IMPORTANT NOTICE

THE ATTACHED OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S (REGULATION S) UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT)) AND ARE OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached offering circular (the Offering Circular). In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from ESIC Sukuk Limited (the Trustee) or ESIC (as defined below) as a result of such access.

Restrictions: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED 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, SOLD, PLEDGED OR OTHERWISE TRANSFERRED 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) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE OFFERING CIRCULAR MAY NOT BE FORWARDER OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ARRANGERS AND THE DEALERS (EACH AS DEFINED IN THE OFFERING CIRCULAR) AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THE OFFERING CIRCULAR CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL.

ANY SECURITIES DESCRIBED IN THE OFFERING CIRCULAR 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 UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY. ACCORDINGLY, THE OFFERING CIRCULAR IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM.

THE DISTRIBUTION IN THE UNITED KINGDOM OF THE OFFERING CIRCULAR, ANY PRICING SUPPLEMENT AND ANY OTHER MARKETING MATERIALS RELATING TO THE SECURITIES IS BEING ADDRESSED TO, OR DIRECTED AT: (A) IF THE DISTRIBUTION OF THE SECURITIES (WHETHER OR NOT SUCH SECURITIES 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 SECURITIES 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 PROFESSIONALS 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 PERSONS 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 MADE IN ACCORDANCE WITH THE PROMOTION OF CISS ORDER.

THIS COMMUNICATION IS BEING DIRECTED ONLY AT PERSONS HAVING PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. NO OTHER PERSON SHOULD RELY ON IT.

Confirmation of Your Representation: By accessing the Offering Circular you confirm to the Arrangers and the Dealers and the Trustee, as issuer of the Certificates (as defined in the Offering Circular), that: (i) you understand and agree to the terms set out herein; (ii) you are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of any U.S. person, and that you are not in the United States, its territories and possessions; (iii) you consent to delivery of the Offering Circular by electronic transmission; (iv) you will not transmit the Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the prior written consent of the Arrangers and the Dealers; and (v) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

If you received the Offering Circular by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected. If you received the Offering Circular by e-mail, your use of this email is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Trustee in such jurisdiction.

Under no circumstances shall the Offering Circular constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached document who intend to subscribe for or purchase the Certificates are reminded that any subscription or purchase may only be made on the basis of the information contained in the Offering Circular.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Trustee, Emirates Strategic Investments Company Sole Proprietorship L.L.C. (ESIC), the Arrangers, the Dealers or any person who controls or is a director, officer, employee or agent of the Trustee, ESIC, the Arrangers or the Dealers nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

The distribution of the Offering Circular in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular comes are required by the Trustee, ESIC, the Arrangers and the Dealers to inform themselves about, and to observe, any such restrictions.
ESIC Sukuk Limited
(an exempted company incorporated with limited liability in the Cayman Islands)

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

Under the U.S.$1,000,000,000 trust certificate issuance programme (the Programme) described in this Offering Circular (the Offering Circular), ESIC Sukuk Limited (in its capacity as issuer and trustee, the Trustee), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the Certificates) denominated 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 for in the Programme Agreement described herein), subject to increase as described herein.

The 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 and Emirates Strategic Investments Company Sole Proprietorship L.L.C. (the Obligor or ESIC) (each a Dealer and together, the Dealers), which appointment may be for a specific issue of Certificates or on an ongoing basis. References in this Offering Circular to the relevant Dealer(s) 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.

An investment in Certificates issued under the Programme involves certain risks. For a discussion of the principal risk factors that may affect the ability of the Trustee to fulfil its obligations under the Certificates, see "Risk Factors".

Each Tranche (as defined in the terms and conditions of the Certificates (the Conditions)) of Certificates will be constituted by: (i) a master trust deed (the Master Trust Deed) dated 15 July 2019 entered into by the Trustee, the Obligor and Citibank N.A., London Branch as delegate of the Trustee (in such capacity, the Delegate); and (ii) a supplemental trust deed (each a Supplemental Trust Deed) in relation to the relevant Tranche. Certificates of each Series confer on the holders of the Certificates from time to time (the Certificateholders) the right to receive 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).

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 regulated market for the purposes of Directive 2014/65/EU (as amended, MiFID II).

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 United Kingdom Listing Authority. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

References in this Offering Circular to the 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). The Trustee may also issue unlisted Certificates and/or Certificates not admitted to trading on any market. The applicable pricing supplement relating to the relevant Series (the applicable Pricing Supplement) will state whether the relevant Certificates will be listed and/or admitted to trading on any market.

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, sold or delivered 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 applicable state securities laws. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. For a description of certain restrictions on offers and sales of Certificates and on distribution of this Offering Circular, see "Subscription and Sale". Each Series of Certificates will initially be represented by a global certificate in registered form (a Global Certificate). Global Certificates will be deposited on the relevant issue date with, and registered in the name of a nominee for, a common depositary (the Common Depositary) on behalf of Euroclear Bank SA/NV (Euroclear) and Clearstream Banking S.A. (Clearstream, Luxembourg). The provisions governing the
The Obligor has been assigned long-term ratings of Baa3 with a stable outlook by Moody's Investors Service Limited (Moody's). The Programme is expected to be rated Baa3 by Moody's. Moody's is established in the European Union (EU) and is registered under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. A Series of Certificates to be issued under the Programme may be rated or unrated. Where a Series of Certificates is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change 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 Shariah Advisory Board of Dubai Islamic Bank PJSC, Dar Al Sharia, the Shariah Supervisory Board of First Abu Dhabi Bank PJSC and the Shariah Supervisory Committee of Standard Chartered Bank. Prospective Certificateholders should not rely on such approvals 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 such approvals is in compliance with their individual standards of compliance with Shari'a principles.

Amounts payable on Floating Rate Certificates will be calculated by reference to one of LIBOR, EURIBOR, KIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR, SAIBOR, TIBOR, CHF LIBOR and QIBOR (as specified in the applicable Pricing Supplement). As at the date of this Offering Circular, the administrators of LIBOR, EURIBOR, SAIBOR and CHF LIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the Benchmarks Regulation). As at the date of this Offering Circular, the administrators of KIBOR, HIBOR, KLIBOR, TRLIBOR or TRYLIBOR, SIBOR, EIBOR, TIBOR, SAIBOR and QIBOR are not included in ESMA's register of administrators under the Benchmarks Regulation. As far as the Obligor is aware, KIBOR, KLIBOR, EIBOR and QIBOR do not fall within the scope of the Benchmarks Regulation by virtue of Article 2 of that regulation. As far as the Obligor is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that Treasury Markets Association, Banks Association of Turkey, Associate of Banks in Singapore and Japanese Bankers Association are not currently required to obtain authorisation/registration (or, if located outside the EU, recognition, endorsement or equivalence).

**Arrangers**

**First Abu Dhabi Bank**

**Standard Chartered Bank**

**Dealers**

**Bank ABC**

**Dubai Islamic Bank**

**Emirates NBD Capital**

**First Abu Dhabi Bank**

**Standard Chartered Bank**

The date of this Offering Circular is 15 July 2019.
Each of the Trustee and the Obligor accepts responsibility for the information contained in this Offering Circular and the applicable Pricing Supplement for each Series of Certificates issued under the Programme. Each of the Trustee and the Obligor declares, 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 the Trustee and the Obligor, in accordance with the facts and does not omit anything likely to affect the import of such information.

