of the asset to the lessee at the end of lease term.

(a) Leases - where the Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are expensed in the statement of comprehensive income on a straight-line basis over the lease periods.
2 Summary of significant accounting policies (continued)

2.18 Accounting policies for assets under leases applied until 31 December 2018 (continued)

(a) Leases - where the Group is the lessee (continued)

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The finance charges are charged to statement of comprehensive income over the lease periods.

(b) Leases - where the Group is the lessor

Operating lease income is recognised on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are derived.

2.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, customer returns and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Contract revenue

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.
2 Summary of significant accounting policies (continued)

2.19 Revenue recognition (continued)

(i) Contract revenue (continued)

Revenue is measured based on the consideration to which the Group expects to be entitled in contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(ii) Operating lease income

Operating lease income is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of operating lease income. See note 2.19 for further information.

(iii) Income from hotel operations

Income from hotel operations comprises revenue from rooms, food and beverages and other associated services provided, and is recognised at the point when the goods are sold or services are rendered. All revenue pertain to hotel operations (room and F&B revenues) are recorded net of discounts and promotions.

Room revenues

Room revenue pertains to income generated by renting rooms to their customers, and it is recognised over time when the goods services are rendered (over the period of the customer’s stay in the hotel).

F&B revenue

F&B (food and beverage) comprises of revenue recognised from sales of F&B from the food outlets and room service in the hotel, and it is recognised at a point in time when the goods are sold.

2.20 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in UAE Dirham, which is the Group’s functional and presentation currency.
2 Summary of significant accounting policies (continued)

2.20 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

2.21 Dividend distribution

Dividend distribution to the Group shareholders is recognised as a liability in the Group’s consolidated financial statements in the period in which the dividends are approved by the Group’s shareholders.

3 Financial risk management

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group has an insignificant exposure to foreign currency risks as the majority of transactions are denominated in UAE dirhams.

(ii) Price risk

The Group is not exposed to price risk because as the Group has not invested in listed securities.

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk. Please see Note 4 for more details.
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest bearing liabilities which carry variable interest rates (bank overdrafts and bank borrowings).

The sensitivity analysis calculates the effect of a reasonably possible movement in the interest rate on the consolidated statement of income:

<table>
<thead>
<tr>
<th>Impact on profit and loss</th>
<th>2019 AED</th>
<th>2018 AED</th>
<th>1 January 2018 (unaudited) AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates – increase by 100 basis points</td>
<td>(19,432,483)</td>
<td>(17,544,109)</td>
<td>(16,449,553)</td>
</tr>
<tr>
<td>Interest rates – decrease by 100 basis points</td>
<td>(19,432,483)</td>
<td>17,544,109</td>
<td>16,449,553</td>
</tr>
</tbody>
</table>

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management’s assessment on a case-by-case basis. The utilization of credit limits is regularly monitored.

Risk management

The Group’s policy is to place cash and cash equivalents with reputable banks and financial institutions.

The Group trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result to minimize the exposure to bad debts. Credit risks are limited to the carrying values of financial assets in the statement of financial position.

The Group has significant concentration of credit risk as explained in Note 7.
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- due from related parties; and
- cash and bank balances (including cash and cash equivalents and margin and fixed deposits).

Trade receivables

As mentioned in Note 2.8, the Group’s trade receivables and due from related parties are subject to the expected credit model. To measure the expected credit losses, trade receivables and due from related parties have been grouped based on shared credit risk characteristics and the days past due. The loss allowance for trade receivables and due from related parties is based on assumptions about risk of default and expected loss rates.

The expected loss rates are based on the roll rates of receivables over a period of 36 months before 31 December 2019 or 31 December 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and credit rating to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group considers information developed internally or obtained from external sources that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group) as constituting an event of default for internal credit risk management purposes as historical experience indicating that are generally not recoverable.

Irrespective of the above analysis, the Group considers that potential default may occur when a financial asset is more than 365 days after invoice issuance date unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables (continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Due from related parties

While due from related parties are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Cash and bank balances

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. All banks are investment grade rated ranging from prime 1 to prime 3 categories.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a short term period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual principal maturities of financial liabilities presented on an undiscounted basis:
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

<table>
<thead>
<tr>
<th></th>
<th>Carrying value AED</th>
<th>Contractual cash out flows AED</th>
<th>1 year or less AED</th>
<th>Later than 1 year and not later than 5 years AED</th>
<th>Over 5 years AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>128,879,661</td>
<td>128,879,661</td>
<td>128,879,661</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>43,919,700</td>
<td>43,919,700</td>
<td>43,919,700</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial liability</td>
<td>48,975,413</td>
<td>48,975,413</td>
<td>48,975,413</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>26,733,414</td>
<td>26,733,414</td>
<td>26,733,414</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>1,917,959,444</td>
<td>2,404,824,295</td>
<td>106,506,290</td>
<td>627,440,317</td>
<td>1,670,877,688</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,166,467,632</td>
<td>2,653,332,483</td>
<td>355,014,478</td>
<td>627,440,317</td>
<td>1,670,877,688</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Carrying value AED</th>
<th>Contractual cash out flows AED</th>
<th>1 year or less AED</th>
<th>Later than 1 year and not later than 5 years AED</th>
<th>Over 5 years AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>117,555,507</td>
<td>117,555,507</td>
<td>117,555,507</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>17,981,139</td>
<td>17,981,139</td>
<td>17,981,139</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Derivative financial liability</td>
<td>9,157,842</td>
<td>9,157,842</td>
<td>9,157,842</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>13,839,311</td>
<td>13,839,311</td>
<td>13,839,311</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>1,741,298,147</td>
<td>2,253,780,668</td>
<td>51,658,140</td>
<td>467,146,195</td>
<td>1,734,976,333</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,899,831,946</td>
<td>2,412,314,467</td>
<td>210,191,939</td>
<td>467,146,195</td>
<td>1,734,976,333</td>
</tr>
</tbody>
</table>
3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

<table>
<thead>
<tr>
<th></th>
<th>Carrying value</th>
<th>Contractual cash out flows</th>
<th>1 year or not later than 5 years</th>
<th>Later than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>1 January 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(unaudited)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other</td>
<td>169,679,304</td>
<td>169,679,304</td>
<td>169,679,304</td>
<td>-</td>
</tr>
<tr>
<td>payables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to related</td>
<td>21,362,828</td>
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<td>21,362,828</td>
<td>-</td>
</tr>
<tr>
<td>parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Derivative</td>
<td>32,371,153</td>
<td>32,371,153</td>
<td>32,371,153</td>
<td>-</td>
</tr>
<tr>
<td>financial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>liability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>1,645,250,627</td>
<td>1,644,955,303</td>
<td>1,644,955,303</td>
<td>98,650,737</td>
</tr>
<tr>
<td></td>
<td>1,868,663,912</td>
<td>1,868,368,588</td>
<td>239,862,838</td>
<td>98,650,737</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,529,855,013</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The fair values of the balances due equal their carrying amounts, as the impact of discounting is not significant.

3.2 Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The policies are based on management’s assessment of available options, in conjunction with the shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity plus net debt. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as total equity as shown in the consolidated statement of financial position plus net debt.
3 Financial risk management (continued)

3.2 Capital risk management (continued)

The gearing ratios at 31 December 2019 and 2018 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019 AED</th>
<th>2018 AED</th>
<th>1 January 2018 AED (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bank borrowings</strong></td>
<td>1,917,959,444</td>
<td>1,741,298,147</td>
<td>1,645,250,627</td>
</tr>
<tr>
<td><strong>Less: cash and bank balances</strong></td>
<td>(22,977,512)</td>
<td>(38,191,852)</td>
<td>(22,977,512)</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>1,894,981,932</td>
<td>1,703,106,295</td>
<td>1,622,273,115</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>3,072,388,372</td>
<td>3,073,458,242</td>
<td>2,745,979,271</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>4,965,925,721</td>
<td>4,776,564,537</td>
<td>4,368,252,386</td>
</tr>
<tr>
<td><strong>Gearing ratio</strong></td>
<td>38%</td>
<td>36%</td>
<td>37%</td>
</tr>
</tbody>
</table>

**Loan covenants**

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- Loan to Value ("LTV") ratio of total outstanding facilities including total fair value of derivative liabilities as a percentage of the total Asset Value should not to exceed 67% LTV.
- Debt Service Coverage Ratio ("DSCR") should not fall less than 1.25x measured quarterly on a rolling annual basis.
- Cash flow cover ratio must not be less than 1.25:1.0.

The Group has complied with these covenants throughout the reporting period.

3.3 Fair value estimation

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.
3 Financial risk management (continued)

3.3 Fair value estimation (continued)

Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The table below analyses the Group’s financial asset and liabilities and investment properties that are measured at fair value as at 31 December 2019 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>48,975,413</td>
<td>-</td>
</tr>
<tr>
<td>Investment properties</td>
<td>-</td>
<td>-</td>
<td>4,371,675,909</td>
</tr>
<tr>
<td>Buildings and properties</td>
<td>-</td>
<td>-</td>
<td>758,454,545</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>48,975,413</td>
<td>5,130,130,454</td>
</tr>
<tr>
<td><strong>At 31 December 2018</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>9,157,842</td>
<td>-</td>
</tr>
<tr>
<td>Investment properties</td>
<td>-</td>
<td>-</td>
<td>4,290,874,434</td>
</tr>
<tr>
<td>Buildings and properties</td>
<td>-</td>
<td>-</td>
<td>590,772,727</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>9,157,842</td>
<td>4,881,647,161</td>
</tr>
<tr>
<td><strong>At 1 January 2018 (unaudited)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>-</td>
<td>32,371,153</td>
<td>-</td>
</tr>
<tr>
<td>Investment properties</td>
<td>-</td>
<td>-</td>
<td>3,798,334,463</td>
</tr>
<tr>
<td>Buildings and properties</td>
<td>-</td>
<td>-</td>
<td>617,854,459</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td>32,371,153</td>
<td>4,416,188,922</td>
</tr>
</tbody>
</table>

The fair value of financial instruments traded in active markets is based on quoted market regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instrument are observable, the instrument is included in level 2.
3 Financial risk management (continued)

3.3 Fair value estimation (continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The carrying values of financial assets and financial liabilities of the Group approximate their fair values, as they are either short term in nature, or held at amortised cost or fair value. The nominal values less impairment provision of trade and other receivables and payables are assumed to approximate their fair values as they are recoverable within 12 months.
Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the unobservable inputs used in recurring level 3 fair value measurements:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fair value at 31 December 2019</th>
<th>Fair value at 31 December 2018</th>
<th>Unobservable inputs</th>
<th>Range of inputs (probability-weighted average)</th>
<th>Relationship of unobservable inputs to fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings, leased residential and commercial buildings</td>
<td>3,798,200,000</td>
<td>3,871,200,001</td>
<td>Discount rate</td>
<td>10%</td>
<td>The higher the discount rate, the lower the fair value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Expected vacancy rate</td>
<td>7% (7%)</td>
<td>The higher the capitalisation rate and expected vacancy rate, the lower the fair value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Capitalisation rate</td>
<td>[AED 66,999,689 to AED 415,453,500] (AED 241,226,595)</td>
<td>[AED 150,214,290 to AED 512,454,290 (AED 331,334,442)]</td>
</tr>
<tr>
<td>Properties under development</td>
<td>836,930,454</td>
<td>510,447,160</td>
<td>Estimated cost to completion</td>
<td>2% (2%)</td>
<td>The higher the estimated costs, the lower the fair value</td>
</tr>
<tr>
<td>Hospitality</td>
<td>495,000,000</td>
<td>500,000,000</td>
<td>Rental growth rate</td>
<td>2%</td>
<td>The higher the rental growth rate, the higher the fair value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Capital expenditure rate</td>
<td>2.70%</td>
<td>The higher the capitalisation rate and expected vacancy rate, the lower the fair value</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Capitalisation rate</td>
<td>7.50%</td>
<td>The higher the capitalisation rate, the lower the fair value</td>
</tr>
</tbody>
</table>
3 Financial risk management (continued)

3.3 Fair value estimation (continued)

A quantitative sensitivity analysis for significant assumption (discount rate) on the fair value of investment properties as at 31 December 2019 and 31 December 2018 is, as shown below:

<table>
<thead>
<tr>
<th>Impact on fair value of investment properties</th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td></td>
</tr>
<tr>
<td>0.5% increase</td>
<td>25,650,652</td>
<td>24,408,236</td>
<td>22,080,945</td>
</tr>
<tr>
<td>0.5% decrease</td>
<td>(25,650,652)</td>
<td>(24,408,236)</td>
<td>(22,080,945)</td>
</tr>
</tbody>
</table>

(b) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its investment properties annually by independent valuers certified by the Royal Institute of Chartered Surveyors (RICS). At the end of each reporting period, the management updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property’s value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Management considers information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences,
- discounted cash flow projections based on reliable estimates of future cash flows,
- capitalised income projections based on a property’s estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for properties are included in level 3.

4 Key estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The major estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:
4 Key estimates and judgments (continued)

(a) Provision for impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates. Management uses judgement in making these assumptions and selecting the inputs to the impairment calculation which are applied to the exposure at default to arrive at the expected credit losses at the reporting date. Management base their assumptions on the Group’s historical data, existing market conditions as well as forward looking estimates.

(b) Fair valuation of investment properties

The Group assess impairment of its investment properties on a continuous basis by comparing the fair value of its investment properties based on the latest valuation performed by external valuers and internal Management experts. This value will be compared to the carrying amount of investment properties to ascertain any probable impairment in investment properties. Where investment properties are determined to have a significant decline in fair value that could indicate impairment, the Group adjusts the carrying amount of investment properties to its recoverable amount/fair value as of the reporting date. The Management of the Group believes that investment properties are neither impaired nor significantly below their fair value. The Group performs a valuation of its investment properties every year. For details, please refer to Note 6.

(c) Ownership of Khalidiya Center

Management has recognised an investment property in the name of the shareholders in the consolidated statement of financial position. Under the nominee agreement between the Group and the shareholders, the shareholders have assigned the Group as the beneficiary owner of the property, in which all rights to use and operate the property are nominated to the Group including all the controlling rights, risks, and rewards for that property. For more details of the assigned property, please refer to Note 6.

(d) Fair value of property and equipment

The Group assess impairment of its property and equipment on a continuous basis by comparing the fair value of its property and equipment based on the latest valuation performed by independent external valuers. This value will be compared to the carrying amount of buildings and properties under the property and equipment to ascertain any probable impairment in property and equipment. Where property and equipment are determined to have a significant decline in fair value that could indicate impairment, the Group adjusts the carrying amount of buildings and properties under property and equipment to its recoverable amount/fair value as of the reporting date. The Management of the Group believes that buildings and properties are neither impaired nor significantly below their fair value. The Group performs a valuation of its investment properties every year. For details, please refer to Note 5.
4 Key estimates and judgments (continued)

(e) Useful life of the property plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property plant and equipment. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