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

The language of this Offering Circular is English. Certain technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the Programme or the issue or sale of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents (each as defined herein). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Trustee or the Obligor since 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 in the financial position of the Trustee or the Obligor since the date hereof or 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 as 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 distribution of this Offering Circular and the offering or sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Trustee, the Obligor, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. 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. Certificates may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. Each purchaser of the Certificates in making its purchase will be deemed to have made certain acknowledgements, representations and agreements. Prospective purchasers are hereby notified that the offer, sale or delivery of Certificates to it will be made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S. For a description of certain restrictions on offers and sales of Certificates and on distribution of this Offering Circular, see “Subscription and Sale”.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arrangers or Dealers or any affiliate of the Arrangers or Dealers is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by the Arrangers or that Dealer or such affiliate on behalf of the Trustee in such jurisdiction.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Trustee, the Obligor, the Arrangers or the Dealers to subscribe for, or purchase, any Certificates.

To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Delegate or the Agents accepts any responsibility for the contents of this Offering Circular or for any other statement made, or purported to be made, by the Arrangers, the Dealers, the Delegate, the Agents or on its or their behalf in connection with the Trustee, the Obligor or the issue and offering of the Certificates. Each of the Arrangers, the Dealers, the Delegate and the Agents accordingly 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 or any such statement, including 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 or the issue or offering of Certificates hereunder. Neither this Offering Circular nor any other such statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents that any recipient of this Offering Circular or any other such statements should purchase the Certificates. Each potential purchaser of Certificates should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Certificates should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers, the Delegate or the Agents undertakes to review the financial condition or affairs of the Trustee or the Obligor during the life of the arrangements contemplated by this Offering Circular, nor to advise any investor or potential investor in Certificates issued under
the Programme of any information coming to the attention of any of the Arrangers, the Dealers, the Delegate or the Agents.

None of the Arrangers, the Dealers nor any of their respective directors, affiliates, advisers, agents, nor the Delegate nor the Agents have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers, the Delegate or the Agents: (i) as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Trustee or ESIC in connection with Certificates issued under the Programme; or (ii) for any acts or omissions of the Trustee, ESIC or any other person (other than the Arrangers or the relevant Dealer, as the case may be, or their respective directors, affiliates, advisers, or agents) in connection with this Offering Circular or Certificates issued under the Programme.

The Certificates may not be a suitable investment for all investors. Each potential investor in any Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including Certificates where the currency for any Dissolution Distribution Amount or Periodic Distribution Amount (each as defined herein) payments are different from the potential investor's currency;

(iv) understands thoroughly the terms of the relevant Certificates and is familiar with the behaviour of financial markets; and

(v) is 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.

The Certificates are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Certificates 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 such Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Certificates are legal investments for it, (ii) Certificates can be used as collateral for various types of borrowing or raising of finance and (iii) other restrictions apply to its purchase or pledge of any Certificates. 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.

The Certificates to which this Offering Circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Certificates offered should conduct their own due diligence on the Certificates. If you do not understand the contents of this Offering Circular you should consult an authorised financial adviser.

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

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY CERTIFICATES.

STABILISATION

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the Stabilisation Manager(s)) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may effect transactions with a view to supporting the market price of
some statements may be deemed to be forward-looking. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seek", "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 Group" 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.

PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Financial Statements

The audited consolidated financial statements relating to ESIC and its subsidiary (together, the Group) as at and for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 and as at and for the three-month period ended 31 March 2019 (including the unaudited comparative information for the three-month period ended 31 March 2018) and the notes thereto (the Financial Statements) are included elsewhere in this Offering Circular.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and have been audited by Ernst & Young Middle East (Abu Dhabi Branch) (EY), independent auditor, as stated in their report included elsewhere in this Offering Circular. The financial information as at, and for the three-month period ended, 31 March 2018, included in this Offering Circular is neither audited nor reviewed.

ESIC presents its consolidated financial statements in United Arab Emirates dirham. ESIC’s financial year ends on 31 December and references in this Offering Circular to 2016, 2017 and 2018 are to the 12-month period ending on 31 December in each such year.

Basis of Preparation – Group Restructuring

ESIC was incorporated in order to acquire East and West International Group LLC (which, following the acquisition was renamed East and West International Group – Sole Proprietorship L.L.C. (EWIG)), a property management company established in 1993 by HH Sheikh Mansour Bin Zayed Al Nahyan to manage a portfolio of residential and commercial properties. ESIC was incorporated on 5 February 2019 and the shares of EWIG were transferred to ESIC on 28 March 2019. Since ESIC and EWIG are under the common control of the same beneficial owner, the pooling of interests method was applied and the Financial Statements are presented as the continuation of the existing group. The financial information as at and for the year ended 31 December 2018, 31 December 2017 and 31 December 2016 presented in the Financial Statements is therefore the results and financial position of EWIG as the group restructuring was only effected in March 2019. Further details can be found in note 2.1 and note 3 to the Financial Statements.

Non-IFRS measures

This Offering Circular includes certain financial information which has not been prepared in accordance with IFRS. This information, all of which has been derived from information included in the Financial Statements, appears in "Selected financial information—Selected ratios" and is also referred to in other places in this document. None of this financial information is subject to any audit or review by independent auditors.

ESIC uses these non-IFRS financial measures to evaluate performance. This information is not presented in accordance with IFRS and should be viewed as supplemental to the Financial Statements. Investors are cautioned not to place undue reliance on this information and should note that the non-IFRS financial measures identified above, as calculated by ESIC, may differ materially from similarly titled financial measures reported by other companies, including ESIC’s competitors.

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 ESIC 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 ESIC’s knowledge of the market within which it operates, ESIC cannot guarantee that a third-party expert using different methods would reach the same conclusions.
Statistical information relating to Abu Dhabi and the UAE included in this Offering Circular has been derived from official public sources, including the Statistics Centre – Abu Dhabi (the SCAD), the UAE Federal Competitiveness and Statistics Authority (the FCSA), the Organisation of Petroleum Exporting Countries (OPEC), the International Monetary Fund (the IMF) and Abu Dhabi National Oil Company (ADNOC) and certain other sources identified in this Offering Circular. All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by ESIC to investors who have purchased any Certificates.

Information relating to the Abu Dhabi property market included in this Offering Circular has been derived from property research published by Jones Lang LaSalle IP, Inc. (JLL). All such information may differ from that stated in other sources for a variety of reasons, including the use of different source material and cut off times and the subjective interpretation of the source material used. This information may subsequently be revised as new information becomes available and any such revised information will not be circulated by ESIC to investors who have purchased any Certificates.

Where information has not been independently sourced, it is ESIC’s own information.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed thereto in “Terms and Conditions of the Certificates” or any other section of this Offering Circular.

In addition, all references in this Offering Circular to:

- **Abu Dhabi** are to the Emirate of Abu Dhabi;
- **Dubai** are to the Emirate of Dubai;
- **the Government** are to the government of the UAE;
- **investment properties** are to ESIC’s Investments’ portfolio of residential and commercial properties which are held for leasing; and
- **UAE** are to the United Arab Emirates.