5 Property and equipment

<table>
<thead>
<tr>
<th></th>
<th>Buildings and properties*</th>
<th>Furniture and fixtures</th>
<th>Office equipment</th>
<th>Motor vehicles</th>
<th>Capital work in progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(unaudited)</td>
<td>617,854,459</td>
<td>33,182,977</td>
<td>18,041,131</td>
<td>3,356,658</td>
<td>672,435,225</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>48,290,097</td>
<td>2,796,744</td>
<td>585,033</td>
<td></td>
<td>54,407,787</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td>(5,000)</td>
<td></td>
<td></td>
<td>(5,000)</td>
<td></td>
</tr>
<tr>
<td>Revaluation loss **</td>
<td>(60,402,443)</td>
<td></td>
<td></td>
<td></td>
<td>(60,402,443)</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>605,742,113</td>
<td>35,974,721</td>
<td>18,626,164</td>
<td>3,356,658</td>
<td>666,435,569</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>121,490,577</td>
<td>2,639,247</td>
<td>460,054</td>
<td></td>
<td>124,589,878</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2,735,913)</td>
<td></td>
</tr>
<tr>
<td>Revaluation gain **</td>
<td>61,302,204</td>
<td></td>
<td></td>
<td></td>
<td>61,302,204</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2019</td>
<td>788,534,894</td>
<td>38,613,968</td>
<td>21,822,131</td>
<td>3,356,658</td>
<td>852,327,651</td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>28,273,565</td>
<td>16,427,891</td>
<td>3,357,630</td>
<td>19,028</td>
<td>48,039,086</td>
<td></td>
</tr>
<tr>
<td>At 1 January 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge for the year (Note 19)</td>
<td>14,969,386</td>
<td>2,950,931</td>
<td>1,043,541</td>
<td>19,028</td>
<td>18,982,886</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td>(5,000)</td>
<td></td>
<td></td>
<td>(5,000)</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>14,969,386</td>
<td>31,219,496</td>
<td>17,471,432</td>
<td>3,356,658</td>
<td>67,016,972</td>
<td></td>
</tr>
<tr>
<td>Charge for the year (Note 19)</td>
<td>15,110,963</td>
<td>2,709,647</td>
<td>1,196,400</td>
<td></td>
<td>19,017,010</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2019</td>
<td>30,080,349</td>
<td>33,929,143</td>
<td>18,667,832</td>
<td>3,356,658</td>
<td>86,033,982</td>
<td></td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2019</td>
<td>758,454,545</td>
<td>4,684,825</td>
<td>3,154,299</td>
<td></td>
<td>766,293,669</td>
<td></td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>590,772,727</td>
<td>4,755,225</td>
<td>1,154,732</td>
<td></td>
<td>599,418,597</td>
<td></td>
</tr>
</tbody>
</table>
5 Property and equipment (continued)

The depreciation charge has been allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct costs (Note 18)</td>
<td>15,110,963</td>
<td>14,969,386</td>
</tr>
<tr>
<td>General and administrative expenses (Note 19)</td>
<td>3,906,047</td>
<td>4,013,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,017,010</strong></td>
<td><strong>18,982,886</strong></td>
</tr>
</tbody>
</table>

*The buildings and properties category also consists of one building under development stated at fair value as at 31 December 2019 amounting to AED 215,000,000 (2018: 78,000,000). Please refer to Note 26 for capital commitments against this building under development.

All buildings and properties are valued by an independent valuer in accordance with valuation standards issued by the Royal Institute of Chartered Surveyors and International Valuation Standards as at 31 December 2019 and 2018. The valuation has been arrived at by using an income valuation approach for completed buildings and the residual value method for the buildings under development.

The fair value of the buildings and properties as at 31 December 2019 provided by the valuer was AED 758,454,545 (2018: AED 590,772,727) which resulted in increase in revaluation reserve by AED 9,792,781 during 2019 (2018: 4,813,602). Please refer to Note 13 for more details.

All key assumptions used in the valuation, reflect market conditions as at the date of valuation, using transactional evidence in addition to general market knowledge of such properties in the local market (Note 3.3a).

At 31 December 2019, buildings and properties with carrying value of AED 723,454,545 (2018: AED 590,772,727) are mortgaged in favour of lenders against Ijarah Facility 1 and Term Loan 1 (refer to Note 13 for more details on the loans).

The carrying value of the building at 31 December 2019 under the cost model would have been AED 833,736,256 (2018: AED 730,131,732).

During the year ended 31 December 2019, a gain of AED 51,509,423 (2018: loss of AED 65,216,045) was charged to the statement profit and loss as a reversal of the fair value loss previously recognised for the same asset in previous years. During the same year an amount of AED 9,792,781 (2018: 4,813,602) was charged on the statement of other comprehensive income in excess of the original carrying amount of the asset.
6 Investment properties

**Investment properties at fair value**

During the year ended 31 December 2019, the fair value of the investment properties was based on an external independent valuer’s report prepared accordance with valuation standards issued by the Royal Institute of Chartered Surveyors and International Valuation Standards. The current prices in an active market for similar properties were assessed in order to evaluate the change in the fair value. Management estimates that this fair valuation is reliable and has adopted the valuation conclusions which showed a loss in fair value of AED 23,058,924 (2018: gain of AED 450,514,291).

Movement of investment properties at fair value:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 January</td>
<td>4,290,874,434</td>
<td>3,798,334,463</td>
</tr>
<tr>
<td>Additions</td>
<td>91,302,596</td>
<td>37,827,287</td>
</tr>
<tr>
<td>Borrowings cost capitalised</td>
<td>12,631,196</td>
<td>4,198,393</td>
</tr>
<tr>
<td>Revaluation (loss) / gain</td>
<td>(23,132,317)</td>
<td>450,514,291</td>
</tr>
<tr>
<td></td>
<td>4,371,675,909</td>
<td>4,290,874,434</td>
</tr>
</tbody>
</table>

**Investment properties in use at fair value**

Movement of investment properties in use at fair value is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 January</td>
<td>3,858,427,274</td>
<td>3,585,496,843</td>
</tr>
<tr>
<td>Revaluation loss</td>
<td>(108,681,818)</td>
<td>272,930,431</td>
</tr>
<tr>
<td></td>
<td>3,749,745,456</td>
<td>3,858,427,274</td>
</tr>
</tbody>
</table>

**Investment properties under development at fair value**

Movement of investment properties under development at fair value is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 1 January</td>
<td>432,447,160</td>
<td>212,837,620</td>
</tr>
<tr>
<td>Additions</td>
<td>91,302,596</td>
<td>37,827,287</td>
</tr>
<tr>
<td>Borrowings cost capitalised</td>
<td>12,631,196</td>
<td>4,198,393</td>
</tr>
<tr>
<td>Revaluation gain</td>
<td>85,549,501</td>
<td>177,583,860</td>
</tr>
<tr>
<td></td>
<td>621,930,453</td>
<td>432,447,160</td>
</tr>
</tbody>
</table>

(43)
6 Investment properties (continued)

Investment properties under development at fair value (continued)

Investment properties under developments comprise of Waterfront Towers project, Al Reef extension project, and Khalidiya Gateway plots “A” and “B”. Please refer to Note 26 for capital commitments against these properties under development. As at 31 December 2020, none of these properties under development have been completed and no transfers have been made into completed investment properties.


Borrowing costs capitalised pertain to Ijarah Facility 2 for the construction of the Waterfront project. As of 31 December 2019, interest on these facilities have been fully capitalised.


At 31 December 2019, investment properties with carrying value of AED 4,151,675,909 (2018: AED 4,088,874,434) are mortgaged in favour of lenders against Ijarah Facility 1, Ijarah Facility 2, and Term Loan 2 (refer to Note 13 for more details on the loans).

As per the loan agreements, the Group shall not create or subsist any of its security interest over any of its assets, including its mortgaged properties.

Khalidiya Center is held in the name of the shareholders of the Group for the beneficial ownership of the Group. There is a nominee agreement for this property for a total fair value of AED 425 million (2018: AED 446 million) and the management is in the process of transferring the title deed from the shareholders to the Group (Note 4).

The Group has recognised accrued operating lease income related to the rental of the above residential and commercial investment properties:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED (unaudited)</td>
</tr>
<tr>
<td>Accrued operating lease income (Note 7)</td>
<td>35,013,509</td>
<td>18,335,471</td>
<td>4,161,219</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>(2,765,541)</td>
<td>(5,955,524)</td>
<td>(4,161,219)</td>
</tr>
<tr>
<td>Total contact assets</td>
<td>32,247,968</td>
<td>12,379,947</td>
<td>-</td>
</tr>
</tbody>
</table>

The accrued operating lease income primarily relates to the Group’s rights to consideration for lease rental services provided but not billed at the reporting date. The amount is transferred to receivables when the rights become unconditional. Accrued operating lease income decreased as the Group provided services that are not yet billed. The Group also recognised a loss allowance for accrued operating lease income in accordance with IFRS 9. See note 7 for further information.
6 Investment properties (continued)

Investment properties under development at fair value (continued)

The Group has recognised the following unearned rental income to the rental of the above residential and commercial investment properties:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unearned rental income (Note 15)</td>
<td>86,956,205</td>
<td>88,216,039</td>
<td>110,128,121</td>
</tr>
</tbody>
</table>

The unearned rental income mainly relate to the advances received from customers in accordance with contract terms and conditions.

Investment properties with a carrying value of AED 3,749,745,456 (2018: AED 3,858,427,274) were fully completed and in use at the end of the reporting period. The properties are required to comply with the relevant health and safety and other environmental requirements, subject to ongoing self-certification and periodic inspections from independent oversight bodies, in order to continue in operation. Management considers that the Group’s completed properties comply with substantially all the relevant requirements, and based on the Group’s historical experience, all properties are expected to continue to be approved for ongoing use.

The properties under development require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, compliance with environmental regulations and other matters. Based on the Group’s historical experience with similar developments in similar locations, all relevant permits and approvals are expected to be obtained, but the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Group.

The Group manages risks around the assets which it leases out to tenants by ensuring that vacancy rates are kept to a minimum and rentals are negotiated at optimal terms and conditions. The Group manages vacancy rates by adjusting rental rates according to market conditions. In addition, the Group manages the underlying operational condition of the assets to ensure that optimal rates can be obtained. These factors coupled together assist the Group in ensuring that the risks regarding the assets are managed appropriately.
7 Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>45,773,870</td>
<td>39,367,039</td>
<td>41,825,672</td>
</tr>
<tr>
<td>Accrued operating lease income (Note 6)</td>
<td>35,013,509</td>
<td>18,335,471</td>
<td>4,161,219</td>
</tr>
<tr>
<td>Less: provision for impairment on trade receivables and accrued income</td>
<td>(18,385,047)</td>
<td>(17,783,255)</td>
<td>(14,274,954)</td>
</tr>
<tr>
<td>Prepayments</td>
<td>62,402,332</td>
<td>39,919,255</td>
<td>31,711,937</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>5,333,130</td>
<td>2,207,865</td>
<td>7,692,726</td>
</tr>
<tr>
<td>Other receivables</td>
<td>1,573,547</td>
<td>1,585,547</td>
<td>1,619,147</td>
</tr>
<tr>
<td></td>
<td>85,196,466</td>
<td>52,052,144</td>
<td>60,948,007</td>
</tr>
</tbody>
</table>

At 31 December 2019, the Group had a significant concentration of credit risk, with 1 customer representing 36% (2018: 1 customer accounting for 36%) of trade receivables and accrued operating lease income outstanding at that date. Management is confident that this concentration of credit risk will not result in any loss to the Group considering the credit history of this customer.

As of 31 December 2019, trade receivables and accrued operating lease income of AED 62,402,332 (2018: AED 39,919,255) were fully performing which the Group has not provided for, as there has not been a significant change in the credit quality and the amounts are considered recoverable.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued operating lease income.

To measure the expected credit losses, trade receivables and accrued operating lease income have been grouped based on shared credit risk characteristics and the days past due. The accrued operating lease income relate to renewed contracts but not billed have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the accrued operating lease income.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the UAE in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.
7 Trade and other receivables (continued)

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for both trade receivables and accrued operating lease income:

### Past due nor impaired

<table>
<thead>
<tr>
<th>31 December 2019</th>
<th>Total</th>
<th>1 – 90 days</th>
<th>91 -180 days</th>
<th>181 -365 days</th>
<th>More than 365 days</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Expected credit loss rate</td>
<td>2%</td>
<td>10%</td>
<td>83%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Estimated total gross carrying amount at default (AED)</td>
<td>80,787,379</td>
<td>48,472,427</td>
<td>16,157,476</td>
<td>2,423,621</td>
<td>13,733,855</td>
</tr>
<tr>
<td>Expected credit loss (AED)</td>
<td>(18,385,047)</td>
<td>(969,449)</td>
<td>(1,681,743)</td>
<td>(2,000,000)</td>
<td>(13,733,855)</td>
</tr>
<tr>
<td></td>
<td>62,402,332</td>
<td>47,502,978</td>
<td>14,475,733</td>
<td>423,621</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 December 2018</th>
<th>Total</th>
<th>1 – 90 days</th>
<th>91 -180 days</th>
<th>181 -365 days</th>
<th>More than 365 days</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Expected credit loss rate</td>
<td>2%</td>
<td>51%</td>
<td>83%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Estimated total gross carrying amount at default (AED)</td>
<td>57,702,510</td>
<td>34,621,506</td>
<td>11,540,502</td>
<td>1,731,075</td>
<td>9,809,427</td>
</tr>
<tr>
<td>Expected credit loss (AED)</td>
<td>(17,783,255)</td>
<td>(692,430)</td>
<td>(5,844,605)</td>
<td>(1,436,792)</td>
<td>(9,809,427)</td>
</tr>
<tr>
<td></td>
<td>39,919,255</td>
<td>33,929,076</td>
<td>5,695,897</td>
<td>294,283</td>
<td>-</td>
</tr>
</tbody>
</table>

1 January 2018 (unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>1 – 90 days</th>
<th>91 -180 days</th>
<th>181 -365 days</th>
<th>More than 365 days</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Expected credit loss rate</td>
<td>9%</td>
<td>50%</td>
<td>65%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Estimated total gross carrying amount at default (AED)</td>
<td>45,986,891</td>
<td>28,920,717</td>
<td>3,484,983</td>
<td>8,092,406</td>
<td>5,488,785</td>
</tr>
<tr>
<td>Expected credit loss (AED)</td>
<td>(14,274,954)</td>
<td>(1,783,613)</td>
<td>(1,742,492)</td>
<td>(5,260,064)</td>
<td>(5,488,785)</td>
</tr>
<tr>
<td></td>
<td>31,711,937</td>
<td>18,603,365</td>
<td>1,742,491</td>
<td>2,832,342</td>
<td>-</td>
</tr>
</tbody>
</table>
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements for the year ended 31 December 2019 (continued)

7 Trade and other receivables (continued)

Trade receivables and accrued operating lease income are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and accrued operating lease income are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Movement in the provision for impairment of trade receivable:

<table>
<thead>
<tr>
<th></th>
<th>1 January</th>
<th>2019</th>
<th>2018 AED</th>
<th>2018 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED (unaudited)</td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>17,783,255</td>
<td>14,274,954</td>
<td>12,671,537</td>
<td></td>
</tr>
<tr>
<td>Add: Addition during the year</td>
<td>3,865,193</td>
<td>3,508,301</td>
<td>1,603,417</td>
<td></td>
</tr>
<tr>
<td>Less: Reversal during the year</td>
<td>(3,263,401)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>At 31 December</td>
<td>18,385,047</td>
<td>17,783,255</td>
<td>14,274,954</td>
<td></td>
</tr>
</tbody>
</table>

8 Cash and bank balances

<table>
<thead>
<tr>
<th></th>
<th>1 January</th>
<th>2019</th>
<th>2018 AED</th>
<th>2018 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED (unaudited)</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash on hand</td>
<td>281,597</td>
<td>240,963</td>
<td>874,682</td>
<td></td>
</tr>
<tr>
<td>Cash at banks</td>
<td>22,327,540</td>
<td>35,821,858</td>
<td>136,221,764</td>
<td></td>
</tr>
<tr>
<td></td>
<td>22,609,137</td>
<td>36,062,821</td>
<td>137,096,446</td>
<td></td>
</tr>
</tbody>
</table>

Margin and bank deposits*

<table>
<thead>
<tr>
<th></th>
<th>1 January</th>
<th>2019</th>
<th>2018 AED</th>
<th>2018 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED (unaudited)</td>
<td></td>
</tr>
<tr>
<td>Margin deposits and bank deposits</td>
<td>368,375</td>
<td>2,129,031</td>
<td>2,125,355</td>
<td></td>
</tr>
</tbody>
</table>

*Margin and fixed deposits represent deposits placed by the Group. The deposits have an interest rate of 1.788% as of 31 December 2019 (2018: 1.788%).