Currencies and Exchange Rates

All references in this Offering Circular to:

- **dirham** and **AED** refer to dirham, the legal currency of the UAE for the time being; and
- **U.S. dollars, dollars, U.S.$** and **$** refer to United States dollars, the legal currency of the United States for the time being.

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

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.

Rounding

Certain data in this Offering Circular has been rounded. As a result of such rounding, the totals of data presented in tables in this Offering Circular may vary slightly from the arithmetic totals of such data. Where used in tables, 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.

NOTICE TO RESIDENTS IN 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 United Kingdom Financial Conduct Authority. Accordingly, this Offering Circular is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Offering Circular, any Pricing Supplement 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 (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 be lawfully promoted.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Offering Circular, any Pricing Supplement or any other marketing materials in relation to any Certificates. Prospective investors in the United Kingdom in any Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the United Kingdom 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 IN 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 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 related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities 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 securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Offering Circular or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of securities will be made to the public in the Kingdom of Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to or made available to the public generally.

NOTICE TO RESIDENTS IN THE KINGDOM OF SAUDI ARABIA

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

NOTICE TO RESIDENTS IN THE STATE OF QATAR
Any Certificates to be issued under the Programme will not be offered or sold at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Circular has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in the State of Qatar. The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar.

NOTICE TO RESIDENTS IN THE CAYMAN ISLANDS
No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the 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 issued under the Programme.

NOTICE TO RESIDENTS IN 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), read together with Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 (the CMSA) 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.
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RISK FACTORS

Each of the Trustee and the Obligor believes that the following factors may affect both the Trustee's ability to pay amounts owing under Certificates issued under the Programme and the Obligor's ability to satisfy its obligations under the relevant Transaction Documents (as defined in the Conditions). All of these factors are contingencies which may or may not occur and neither the Trustee nor the Obligor is in a position to express a view on the likelihood of any such contingency occurring. However, should any of these factors occur, it would have the potential to materially adversely affect the Obligor's business, results of operations, financial condition and prospects and thereby affect its ability to perform its obligations in respect of the relevant Transaction Documents.

Factors which each of the Trustee and the Obligor believes may be 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 non-exhaustive list of factors described below represent the material risks inherent in investing in Certificates, but the inability of the Trustee to pay Periodic Distribution Amounts, Dissolution Distribution 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 and/or the Obligor based on information currently available to them or which they may not currently be able to anticipate. Neither the Trustee nor the Obligor represents that the statements below regarding the risks of holding any Certificates are exhaustive. 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.

RISKS RELATED TO THE TRUSTEE

The Trustee is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 13 May 2019. The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets in respect of each Series of Certificates issued, including the obligation of the Obligor to make payments to the Trustee under the relevant Transaction Documents to which it is a party relating to each Series. Therefore, the Trustee is subject to the same risks that affect the Obligor to the extent that those risks 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. The ability of the Trustee to pay amounts due on the Certificates is dependent upon receipt by the Trustee from the Obligor of amounts to be paid pursuant to the relevant Transaction Documents, which may not be sufficient to meet all claims under the Certificates and the relevant Transaction Documents. See "— Risks relating to the Obligor and the Group".

The Trustee has not engaged, 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 related activities as required under the Transaction Documents. As the Trustee is a Cayman Islands company, it may not be possible for Certificateholders to effect service of process on it outside the Cayman Islands.

RISKS RELATING TO THE GROUP’S PROPERTY MANAGEMENT BUSINESS

The success of the Group’s business is dependent on the UAE’s economy and is significantly affected by trends in UAE’s real estate market

The Group’s real estate business focuses on the management and rental of investment properties and the development of residential and commercial projects in the UAE. The Group’s portfolio of residential and commercial investment properties, as well as its current residential and commercial projects under development, are all located in the UAE. As a result, the Group’s ability to continue to generate profits is dependent on, among other things, developments in the UAE’s economy and the state of the UAE’s real estate market. Adverse economic conditions in the UAE, however arising, could cause a loss of investor confidence, a decrease in consumer purchasing power and unanticipated changes in the UAE’s demographic mix, any or all of which may negatively impact the UAE’s real estate market and reduce demand from tenants for, or purchasers of, the Group’s properties.

As at 31 March 2019, the Group owned and managed a portfolio of approximately 1,168 residential units and 242 commercial units located in the UAE. The Group’s real estate management portfolio is geographically spread across Abu Dhabi, Dubai, Al Ain and Sharjah and the respective Emirates accounted for 76.5 per cent., 17.4 per cent., 5.4 per cent. and 0.7 per cent. of the Group’s rental revenue in the three months ended 31 March 2019.
The Group is currently undertaking the development of four real estate development projects in the UAE (three in Dubai and one in Abu Dhabi), with a view to the eventual sale of the developed properties and/or land, although two of these projects (the Business Bay and Downtown projects) are long-term projects that are at an early stage of development, where further development is subject to market conditions. The Group is also currently undertaking the development of two residential projects in Abu Dhabi with a view to retaining the developed property as an investment property.

According to property research published by JLL, residential rents for apartments and villas in Abu Dhabi declined by 7 per cent. and 4 per cent., respectively, in 2016, by 12 per cent. and 9 per cent., respectively, in 2017, by 11 per cent. and 16 per cent., respectively, in 2018 and by 3 per cent. and 4 per cent., respectively, in the first quarter of 2019. Residential sale prices for apartments and villas in Abu Dhabi declined by 11 per cent. and 11 per cent., respectively, in 2016, by 14 per cent. and 12 per cent., respectively, in 2017, by 14 per cent. and 15 per cent., respectively, in 2018 and by 4 per cent. and 1 per cent. in the first quarter of 2019.

Based on the same research, residential rents for apartments and villas in Dubai declined by 6 per cent. and 8 per cent., respectively, in 2016, by 6.4 per cent. and 6.8 per cent., respectively, in 2017, by 11 per cent. and 8 per cent., respectively, in 2018 and by 3 per cent. and 4 per cent., respectively, in the first quarter of 2019. Residential sale prices for apartments and villas in Dubai declined by 1 per cent. and 2 per cent., respectively, in 2016, by 4.2 per cent. and 2.4 per cent., respectively, in 2017, by 8 per cent. and 9 per cent., respectively, in 2018 and by 2 per cent. and 2 per cent., respectively, in the first quarter of 2019.

Reflecting these adverse trends, the Group experienced reduced revenue from its investment properties in 2017 and 2018 (driven by lower average occupancy and lease rates), with the Group's rental revenue decreasing from AED 106.1 million in 2016 to AED 99.7 million in 2017 and to AED 84.9 million in 2018, a decrease of AED 6.4 million (or 6.0 per cent.) in 2017 compared to 2016, and decrease of AED 14.8 million (or 14.8 per cent.) in 2018 compared to 2017. As a result of these adverse trends, the joint venture to which the Company is a party developing the Marina Gate Project, has started to offer prospective purchasers more flexible payment plans in order to attract investors, which in turn has negatively impacted the timing of the joint ventures’ cash flow from this project.