For the purpose of the statement of cash flow, cash and cash equivalent comprise of:

<table>
<thead>
<tr>
<th></th>
<th>1 January</th>
<th>2019</th>
<th>2018 AED</th>
<th>2018 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED (unaudited)</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>22,609,137</td>
<td>36,062,821</td>
<td>137,096,446</td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>(26,733,414)</td>
<td>(13,839,311)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4,124,277)</td>
<td>22,223,510</td>
<td>137,096,446</td>
<td></td>
</tr>
</tbody>
</table>

(48)
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

8 Cash and bank balances (continued)

Margin deposits were held as security against certain guarantees issued by the bank in the ordinary course of business.

Bank overdraft represents a credit facility with a limit of AED 35 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2014. The overdraft facility is at an applicable facility commission rate of 3.75% over 3 months EIBOR per annum.

9 Share capital

The share capital of the Group comprises 11,800,000 authorised, issued and fully paid shares of AED 1 each.

The share capital is allocated as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares</th>
<th>% of ownership</th>
<th>Value AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheikh Khalifa Bin Mohamed Bin Khalid Bin Sultan Alnehayan</td>
<td>1,700,000</td>
<td>14%</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Sheikh Sultan Bin Mohd Bin Khalid Alnehayan</td>
<td>1,700,000</td>
<td>14%</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Sheikh Hamdan Mohamed Khalid Alnehayan</td>
<td>1,700,000</td>
<td>14%</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Sheikha Hamda Mohamed Khalifa Alnehayan</td>
<td>750,000</td>
<td>6%</td>
<td>750,000</td>
</tr>
<tr>
<td>Sheikha Shamma Mohammed Khalid Alnahayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Rawdha Mohamed Khalid Alnahayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Maryam Mohd Khaled Alnahayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Salama Mohammed Khalid Alnahayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Mouza Mohd K Al Nehayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Shaikha Mohamed Khalid Sultan Al Nahyan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
<tr>
<td>Sheikha Maytha Mohd Khalid Alnahayan</td>
<td>850,000</td>
<td>7%</td>
<td>850,000</td>
</tr>
</tbody>
</table>

| Total                         | 11,800,000        | 100%           | 11,800,000|

10 Legal reserve

In accordance with the Articles of Association of the Group and in line with the provisions of Article 103 of UAE Federal Law No. 2 of 2015 ("Companies Law"), the Group entities are required to transfer annually to a statutory reserve account an amount equals to 10% of its net profit at each entity level, until such reserve reaches 50% of the respective entity’s share capital.
Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

11 General reserve

The general reserve represents the value of all asset net of its attached liabilities inherited in prior years by the shareholders from the estates of the late H.E. Sheikh Mohammed Bin Khalid Al Nahyan and the late H.E. Sheikha Mouza Bint Buti Bin Khalifa Al Kubeisi and transferred to the Department. This reserve is not available for distribution.

12 Revaluation reserve

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Beginning balance</td>
<td>4,813,602</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation of property and equipment (Note 5)</td>
<td>9,792,781</td>
<td>4,813,602</td>
</tr>
<tr>
<td>At 31 December</td>
<td>14,606,383</td>
<td>4,813,602</td>
</tr>
</tbody>
</table>

As at 31 December 2019 and 2018, the above revaluation reserve is not available for distribution to shareholders.

13 Bank borrowings

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>At 1 January</td>
<td>1,741,298,147</td>
<td>1,645,250,627</td>
<td>1,436,113,492</td>
</tr>
<tr>
<td>Additions</td>
<td>202,341,307</td>
<td>120,555,122</td>
<td>230,269,174</td>
</tr>
<tr>
<td>Interest charged during the year</td>
<td>101,243,818</td>
<td>93,298,349</td>
<td>78,366,115</td>
</tr>
<tr>
<td>Repayment during the year</td>
<td>(126,923,828)</td>
<td>(117,805,951)</td>
<td>(99,498,154)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>1,917,959,444</td>
<td>1,741,298,147</td>
<td>1,645,250,627</td>
</tr>
<tr>
<td>Current</td>
<td>57,544,583</td>
<td>26,040,470</td>
<td>16,744,877</td>
</tr>
<tr>
<td>Non current</td>
<td>1,860,414,861</td>
<td>1,715,257,677</td>
<td>1,628,505,750</td>
</tr>
<tr>
<td></td>
<td>1,917,959,444</td>
<td>1,741,298,147</td>
<td>1,645,250,627</td>
</tr>
</tbody>
</table>

Above interest expense include an amount of AED 12,631,196 (2018: AED 4,198,393) which has been capitalised into investment properties under development (Note 6), remaining interest expense related to the loans of AED 88,612,621 (2018: AED 89,099,956) has been recognised in statement of comprehensive income (Note 22).
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

13 Bank borrowings (continued)

The Group currently has borrowing arrangements with local banks that comprise of:

<table>
<thead>
<tr>
<th></th>
<th>2019 AED</th>
<th>2018 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ijarah Facility 1</td>
<td>1,350,191,323</td>
<td>1,350,213,947</td>
</tr>
<tr>
<td>Ijarah Facility 2</td>
<td>142,452,001</td>
<td>72,243,547</td>
</tr>
<tr>
<td>Term Loan 1</td>
<td>191,947,176</td>
<td>93,271,123</td>
</tr>
<tr>
<td>Term Loan 2</td>
<td>100,951,860</td>
<td>110,993,722</td>
</tr>
<tr>
<td>Term Loan 3</td>
<td>93,000,000</td>
<td>105,000,000</td>
</tr>
<tr>
<td>Term Loan 4</td>
<td>33,417,084</td>
<td>-</td>
</tr>
<tr>
<td>Term Loan 5</td>
<td>6,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Term Loan 6</td>
<td>-</td>
<td>3,575,808</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,917,959,444</strong></td>
<td><strong>1,741,298,147</strong></td>
</tr>
</tbody>
</table>

Ijarah Facility 1: represents an Ijarah facility amounting to AED 1,350 million which was obtained by the Parent Company (“The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC”) during the year ended 31 December 2017 and is repayable through 19 quarterly instalments with first instalment being on 31 March 2023 and amounting to AED 25,000,000. Final instalment is scheduled on 30 September 2027. The profit rate is 2.75% plus 3 months EIBOR.

Ijarah Facility 2: represents an Ijarah facility with a ceiling of AED 605 million which was obtained by the Parent Company (“The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC”) during the year ended 31 December 2017 to construct the Waterfront Towers project repayable through 28 quarterly instalments with first instalment being on 30 September 2021 and final instalment is scheduled on 30 June 2028. The profit rate is 2.75% plus 3 months EIBOR. Interest on this facility has been fully capitalised into investment properties under development.

Term loan 1: represents a loan with a ceiling of AED 220 million which was obtained by the Parent Company (“The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC”) during the year ended 31 December 2015. The loan is at a rate of 3 months EIBOR plus 2.75% per annum and is repayable through 40 quarterly instalments with first instalment being six months from the start of operations. Interest on this facility has been fully capitalised into investment properties under development.

Term loan 2: represents a loan amounting to AED 202 million which was obtained by the Parent Company (“The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC”) during the year ended 31 December 2002 and is repayable through annual fixed instalments of AED 11,100,000 inclusive of interest.
13 Bank borrowings (continued)

Term loan 3: represents a loan with a ceiling of AED 120 million which was obtained by the the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") the year ended 31 December 2017. The loan is at a rate of 3 months EIBOR plus 2.75% per annum and is repayable through 39 equal quarterly instalments with first instalment being on the 31 December 2017.

Term loan 4: represents a loan amounting to AED 33 million which was obtained by the Parent Company ("The Private Department of H.E Sheikh Mohammed Bin Khalid Al Nahyan LLC") during the year ended 31 December 2019 at a rate of 7% per annum. The loan during the same year ended 31 December 2019.

There were several financial covenants attached to the interest-bearing loans and Ijarah facilities. Please refer to Note 3.2 for more details.

14 Provision for employees’ end of service benefits

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>8,581,534</td>
<td>9,535,506</td>
<td>9,398,725</td>
</tr>
<tr>
<td>Charge for the year (Note 20)</td>
<td>1,232,939</td>
<td>1,280,331</td>
<td>1,272,230</td>
</tr>
<tr>
<td>Payments</td>
<td>(1,083,909)</td>
<td>(2,234,303)</td>
<td>(1,135,449)</td>
</tr>
<tr>
<td>Balance at 31 December</td>
<td>8,730,564</td>
<td>8,581,534</td>
<td>9,535,506</td>
</tr>
</tbody>
</table>

Principal assumptions used in determining benefit obligations for the Group are shown below:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>2.21</td>
<td>3.45</td>
</tr>
<tr>
<td>Salary increase rate</td>
<td>3.50</td>
<td>4.80</td>
</tr>
<tr>
<td>Normal retirement age (years)</td>
<td>60</td>
<td>60</td>
</tr>
</tbody>
</table>

Management believes that no reasonably possible change in any of the above assumptions would cause a material change in the carrying value.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

15 Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>Trade payables</td>
<td>24,384,967</td>
<td>14,286,356</td>
<td>18,062,953</td>
</tr>
<tr>
<td>Unearned rental income</td>
<td>86,956,205</td>
<td>88,216,039</td>
<td>110,128,121</td>
</tr>
<tr>
<td>Refundable deposits</td>
<td>9,231,146</td>
<td>8,610,184</td>
<td>8,197,106</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>5,501,520</td>
<td>3,511,289</td>
<td>3,341,774</td>
</tr>
<tr>
<td>Staff payables *</td>
<td>656,310</td>
<td>661,502</td>
<td>29,000,000</td>
</tr>
<tr>
<td>Other payables</td>
<td>2,149,513</td>
<td>2,270,137</td>
<td>949,350</td>
</tr>
<tr>
<td></td>
<td>128,879,661</td>
<td>117,555,507</td>
<td>169,679,304</td>
</tr>
</tbody>
</table>

16 Related party balances and transactions

Related parties represent major shareholders, directors, key management personnel of the Group, and entities owned by the shareholders of the Group. All transactions with related parties are at arm’s length.

Balances with related parties included in the statement of financial position are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
<td>AED (unaudited)</td>
</tr>
<tr>
<td><strong>Due from related parties:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotana affiliate companies</td>
<td>97,507</td>
<td>69,857</td>
<td></td>
</tr>
<tr>
<td>Khalidia Airconditioning &amp; Refrigeration</td>
<td>-</td>
<td>5,427</td>
<td></td>
</tr>
<tr>
<td></td>
<td>97,507</td>
<td>75,284</td>
<td></td>
</tr>
<tr>
<td><strong>Due to related parties:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Square General Contracting Co LLC</td>
<td>41,018,419</td>
<td>16,985,810</td>
<td>20,921,544</td>
</tr>
<tr>
<td>Shareholders</td>
<td>2,512,706</td>
<td>664,115</td>
<td></td>
</tr>
<tr>
<td>Rotana Hotel Management Corporation (operator of Al Khalidiya Palace Rayhaan)*</td>
<td>273,823</td>
<td>303,074</td>
<td>287,332</td>
</tr>
<tr>
<td>Rotana affiliate hotels</td>
<td>98,628</td>
<td>25,011</td>
<td>153,952</td>
</tr>
<tr>
<td>Al Samadi Sweets</td>
<td>8,340</td>
<td>3,129</td>
<td></td>
</tr>
<tr>
<td>Khalidia International Shipping</td>
<td>7,784</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>43,919,700</td>
<td>17,981,139</td>
<td>21,362,828</td>
</tr>
</tbody>
</table>

During the year ended 31 December 2019, the Group declared and recorded dividends of AED 12.53 per share amounting to AED 147,812,111 (2018: AED 22.28 per share amounting to AED 262,927,816).

* Rotana Hotel Management Corporation ("the Operator") is the managing operator of Al Khalidiya Palace Rayhaan Hotel and the transactions disclosed relate to management fees and other related costs charged from/to the operator.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

16 Related party balances and transactions (continued)

Compensation of key management personnel

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and allowances</td>
<td>7,793,432</td>
<td>7,531,292</td>
</tr>
<tr>
<td>Other benefits (Note 15)</td>
<td>108,000</td>
<td>108,000</td>
</tr>
</tbody>
</table>

Number of key management personnel

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

17 Revenue

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease income</td>
<td>303,860,235</td>
<td>333,544,403</td>
</tr>
<tr>
<td>Room revenue</td>
<td>52,399,080</td>
<td>52,713,561</td>
</tr>
<tr>
<td>F&amp;B revenue</td>
<td>26,002,179</td>
<td>25,804,208</td>
</tr>
<tr>
<td>Recreation revenue</td>
<td>2,804,280</td>
<td>2,963,731</td>
</tr>
<tr>
<td>Other revenue</td>
<td>8,854,462</td>
<td>8,835,690</td>
</tr>
</tbody>
</table>

Disaggregation of revenue from contracts with customers

The Group derives revenue from performance obligations over time except for F&B which is at a point in time.

18 Direct costs

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities expenses</td>
<td>16,377,189</td>
<td>16,219,292</td>
</tr>
<tr>
<td>Depreciation expense (Note 5)</td>
<td>15,110,963</td>
<td>14,969,386</td>
</tr>
<tr>
<td>Staff costs (Note 20)</td>
<td>14,256,763</td>
<td>14,098,902</td>
</tr>
<tr>
<td>F&amp;B cost</td>
<td>8,091,444</td>
<td>8,248,495</td>
</tr>
<tr>
<td>Security expenses</td>
<td>2,753,400</td>
<td>2,976,800</td>
</tr>
<tr>
<td>Maintenance expenses</td>
<td>2,527,911</td>
<td>2,786,958</td>
</tr>
<tr>
<td>Building works expenses</td>
<td>2,337,046</td>
<td>2,608,379</td>
</tr>
<tr>
<td>Cleaning expenses</td>
<td>2,132,747</td>
<td>1,990,170</td>
</tr>
<tr>
<td>Service costs</td>
<td>1,567,666</td>
<td>1,600,453</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>1,295,302</td>
<td>1,379,302</td>
</tr>
<tr>
<td>Other expenses</td>
<td>4,212,889</td>
<td>4,601,454</td>
</tr>
</tbody>
</table>

|                      | 70,663,320 | 71,479,591 |

(54)
Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

19 General and administrative expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs (Note 20)</td>
<td>35,449,022</td>
<td>35,991,365</td>
</tr>
<tr>
<td>Depreciation expenses (Note 5)</td>
<td>3,906,047</td>
<td>4,013,500</td>
</tr>
<tr>
<td>Utility expenses</td>
<td>6,092,744</td>
<td>6,577,842</td>
</tr>
<tr>
<td>Government fees</td>
<td>6,081,212</td>
<td>1,282,733</td>
</tr>
<tr>
<td>Maintenance and repairs</td>
<td>2,239,994</td>
<td>2,306,621</td>
</tr>
<tr>
<td>IT expenses</td>
<td>1,460,801</td>
<td>1,556,877</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,247,751</td>
<td>1,426,984</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,232,523</td>
<td>451,591</td>
</tr>
<tr>
<td>Insurance expenses</td>
<td>1,721,599</td>
<td>1,598,798</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>1,128,873</td>
<td>926,364</td>
</tr>
<tr>
<td>Credit card commissions</td>
<td>869,159</td>
<td>889,698</td>
</tr>
<tr>
<td>Professional fees</td>
<td>792,204</td>
<td>1,251,567</td>
</tr>
<tr>
<td>Communication expenses</td>
<td>382,576</td>
<td>2,010,288</td>
</tr>
<tr>
<td>Charity expenses</td>
<td>136,251</td>
<td>1,157,350</td>
</tr>
<tr>
<td>Other</td>
<td>10,636,176</td>
<td>9,648,941</td>
</tr>
<tr>
<td>Total</td>
<td>73,376,932</td>
<td>71,090,519</td>
</tr>
</tbody>
</table>