In addition, following the Dubai Government's successful bid to host the World Expo in 2020, the Dubai Government has demonstrated its commitment to Expo 2020-related infrastructure spending, including the development of new commercial and residential properties in Dubai. As an increasing number of developments are launched and reach completion, the number of properties available in the Dubai market may exceed the demand for such properties leading to "saturation". Saturation in the Dubai real estate market could result in a decrease in occupancy levels and/or a decrease in prevailing market rental rates. Additionally, demand for properties in Dubai and elsewhere in the UAE could decrease as a result of a range of possible factors, including changes in law, macroeconomic conditions, events in neighbouring countries or factors specific to the UAE property market.

There is no assurance that the Group will not continue to be materially adversely affected in the future by negative economic or real estate market trends. These developments could result in any or all of the following outcomes:

- reduced occupancy rates in the Group’s residential and commercial properties which would reduce the Group’s revenue and its ability to recover certain operating costs such as service charges;
- a reduction in the Group’s ability to collect rent and service charge payments 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;
- constraints on the ability of the Group or its joint ventures to obtain funding and/or a significant increase in its cost of any funding obtained;
- less profit being made by the Group’s joint ventures, reduced dividends being received and lower gains or losses on the revaluation of its joint venture investments, which could lead to significant impairment charges constraints on the Group’s ability to obtain adequate construction management, maintenance or insurance services on commercial terms or at all; and
- negative changes in the fair value of the Group’s investment properties which could lead to significant impairment charges.
The Group's ability to generate desired returns from its investment properties will depend on its ability to manage those properties on appropriate terms

The Group’s ability to achieve desired returns on its investment properties will be affected by its ability to generate demand for those properties on terms that are attractive to the Group. The Group's investment property portfolio may in the future include additional residential and/or commercial investment properties for which it will seek to attract tenants. Revenue earned from, and the value of, the investment properties held by the Group may be materially adversely affected by a number of factors, including:

- an inability to fully let the investment properties, to achieve target occupancy rates or rental returns, see “—The Group's rental revenue from its investment portfolio may be affected by a number of factors including its ability to find and maintain tenants, the ability of such tenants to fulfil their lease obligations and the duration of their rental contracts” below;
- the Group's inability to adequately manage the ongoing maintenance requirements of its investment properties on commercial terms or at all;
- the Group’s inability to collect rent and other contractual payments from tenants on a timely basis or at all;
- tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rental and other contractual payments or the termination of a tenant's lease, all of which could hinder or delay the re-letting of a property;
- 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 rates within the investment properties;
- the reputation of the Group and its investment properties within the real estate markets in which it operates; and
- changes in laws and/or governmental regulations in relation to real estate, including those governing permitted and planned usage, taxes and government charges. Such changes may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance.

The risk of many of the factors described above occurring is likely to increase at times when the UAE’s economy experiences low or negative growth, see “—The success of the Group’s business is dependent on the UAE’s economy and is significantly affected by trends in the UAE’s real estate market” above. Any of these factors may have a material adverse effect on the Group’s business, results of operations, cash flows and financial condition.

The Group's rental revenue from its investment property portfolio may be affected by a number of factors including its ability to find and maintain tenants, the ability of its tenants to fulfil their lease obligations and the duration of their rental contracts

The Group's ability to maintain (or increase) current occupancy levels within its investment property portfolio, through the execution of leases with new tenants and the renewal of leases with existing tenants, as well as its ability to maintain or increase rents over the longer term, will have an effect on its rental revenue. In particular, a decline in overall demand for leases for units within the Group's investment property portfolio, the non-renewal of leases or early termination by large tenants in the investment property portfolio, could materially adversely affect the Group's rental revenue.

The Group’s investment properties are located in areas where other similar properties are located and where the landlords of such properties are competing to attract tenants of a similar profile. In addition, new properties may be developed in the future which may compete with the Group's investment properties in terms of targeting the same pool of tenants. The rental revenue from, and market value of, the Group's investment properties will depend on the Group's ability to compete successfully for tenants. If the Group's rental revenue declines, it would have less cash available to service and repay its financial obligations, including its obligations in respect of the Certificates. In addition, significant expenditures associated with a property, such as ongoing operational expenses and maintenance costs, are generally not reduced in proportion to any decline in rental revenue received from that property. If rental revenue from a property declines while the related costs do not decline, the Group's rental revenue could be materially adversely affected, which together with the other risks described below, may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group’s ten largest tenants contributed 40 per cent. of its total rental revenue for the three months ending 31 March 2019, with the five largest tenants accounting for 7 per cent., 7 per cent., 6 per cent., 4 per cent., and 4 per
cent., respectively, of the Group’s total rental revenue for this period. The insolvency or financial difficulty of any of the Group’s individually significant tenants may materially and adversely affect the Group's financial performance.

Additionally, the duration of tenants’ rental contracts may impact the Group's ability to increase its rental revenue. As at 31 March 2019, the Group’s weighted average unexpired lease term was 1.1 years for commercial units. The residential units are typically leased on annual renewable leases. The Group's shorter-term leases expose the Group to potential rental rate changes (including reductions in rent) on a more frequent basis, which creates a level of uncertainty in respect of the Group's future rental revenue. Such leases also place pressure on the Group to let vacant units as soon as possible, in order that they do not remain unoccupied for an extended period of time. Conversely, the Group's longer-term leases restrict the Group from reacting to market demand and may result in leased space being occupied for a significant period of time by a tenant benefitting from a rental rate that is below the prevailing market rate.

The Group’s rental revenue may also be adversely impacted by applicable UAE legislation, “—The laws, rules and regulations that are applicable to the investment properties within the Group's investment portfolio contain provisions that are generally favourable to lessees” below.

All or any of the foregoing factors may result in a reduction of the Group's rental revenue which would, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The laws, rules and regulations that are applicable to the investment properties within the Group’s investment portfolio contain provisions that are generally favourable to lessees

The Group enters leases with tenants in respect of the investment properties in the Group's investment portfolio. Relevant legislation that applies in relation to leases in Dubai and Abu Dhabi is generally favourable to tenants. For example, rental increases for properties may be subject to certain financial caps as determined from time to time by a Ruler's decree or by the Real Estate Regulatory Authority (the RERA) in Dubai or by the Department of Municipality Affairs (the DMA) in Abu Dhabi. In addition, Dubai legislation restricts the ability of a landlord to evict a tenant at the end of his lease term. Accordingly, if the Group wishes to evict a tenant in a situation where it could rent the unit to a new tenant who is willing to pay a higher rent, the Group would be faced with difficulties if it could not satisfy one of the permitted grounds (and procedural requirements) under the relevant Dubai legislation. This could have a material adverse effect on the ability of the Group to increase the overall level of rental revenue from its investment property portfolio which may in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Additionally, the Group cannot anticipate the contents of any future laws, rules or regulations that may be promulgated or implemented by relevant authorities in the UAE. While many of the real estate laws, rules and regulations recently implemented, and currently planned to be implemented, in Abu Dhabi and Dubai are intended to improve the real estate market, the effects of their implementation is often uncertain, there may be difficulties or delays in enforcing them and there can be no assurance that such laws and regulations will not impose more onerous obligations on the Group or have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group’s operations may be subject to delays due to utility and road infrastructure providers’ inability to provide services and connections to the Group’s developments at the required levels and within the project delivery time

Access to some of the Group’s projects is dependent on the completion of connecting infrastructure, such as roads connecting a project with the main regional road network and utilities for which third parties are responsible. There can be no assurance that material delays in delivering the Group’s projects will not occur in the future as a result of delays in the connection of infrastructure. For example, in the UAE, the demand for electricity, water and gas substantially increased in the past and may continue to increase in the future if the infrastructure and population of the UAE continues to expand. As a result, the Group’s current projects may be delayed and future projects may be hindered due to the inability of utility providers to provide the required levels of water and power generation and connections for these utilities in a timely manner. In addition, a breakdown in the Group’s relationships with third party utility and road infrastructure providers could cause further delays. Any delays in the Group’s projects, even when outside the Group’s control, may adversely affect its brand and reputation which may materially adversely affect its business, results of operations, cash flows and financial condition.