20 Staff costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and allowances</td>
<td>35,842,834</td>
<td>36,952,106</td>
</tr>
<tr>
<td>End of service benefits (Note 14)</td>
<td>1,232,939</td>
<td>1,280,331</td>
</tr>
<tr>
<td>Other employees’ benefits</td>
<td>14,207,229</td>
<td>13,494,731</td>
</tr>
<tr>
<td>Total</td>
<td>51,283,002</td>
<td>51,727,168</td>
</tr>
</tbody>
</table>

Staff costs are allocated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct costs (Note 18)</td>
<td>14,256,763</td>
<td>14,098,902</td>
</tr>
<tr>
<td>General and administrative expenses (Note 19)</td>
<td>35,449,022</td>
<td>35,991,365</td>
</tr>
<tr>
<td>Marketing &amp; selling expenses (Note 21)</td>
<td>1,577,217</td>
<td>1,636,901</td>
</tr>
<tr>
<td>Total</td>
<td>51,283,002</td>
<td>51,727,168</td>
</tr>
</tbody>
</table>
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

21 Marketing & selling expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>2019 AED</th>
<th>2018 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissions</td>
<td>4,916,739</td>
<td>4,462,982</td>
</tr>
<tr>
<td>Staff costs (Note 20)</td>
<td>1,577,217</td>
<td>1,636,901</td>
</tr>
<tr>
<td>Franchise fees</td>
<td>920,649</td>
<td>927,329</td>
</tr>
<tr>
<td>Representation expenses</td>
<td>908,509</td>
<td>1,108,435</td>
</tr>
<tr>
<td>Loyalty program</td>
<td>593,961</td>
<td>796,738</td>
</tr>
<tr>
<td>Media expenses</td>
<td>369,086</td>
<td>530,054</td>
</tr>
<tr>
<td>Others</td>
<td>69,410</td>
<td>168,816</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,355,571</td>
<td>9,631,255</td>
</tr>
</tbody>
</table>

22 Finance costs

<table>
<thead>
<tr>
<th>Item</th>
<th>2019 AED</th>
<th>2018 AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans</td>
<td>88,612,621</td>
<td>89,099,956</td>
</tr>
<tr>
<td>Interest on bank overdraft</td>
<td>1,100,473</td>
<td>67,846</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>89,713,094</td>
<td>89,167,802</td>
</tr>
</tbody>
</table>

23 Derivative financial instruments

Derivative financial instruments consist of one interest rate swap arrangements entered with a counter-party bank for a notional amount that mirrors the draw down and repayment schedule of Ijara Term Loan 1 (please refer to Note 13). However, the Group does not apply hedge accounting in accordance with IFRS 9 and gains or losses on derivatives are recognised in profit or loss in net change in fair value of financial instruments at FVPL.

The notional amount outstanding for the derivative contract at 31 December 2019 were AED 855 million (31 December 2018: AED 1,287 million).

At 31 December 2019, the fixed rate is 4.03% per annum. The derivative instrument had negative fair values amounting to AED 48,975,413 as at 31 December 2019 (31 December 2018: AED 9,157,842).
23 Derivative financial instruments (continued)

The movement in derivative financial instruments is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>9,157,842</td>
<td>32,371,153</td>
<td>41,471,756</td>
</tr>
<tr>
<td>Loss/(gain) recognized during the year</td>
<td>39,817,571</td>
<td>(23,213,311)</td>
<td>(9,100,603)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>48,975,413</td>
<td>9,157,842</td>
<td>32,371,153</td>
</tr>
</tbody>
</table>

Derivative financial instruments are allocated in the statement of financial position as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>48,975,413</td>
<td>9,157,842</td>
<td>32,371,153</td>
</tr>
</tbody>
</table>

24 Basic earnings per share

Basic earnings per share for the year are calculated by dividing profit for the year by the weighted average number of ordinary shares outstanding during the year. Please refer to Note 16 for details regarding dividend earning per share.

The following reflects the income and share data used in the earnings per share computations:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year attributable to the ordinary equity holders of the Group (AED)</td>
<td>136,949,460</td>
<td>585,593,185</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue</td>
<td>11,800,000</td>
<td>11,800,000</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>11.61</td>
<td>49.63</td>
</tr>
</tbody>
</table>

25 Segmental information

Management has determined the operating segments based on the reports reviewed by the Managing Director (in making strategic decisions.)
25 Segmental information (continued)

The Managing Director considers the business based on the following operating segments:

- UAE - Real estate: includes management of real estate, land purchase, sale and rental housing units.
- UAE - Hospitality includes basic hotel services.

The operating segments derive their revenue primarily from operating lease income. All of the Group’s business activities and operating segments are reported within the above segments.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit.

Transfer prices between operating segments are on an arm’s (length basis in a manner similar to transactions with third parties.)
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

25 Segmental information (continued)

The segment information provided to the Managing Director for the operating segments, (which also represent the reportable segments) for the year ended 31 December 2019 and 2018 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>UAE – Real Estate AED</th>
<th>UAE – Hospitality AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended 31 December 2019</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue*</td>
<td>301,855,384</td>
<td>92,064,852</td>
<td>393,920,236</td>
</tr>
<tr>
<td>Direct costs</td>
<td>(30,121,801)</td>
<td>(40,541,519)</td>
<td>(70,663,320)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>271,733,583</td>
<td>51,523,333</td>
<td>323,256,916</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(46,039,042)</td>
<td>(27,337,890)</td>
<td>(73,376,932)</td>
</tr>
<tr>
<td>Marketing and selling</td>
<td>-</td>
<td>(9,355,571)</td>
<td>(9,355,571)</td>
</tr>
<tr>
<td>Management incentive fee</td>
<td>-</td>
<td>(2,091,461)</td>
<td>(2,091,461)</td>
</tr>
<tr>
<td>Net impairment losses on financial assets</td>
<td>(486,809)</td>
<td>(114,983)</td>
<td>(601,792)</td>
</tr>
<tr>
<td>Unrealised loss/gain on revaluation of investment properties</td>
<td>(23,132,317)</td>
<td>-</td>
<td>(23,132,317)</td>
</tr>
<tr>
<td>Unrealised gain / (loss) on revaluation of property and equipment</td>
<td>51,509,423</td>
<td>-</td>
<td>51,509,423</td>
</tr>
<tr>
<td>Other income</td>
<td>271,859</td>
<td>-</td>
<td>271,859</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>253,856,697</td>
<td>12,623,428</td>
<td>266,480,125</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(89,713,094)</td>
<td>-</td>
<td>(89,713,094)</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments in cash flow hedges</td>
<td>(39,817,571)</td>
<td>-</td>
<td>(39,817,571)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>124,326,032</td>
<td>12,623,428</td>
<td>136,949,460</td>
</tr>
</tbody>
</table>

**Other comprehensive income**

*Items that will not be reclassified to profit or loss*

|                                |                       |                       |           |
| Revaluation of property and equipment | -                     | 9,792,781             | 9,792,781 |
| **Total comprehensive income for the year** | 124,326,032          | 22,416,209            | 146,742,241 |

* Total revenue includes revenue from contracts with customers and rental income.
### 25 Segmental information (continued)

<table>
<thead>
<tr>
<th></th>
<th>UAE – Real Estate AED</th>
<th>UAE – Hospitality AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended 31 December 2018</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue*</td>
<td>331,128,647</td>
<td>92,732,946</td>
<td>423,861,593</td>
</tr>
<tr>
<td>Direct costs</td>
<td>(31,049,364)</td>
<td>(40,430,227)</td>
<td>(71,479,591)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>300,079,283</td>
<td>52,302,719</td>
<td>352,382,002</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(42,416,277)</td>
<td>(28,674,242)</td>
<td>(71,090,519)</td>
</tr>
<tr>
<td>Marketing and selling</td>
<td>-</td>
<td>(9,631,255)</td>
<td>(9,631,255)</td>
</tr>
<tr>
<td>Management incentive fee</td>
<td>-</td>
<td>(2,017,036)</td>
<td>(2,017,036)</td>
</tr>
<tr>
<td>Net impairment losses on financial assets</td>
<td>(3,463,965)</td>
<td>(44,336)</td>
<td>(3,508,301)</td>
</tr>
<tr>
<td>Unrealised loss/gain on revaluation of investment properties</td>
<td>450,514,291</td>
<td>-</td>
<td>450,514,291</td>
</tr>
<tr>
<td>Unrealised gain/ (loss) on revaluation of property and equipment</td>
<td>(65,216,045)</td>
<td>-</td>
<td>(65,216,045)</td>
</tr>
<tr>
<td>Other income</td>
<td>114,539</td>
<td>-</td>
<td>114,539</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>639,611,826</td>
<td>11,935,850</td>
<td>651,547,676</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(89,167,802)</td>
<td>-</td>
<td>(89,167,802)</td>
</tr>
<tr>
<td>Changes in fair values of derivative financial instruments in cash flow hedges</td>
<td>-</td>
<td>23,213,311</td>
<td>23,213,311</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>573,657,335</td>
<td>11,935,850</td>
<td>585,593,185</td>
</tr>
</tbody>
</table>

**Other comprehensive income**

*Items that will not be reclassified to profit or loss*

| Revaluation of property and equipment | - | 4,813,602 | 4,813,602 |
| **Total comprehensive income for the year** | 573,657,335 | 16,749,452 | 590,406,787 |

* Total revenue includes revenue from contracts with customers and rental income.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

25 Segmental information (continued)

The segment assets and liabilities were as follows:

<table>
<thead>
<tr>
<th></th>
<th>UAE – Real Estate AED</th>
<th>UAE – Hospitality AED</th>
<th>Elimination AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended 31 December 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>4,642,969,578</td>
<td>495,000,000</td>
<td>-</td>
<td>5,137,969,578</td>
</tr>
<tr>
<td>Current assets</td>
<td>327,587,707</td>
<td>23,276,505</td>
<td>(241,247,222)</td>
<td>109,616,990</td>
</tr>
<tr>
<td></td>
<td><strong>4,970,557,285</strong></td>
<td><strong>518,276,505</strong></td>
<td><strong>(241,247,222)</strong></td>
<td><strong>5,247,586,568</strong></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,393,168,913</td>
<td>16,580,418</td>
<td>(234,551,135)</td>
<td>2,175,198,196</td>
</tr>
</tbody>
</table>

|                      |                       |                       |                 |           |
| **Year ended 31 December 2018** |                       |                       |                 |           |
| Non-current assets   | 4,390,293,031         | 500,000,000           | -               | 4,890,293,031 |
| Current assets       | 310,804,377           | 21,974,395            | (241,200,081)   | 91,578,691 |
|                      | **4,701,097,408**     | **521,974,395**       | **(241,200,081)** | **4,981,871,722** |
| **Total liabilities**| 2,130,507,004         | 11,944,354            | (234,037,878)   | 1,908,413,480 |

The Group operates from its base in the United Arab Emirates and accordingly no further geographical analysis of revenues, profit, fair value gains, assets and liabilities is given.

26 Contingencies and commitments

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of guarantee</td>
<td>333,000</td>
<td>333,000</td>
</tr>
</tbody>
</table>

As at 31 December 2019, the Group has capital commitments of AED 533 million (2018: AED 705 million) towards construction of investment properties under construction.
Private Department of Skh Mohamed Bin Khalid Al Nahyan LLC

Notes to the consolidated financial statements
for the year ended 31 December 2019 (continued)

27 Financial instruments by category

<table>
<thead>
<tr>
<th>Financial instruments by category</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td><strong>Financial assets at amortized cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from related parties</td>
<td>97,507</td>
<td>75,284</td>
</tr>
<tr>
<td>Trade and other receivables*</td>
<td>79,863,336</td>
<td>49,844,279</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>22,977,512</td>
<td>38,191,852</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>102,938,355</td>
<td>88,111,415</td>
</tr>
<tr>
<td><strong>Financial liabilities at amortized cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>1,917,959,444</td>
<td>1,741,298,147</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>43,919,700</td>
<td>17,981,139</td>
</tr>
<tr>
<td>Trade and other payables*</td>
<td>41,923,456</td>
<td>29,339,468</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,003,802,600</td>
<td>1,788,618,754</td>
</tr>
<tr>
<td><strong>Derivative financial instruments:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial liability</td>
<td>48,975,413</td>
<td>9,157,842</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,052,778,013</td>
<td>1,797,776,596</td>
</tr>
</tbody>
</table>

*For the purpose of financial instruments disclosure, non-financial assets amounting to AED 5,333,130 (2018: AED 2,207,865) have been excluded from trade and other receivables and non-financial liabilities amounting to AED 86,956,205 (2018: AED 88,216,039) have been excluded from trade and other payables.

28 Net debt reconciliation

The sections sets out an analysis of net debt and the movements in net debt for the year ended 31 December 2019 and 2018:-

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED</td>
<td>AED</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>22,977,512</td>
<td>38,191,852</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>(1,917,959,444)</td>
<td>(1,741,298,147)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(1,894,981,932)</td>
<td>(1,703,106,295)</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>22,977,512</td>
<td>38,191,852</td>
</tr>
<tr>
<td>Gross debt – variable interest rates</td>
<td>(1,777,590,500)</td>
<td>(1,638,451,216)</td>
</tr>
<tr>
<td>Gross debt – fixed interest rates</td>
<td>(140,368,944)</td>
<td>(102,846,931)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(1,894,981,932)</td>
<td>(1,703,106,295)</td>
</tr>
</tbody>
</table>
28  Net debt reconciliation (continued)

<table>
<thead>
<tr>
<th></th>
<th>Cash and bank balances AED</th>
<th>Bank borrowings AED</th>
<th>Total AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt as at 1 January 2018</td>
<td>137,096,446</td>
<td>(1,645,250,627)</td>
<td>(1,508,154,181)</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>(120,555,122)</td>
<td>(120,555,122)</td>
</tr>
<tr>
<td>Cash flows</td>
<td>(98,904,594)</td>
<td>24,507,602</td>
<td>(74,396,992)</td>
</tr>
<tr>
<td>Net debt as at 31 December 2018</td>
<td>38,191,852</td>
<td>1,741,298,147</td>
<td>(1,703,106,295)</td>
</tr>
<tr>
<td>Cash flows</td>
<td>(15,214,340)</td>
<td>25,680,010</td>
<td>10,465,670</td>
</tr>
<tr>
<td>Net debt as at 31 December 2019</td>
<td>22,977,512</td>
<td>(1,917,959,444)</td>
<td>(1,894,981,932)</td>
</tr>
</tbody>
</table>

29  First time adoption of IFRS

As at 31 December 2019, the Group has transitioned to IFRS. IFRS allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the fair value as deemed cost to its buildings and properties which are classified as property and equipment. Therefore, at the date of the transition, no remeasurements have occurred and the transition to IFRS has not affected the entity’s reported financial position, financial performance, or cash flows.

30  Subsequent events

The existence of coronavirus (COVID-19) was confirmed in early 2020 and has spread across the globe, causing disruptions to businesses and economic activity. The Group considers this outbreak to be a non-adjusting event.

As the situation is fluid and rapidly evolving, the management do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group. However, management continues to monitor the situation closely, including the potential impacts on results, supply continuity and employees. The situation could change at any time and there can be no assurance that the COVID-19 outbreak will not have a material adverse impact on the future results of the Group.
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