Investments may be made into new properties that require development or refurbishment

The Group may invest in new properties, which offer an opportunity for development and reconfiguration in order to produce the maximum possible rental revenue. Similarly, refurbishment work may be undertaken on certain
investment properties from time to time with a view to being able to charge higher rents from tenants who seek rental space with a higher specification of fit-out.

Such real estate development or refurbishment activities are subject to the risk of delay or suspension and material changes in scope due to, among other factors, the following:

- significant cost overruns in respect of the cost of architects, builders and interior designers;
- the unavailability of, or shortages of, contractors, construction materials, equipment and labourers;
- the failure of contractors to meet agreed timetables, in particular with respect to more complex or technically challenging developments (for example, due to the scale, height or complex design of a development);
- physical obstructions, adverse weather and unforeseen ground conditions; and
- delays or failure to obtain any required permits, authorisations, general licences and regulatory certificates for such development or refurbishment works.

In addition, whilst such improvements are being implemented, the Group may experience no (or reduced) rental revenue from the investment properties which are the subject of the development as the relevant investment properties might remain unoccupied for the duration of the works. Any delays caused to such developmental works could increase the Group's costs and incurring such increased costs, or experiencing periods of no (or reduced) rental revenue from the investment property as a result of development or refurbishment works, may materially adversely affect the Group's business, financial condition, results of operations and prospects.

The quality and design of the Group's investment properties directly influences the rental rates attainable from, and the demand for, rental space in the investment properties. The Group's investment properties may need to undergo renovation works from time to time to retain their attractiveness to tenants and may also require ad hoc repair and maintenance in respect of faults or problems that may develop or because of new planning laws or regulations or in connection with health and safety standards or practices. The costs of maintaining the Group's investment properties and the risk of unforeseen maintenance or repair requirements tend to increase over time as the investment properties age. The business and operations of the Group's investment properties may suffer disruption as a result of renovation works and it may not be possible to collect the full rate of (or, as the case may be, any) rental revenue on the space affected by such renovation works.

Additionally, physical damage to the Group's properties resulting from fire, earthquakes or other causes may lead to a significant disruption to the business and operations of the investment properties and to significant capital expenditure by the Group which may not all be covered by the Group's insurance policies. See "... The Group may suffer losses in excess of insurance proceeds, if any, to which it is entitled or from uninsurable events and may be limited in terms of the scope of insurance available to it" below. Furthermore, tenants generally have the right to terminate their tenancies prematurely in the event that physical damage (not caused by the tenants' negligence or default) persists for an extended period of time. Any of the foregoing may impose unbudgeted costs on the Group which may materially adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group has in the past, and expects to continue to, acquire new investment properties from time to time, for example it increased the number of its residential and commercial investment property units from 920 as at 31 December 2016 to 1,410 as at 31 March 2019, both through development and purchases from third parties. Any investment properties that the Group may acquire from third parties in the future could expose it to unanticipated liabilities and/or difficulties in mitigating contingent and/or assumed liabilities. In addition, the Group may also from time to time dispose of certain investment properties that it owns, which could also expose it to certain risks.

Although the Group intends to conduct due diligence in relation to each investment 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 Group intends to obtain representations and warranties from the seller about, and/or indemnities in respect of, the investment 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 Group 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 investment property sale, the Group 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 claims are made under the indemnities. The Group 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 Group 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 affected on satisfactory terms or at all.

**Real estate valuation is inherently subjective and uncertain**

Real estate assets are inherently difficult to value. The judgement of the independent valuers who perform valuations on the Group's behalf in accordance with valuation standards of the Royal Institution of Chartered Surveyors, significantly impact the determination of the market value of the Group's investment properties. As a result, valuations of the Group's investment properties are dated as at a certain (historic) date and subject to substantial uncertainty. In addition, in valuing investment properties, valuers are required to make certain assumptions, including, but not limited to, the existence of willing tenants and expected rental revenue, condition of structure and services, environmental matters, legal matters, regulatory requirements and planning and other information. Such assumptions may prove to be inaccurate and could negatively affect the value of the Group's investment properties. Another key component of determining the market value of the Group's investment properties is based on an assessment by management or the independent valuers of real estate market conditions in the city or country where the property is located. The real estate market is also affected by general economic conditions, the availability of financing, interest rates and various other factors, including supply and demand, that are beyond the Group's control and may adversely impact investment properties after their most recent valuation date. As a result, any material decline in the real estate market in the UAE could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**Real estate investments are illiquid**

Because real estate investments in general are relatively illiquid, the Group’s ability to promptly sell one or more of its investment properties or properties under development in response to changing political, economic, financial and investment conditions is limited, noting that the majority of the Group’s residential and commercial investment properties are located “onshore” (outside of designated investment zones) where, subject to certain exemptions, only UAE and GCC national individuals, or entities wholly-owned by such nationals, may purchase property, which may further limit the number of available buyers for its investment properties. The real estate market is affected by many factors that are beyond the Group’s control, see “—Real estate valuation is inherently subjective and uncertain” above. The Group’s management cannot be certain that it will be able to sell any property for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The Group’s management also cannot predict the length of time needed to find a willing purchaser for any of its properties and to affect the sale of any property. In addition, to the extent the Group requires third party funding, a requirement of any such funding could include the Group granting a mortgage over certain property to secure its payment obligations, which could preclude the Group from selling such property. There can be no assurance that the sale of any of the Group’s properties will be at a price which reflects the most recent valuation of the relevant property, particularly if the Group was forced to sell properties prior to completion of the relevant development or in adverse economic conditions. Any of these factors, alone or in combination, could have a material adverse effect on the Group’s investment property portfolio which could in turn have a material adverse effect on its business, results of operations, cash flows and financial condition.

**The UAE is characterised by a lack of transparency in the real estate market**

According to the 2018 Global Real Estate Transparency Index published by JLL, the Dubai and Abu Dhabi real estate markets in which the Group primarily operates are categorised as 'semi-transparent'. The degree of transparency of a real estate market is determined by reference to a number of factors, including comparable transactions, the accessibility of information relating to counterparties and land title, the reliability of market data, the clarity of regulations relating to all matters of real estate conveyance and access to government agencies able to verify information provided by counterparties in connection with real estate transactions. There can be no assurance that the factors described above will not result in the discovery of information or liabilities that could affect the value, expected purpose or returns on investment of the Group's investments.
RISKS RELATING TO THE GROUP'S REAL ESTATE INVESTMENT BUSINESS

The Group typically undertakes real estate development projects where the intention is to sell all or substantially all of the developed property as part of a joint venture and is subject to the risks associated with joint venture investments, such as the joint venture partner becoming insolvent.

Pursuant to the Group's development policy, the Group has in the past, and expects to continue to, enter into joint venture arrangements with property developers, which result in the Group acquiring less than a 100 per cent. interest in the real estate development project, particularly in cases where the intention is to sell all or substantially all of the developed property.

Any such joint venture arrangements may expose the Group to the risk that:

- the Group’s joint venture partners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required;
- the Group’s joint venture partners may have economic or other interests that are inconsistent with the Group's interests and are in a position to take or influence actions contrary to the Group's interests and plans (for example, in implementing active asset management measures), which may affect the Group's ability to implement its strategies and/or dispose of the relevant property or asset;
- disputes develop between the Group and its joint venture partners who have an interest in the asset in question, with any litigation or arbitration resulting from any such disputes increasing the Group's expenses and distracting its employees from their management duties in relation to the Group;
- the Group’s joint venture partners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the relevant property, which could result in the loss of current or prospective tenants and may otherwise adversely affect the operation and maintenance of the relevant property;
- the Group may, in certain circumstances, be otherwise liable for the actions of its joint venture partners and may suffer damage to its reputation as a result of such actions; and
- a default by joint venture partner constitutes a default under the applicable financing documents, which could result in a foreclosure and the loss of all or a substantial portion of the Group’s investment in the joint venture.

Any of the foregoing may subject a real estate development project to liabilities in excess of those contemplated by the Group and have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

Implementing new real estate development projects is inherently risky

When undertaking a new real estate development project where the intention is to sell all or substantially all of the developed property, the Group typically enters into a joint venture with a property developer, with the Group’s contribution to the joint venture typically comprising the land to be developed. In other cases, particularly where the Group is developing property to be held by it as investment property to be leased, or, in the case of the Ghantoot Project, where the Group is only undertaking infrastructure development on the land for the purposes of sale, the Group typically project manages the development itself. Both the Group and the property development joint ventures to which the Group is a party face a number of risks, including:

- possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for such construction and capital improvements may not be available to the joint venture on suitable terms or at all;
- delays in obtaining, or a failure to obtain, all necessary governmental and regulatory permits, approvals and authorisations;
- uncertainties as to market demand or a decline in market demand for the property being constructed;
- an inability to complete the relevant project on schedule or within budgeted amounts; and
- methodological errors or erroneous assumptions in the financial models used by the Group and its joint venture partners to make investment decisions.

There can be no assurance that any or all of the current or future real estate development projects to which the Group or one of its joint ventures is a party will be completed in the anticipated timeframe or at all, whether as a result of the factors specified above or for any other reason, and inability to complete a project in the anticipated
timeframe or at all could materially adversely affect the Group’s share of profit from the relevant joint venture and/or have an adverse effect on the Group’s business, results of operations, cash flows and financial condition. The adverse consequences to the Group would be more significant in a development where the Group is the sole developer or owns a significant majority of the relevant joint venture.

The real estate development projects to which the Group is a party are exposed to a number of construction risks

The real estate development projects to which the Group is a party are exposed to a number of construction risks, including the following:

- delays or refusals in obtaining all necessary building, occupancy and other required governmental permits, licences, approvals and authorisations;
- an inability to find a suitable contractor either at the commencement of a project or following a default by an appointed contractor or disputes with sub-contractors;
- default or failure by contractors to finish projects on time and within budget;
- disruption in service and access to third parties;
- defective materials;
- shortages of materials, equipment and labour or labour disputes;
- adverse weather conditions and natural disasters see “—Risks relating to the Group’s Businesses Generally—The Group’s investment properties and properties under development in which it has an interest could be exposed to catastrophic events over which the Group has no control” below;
- accidents, changes in governmental priorities and other unforeseen circumstances; and
- escalating costs of construction materials and global commodity prices.

Any of these factors could give rise to delays in the completion of construction and/or lead to cost overruns. Projects subject to any delays or cost overruns will take longer to generate revenue and cash flow than may originally have been anticipated and may not generate the revenue and cash flow which was originally expected. In addition, the target return on the investment in the project may not be realised. Moreover, continued growth through new real estate developments and initiatives may also divert management’s capacity to manage existing developments. The occurrence of any of the above factors could have a material adverse effect on the Group’s share of profit from the relevant joint venture and/or have an adverse effect on the Group’s business, results of operations, cash flows and financial condition.

The default by one of the Group’s or its joint ventures’ contractors or suppliers may adversely affect the construction of certain real estate development projects

Should any of the contractors or suppliers to the Group, or one of the Group’s property development joint ventures, default on its arrangements, for any reason, including the bankruptcy or insolvencies of such contractor or supplier, there is a risk that the Group, or the relevant property development joint venture, will not be able to find a suitable replacement contractor or supplier promptly, on favourable terms or at all. Even if a replacement contractor or supplier is found in a timely fashion, any new contractor or supplier may need time to familiarise itself with the ongoing project, causing a further delay in the completion of the project and an increase in costs. There is no guarantee that any replacement contractor or supplier would meet the high standards for quality workmanship and product imposed by the Group and/or the property development joint venture. If any of these events were to occur, it could have a material adverse effect on the Group’s business, results of operations, cash flows and financial condition or on the Group’s share of profit from the relevant joint venture.

RISKS RELATING TO THE GROUP’S FINANCIAL INVESTMENTS

The success of the Group’s investment strategy depends upon its ability to invest in companies that deliver significant positive returns

The Group has a significant portfolio of equity investments which it acquired in 2018 and early 2019. This portfolio is expected to provide a significant source of future liquidity to the Group through dividends received on the investments.

Accordingly, the Group’s future liquidity and its ability to service its financial obligations will to a significant extent depend upon the performance and development of its equity investments. The Group’s dividend income
from its investment portfolio is likely to be volatile in future periods, as it depends on the underlying performance of the companies in which the investments have been made. In addition, the Group will only receive dividends from its equity investments to the extent that the underlying companies have sufficient financial resources available for the purpose in accordance with UAE law and their articles of association.

The performance of the Group’s equity investments, and the ability of the companies invested in to generate dividends, is subject to a range of risks affecting those companies generally. The Group’s principal financial investment is in First Abu Dhabi Bank PJSC (FAB). The fair value of this investment as at 31 March 2019 represented 96.4 per cent. of the fair value of the Group’s total equity investment portfolio. The Group is therefore particularly exposed to the financial performance of FAB in respect of the future dividend income it expects to receive from its equity investments, as well as the general performance of the UAE economy.

The Group invests in companies that it does not control and this could expose the Group to additional risks

The Group currently invests in, and expects to make additional investments in, companies that it does not control. Investments in which the Group only has a minority interest will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Group does not agree or that the majority shareholders or the management of the company may take risks or otherwise act in a manner that does not serve the Group’s interests. The Group’s equity investments in such companies may also be diluted if it does not partake in future equity or equity-linked fundraising opportunities.

The Group may incur significant risks through investing in privately held companies

Although all of the Group’s financial investments are currently in public companies, its investment strategy contemplates investment in private companies that demonstrate sound management, strong financial performance and a commitment to strong corporate governance. Any investment by the Group into these types of company would involve a number of significant risks, including asset liquidity risk associated with the illiquidity of private equity investments which could result in the Group selling its investment in the secondary market at a discount on the reported net asset value.

The value of the Group’s financial investments may be affected by factors beyond the Group’s control

The Group currently has equity investments in public companies which it holds at fair value through other comprehensive income. These investments are revalued periodically with changes in their fair value from period to period being reflected as gains or losses in other comprehensive income.

The fair value of the Group’s financial investments may be volatile and is likely to fluctuate due to a number of factors beyond the Group’s control, including:

- actual or anticipated fluctuations in the interim and annual results of the relevant companies and other companies in the industries in which they operate;
- market perceptions concerning the availability of additional securities for sale;
- general economic, social or political developments;
- changes in industry conditions;
- changes in government regulation;
- shortfalls in operating results from levels forecast by securities analysts;
- the general state of the securities markets; and
- other material events, such as significant management changes, refinancing’s, acquisitions and dispositions.

The Group’s financial investments are all equity securities in publicly traded companies and the Group expects to continue to invest in publicly traded securities. The Group’s shareholding in FAB, in which it held 178.4 million shares, with a fair value of AED2.7 billion, as at 31 March 2019, represents a substantial holding in the company concerned and it may be difficult for the Group to liquidate its position without materially adversely affecting the trading price of the relevant securities. Accordingly, the value the Group could obtain on a sale of such securities could be substantially less than the value at which they were previously recorded. As a result, if the Group were to be required to liquidate all or a portion of these investments quickly, it could realise a significant loss on the value of its investment.

Any of the foregoing could have a material adverse effect on the Group’s business, financial condition and results of operations.
RISKS RELATING TO THE GROUP'S BUSINESSES GENERALLY

The Group’s investment properties and properties under development in which it has an interest could be exposed to catastrophic events over which the Group has no control

The Group’s investment properties and properties under development in which it has an interest could be adversely affected or disrupted by natural disasters (such as earthquakes, floods, tsunamis, hurricanes or fires) or other catastrophic events, including, but not limited to:

- changes to predominant natural weather, hydrologic and climatic patterns, including sea levels;
- major accidents, including chemical and radioactive or other material environmental contamination; and
- major epidemics affecting the health of persons in the region and travel into the region.

The occurrence of any of these events that affect one or more of the Group’s investment properties or any properties under development in which it has an interest could cause disruptions to the Group’s operations or the operations of any of its joint venture partners. In addition, such an occurrence may subject the Group or any of its joint venture partners to liability or impact the Group’s brand and reputation and may otherwise hinder the normal operation of the Group’s or its joint venture partners’ facilities, which could have a material adverse effect on the Group’s business, results of operations, cash flows and financial condition or those of the relevant joint venture partner. The effect of any of these events on the Group’s financial condition and results of operations may be worsened to the extent that any such event involves risks for which the Group or the relevant joint venture partner is uninsured or not fully insured, see “—The Group or any of its joint venture partners may suffer losses in excess of insurance proceeds, if any, to which it is entitled or from uninsurable events and may be limited in terms of the scope of insurance available to it” below).

The Group or any of its joint venture partners may suffer losses in excess of insurance proceeds, if any, to which it is entitled or from uninsurable events and may be limited in terms of the scope of insurance available to it

The Group's investment properties or properties under development in which it has an interest may suffer physical damage resulting in losses (including loss of rent), and/or tenants or other individuals may suffer injury or other losses for which the Group or a relevant joint venture partner may be held liable, which may not be fully compensated by insurance, or at all. In addition, there are certain types of losses, generally of a catastrophic nature, that may be uninsurable such as damage resulting from acts of war, acts of terrorism, subsidence and outbreaks of contagious diseases or other damage that is not economically insurable (such as damage resulting from certain electrical or mechanical failures or deterioration due to extreme temperature changes). Inflation, changes in (or non-compliance with) building regulations or health and safety standards or practices, environmental considerations and other factors might also result in insurance proceeds being insufficient to repair or replace a property or compensate a tenant or other individual. Furthermore, due to a number of factors, including the jurisdiction in which the Group or the relevant joint venture partner operates, the Group or the relevant joint venture partner may be limited to less available options in terms of insurance policies, which may increase its insurance premiums and/or may mean that it is not economically viable for the Group or the relevant joint venture partner to obtain insurance coverage in relation to certain assets or other areas of its business.

Should an uninsured loss or a loss in excess of insured limits occur, the Group or the relevant joint venture partner may lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Group or the relevant joint venture partner could be liable to repair damage caused by uninsured risks or to pay damages in connection with injuries or other losses. The Group or the relevant joint venture partner might also remain liable for any debt or other financial obligations related to that property. In addition, the Group's reputation could suffer if tenants or other individuals suffer injury or other losses on the Group's investment properties. While the Group believes that the insurance coverage it and its joint venture partners maintain is consistent with industry norms, there can be no assurance that these insurance policies will be adequate to cover the losses that may be incurred. If the Group or any of its joint venture partners were to suffer large uninsured losses or if any insured loss suffered by the Group or any of its joint venture partners significantly exceeds its insurance coverage, the Group's or the relevant joint venture partner’s business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group and its joint venture partners are exposed to health and safety risks

Due to the people-based nature of its business, the Group’s operations are subject to health and safety risks, particularly in relation to its property management. For example, there can be no assurance that a major health and safety hazard, such as a fire or other natural disaster impacting any of its properties, will not occur at one of
the Group’s investment properties. Given the concentration of commercial and residential tenants at certain properties, a fire or similar event could have serious consequences, particularly in the event of fatalities. The Group’s reputation could be materially affected if any such event occurs and is widely publicised, and this could also have a negative impact on its ability to attract tenants to the commercial or residential property affected or, by association, other properties, all of which could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

In addition, the Group’s joint venture partners are exposed to significant health and safety risks relating to the development of property assets, including significant risks of accidents resulting in personal injury or death to staff employed by contractors. Should any such incidents occur, this could have a material adverse effect on the relevant joint venture’s business, financial condition, results of operations and prospects.

The Group faces competition

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

To the extent that the Group is unable to compete effectively in relation to its investment properties or with respect to its real estate investment, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The due diligence process that the Group undertakes in connection with new investments may not reveal all relevant facts

Before making a new investment (real estate or otherwise), the Group conducts due diligence to the extent it deems reasonable and appropriate based on the applicable facts and circumstances. The objective of the due diligence process is to identify attractive investment opportunities and to prepare a framework that may be used from the date of investment to drive operational performance and value creation. When conducting due diligence, the Group evaluates a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, including legal advisers, accounting firms, investment banks and industry experts, may be involved in the due diligence process in varying degrees depending on the investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Group can only rely on resources available to it, including information provided by the target of the investment where relevant and, in some circumstances, third party investigations. In some cases, information cannot be verified by reference to the underlying sources to the same extent as the Group could for information produced from its own internal sources. The due diligence process may at times be subjective and the Group can offer no assurance that any due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity.

Any failure by the Group to identify relevant facts through the due diligence process may cause it to make inappropriate business decisions, which could have a material adverse effect on the Group’s business, financial condition and results of operations.

The Group’s business may require external financing which may be difficult or expensive to obtain

The Group may have material funding needs in relation to particular property acquisitions in the future or to refinance existing indebtedness. The Group aims to finance its future property acquisitions and its financial obligations (including its obligation to make payments in respect of Certificates issued under the Programme) through internally-generated cash flow, including from the sale of existing properties (when appropriate opportunities arise and the divestment fits the Group’s strategy), available cash and liquidity.

The Group’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 Group and the success of the Group’s business. At times in the last decade, global credit markets have experienced difficult conditions, including reduced liquidity, greater volatility, widening 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 Group 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 Group does not have sufficient operating cash flow or cash generated from asset monetisations, this could adversely affect the Group’s business through increased borrowing costs and reductions in necessary property maintenance expenditure.

The Group depends on the services to be provided by Das Holding under the Advisory and Group Services Agreement and is exposed to any operational risks that affect Das Holding’s ability to provide those services

Under an Advisory and Group Services Agreement entered into between ESIC and Das Holding LLC, a related party under common control (Das Holding) (the Advisory and Group Services Agreement), Das Holding will provide or procure corporate services, including finance, human resources, legal & compliance, procurement and IT services, to the Group. As a result, the Group is dependent upon Das Holding’s ability to retain and recruit the necessary personnel to provide the services required by the Group.

Competition for qualified personnel is strong in the Group's markets and the Group faces the risks of Das Holding losing employees to competitors who are able to offer more competitive compensation packages, and of Das Holding being unable to find replacements in a timely manner. The Group's business could be adversely affected if Das Holding loses the services and contributions of some of the skilled personnel that are assigned to the Group and is unable to adequately replace them.

The Group is also subject to any operational risks that affect Das Holding’s ability to provide services to it under the Advisory and Group Services Agreement. Operational risk and losses can result from fraud and errors by Das Holding’s employees, failure to comply with regulatory requirements and equipment failures. In particular all of the Group's information technology (IT) requirements are provided by Das Holding. The proper functioning of these IT systems is critical to the Group's business and ability to compete effectively, see “—Any failure of the IT systems utilised by the Group, or any internal control failures, could have a material adverse effect on the Group’s business and reputation” below.

Das Holding's employees could engage in misrepresentation, misconduct or improper practice that could expose the Group to direct and indirect financial loss and damage to its reputation. Such practices may include embezzling the Group'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 Group to detect or prevent these types of misconduct, and the precautions which Das Holding and the Group take to detect and prevent such misconduct may not be effective in all cases. Any such actions by Das Holding's employees could expose the Group 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 Group's reputation.

The interests of the Group’s controlling shareholder may, in certain circumstances, be different from the interests of the Certificateholders

The Group’s controlling shareholder is LIWA Holdings LLC, which in turn is owned by HH Sheikh Mansour Bin Zayed Al Nahyan. Although HH Sheikh Mansour Bin Zayed Al Nahyan is not involved in the day to day management of the Group, he is, as the sole shareholder of the Group’s parent company, in a position to control the outcome of actions requiring shareholders’ approval and also has the ability to approve the election of all the members of the board of directors (the Board) of the Group and thus influence Board decisions. The interests of HH Sheikh Mansour Bin Zayed Al Nahyan may be different from those of the Group’s creditors (including the Certificateholders).

Any failure of the IT systems utilised by the Group, or any internal control failures, could have a material adverse effect on the Group’s business and reputation

The Group depends on its IT systems to process transactions on an accurate and timely basis, and to store and process substantially all of the Group’s business and operating data. The proper functioning of the financial control, risk management, accounting, customer service and other information technology systems utilised by the Group (including those provided by Das Holding under the Advisory and Group Services Agreement), as well as the communication networks between its locations and data processing centres, are critical to the Group’s business
and ability to compete effectively. The Group’s business activities would be materially disrupted if there is a partial or complete failure of any of these IT systems or communications networks. Such failures can be caused by a variety of factors, many of which are wholly or partially outside the Group’s control including natural disasters, extended power outages and computer viruses or other malicious intrusions. The Group is not in a position to protect itself against these risks and is wholly reliant on Das Holding's operational risk controls and loss mitigation strategies. The proper functioning of the Group’s IT systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing the Group’s transaction data could subject it to claims for losses. The business continuity plans and processes as well as disaster recovery procedures that have been implemented by the Group have been tested, but there can be no assurance that these safeguards will be fully effective and any failure may have a material adverse effect on the Group’s business and reputation.

The Group also faces the risk of losses resulting from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements, systems and equipment failures, natural disasters or the failure of external systems (for example, those of the Group’s counterparties or vendors). The Group has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, but it is not possible to eliminate entirely each of the potential operational risks the Group faces. Losses from any failure in the Group’s system of internal controls could have a material adverse effect on its business, financial condition, results of operations and prospects and could materially adversely affect its reputation.

A negative change in the Group’s credit ratings could limit its ability to raise funding and may increase its borrowing costs

The Group currently has a long-term rating of Baa3 with a stable outlook from Moody’s. This rating, which is intended to measure the Group’s ability to meet its debt obligations as they mature, is an important factor in determining the Group’s cost of borrowing funds.

Moody’s rating report published on 1 July 2019 noted that its rating reflected:

- ESIC’s small size and geographical concentration in the UAE where the Group generates all of its revenue;
- high occupancy rates of the Group’s recurring investment property portfolio, which mainly comprises residential properties in Abu Dhabi, although there is also a concentration of the rental portfolio in the UAE's residential sector, which Moody’s expects is likely to continue to weaken over the next 12-18 months, putting pressure on rents;
- the additional source of recurring cash flow through dividends from its equity portfolio;
- good liquidity and low leverage, although there is also limited visibility on the timing of cash flow from land sales at the Ghantoot Waterfront project in Abu Dhabi; and
- the expectation of direct or indirect support from its sole shareholder.

A downgrade of the Group’s credit ratings, or a negative change in outlook, may limit its ability to raise funding and increase its cost of borrowing, which could adversely affect its business, financial condition, results of operations and prospects. In addition, actual or anticipated changes in the Group’s credit ratings may affect the market value of any Certificates issued under the Programme.

In addition, the credit ratings assigned to the Group may not reflect the potential impact of all risks related to an investment in any Certificates, the market or any additional factors discussed in this document, and other factors may affect the value of any Certificates issued under the Programme. A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organisation and each rating should be evaluated independently of any other rating.

From time to time, the Group may be a defendant in various legal proceedings

The Group may, from time to time, be a defendant in legal proceedings in connection with and stemming from its business activities. The Group is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing reserves. Adverse outcomes in existing or future proceedings, claims or investigations could have a material adverse effect on the Group’s business, financial condition, results of operations or prospects.
RISKS RELATING TO THE UAE

The Group is subject to the economic and political conditions of operating in an emerging market and operates against a backdrop of continued instability and unrest in the Middle East

The Group’s business operates exclusively in the UAE and, accordingly, the Group's results of operations are, and will continue to be, generally affected by financial, economic and political developments in or affecting Abu Dhabi, Dubai, the UAE and the Middle East. 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 Group would be able to sustain the operation of its business if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Group's business, financial condition, results of operations and prospects, see “Risks relating to the Group’s Property Management Business—The success of the Group’s business is dependent on the UAE’s economy and is significantly affected by trends in UAE’s real estate market”.

While the UAE is seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact the UAE. 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 Middle East and North Africa (MENA) region, including the Arab Republic of Egypt, Algeria, the Hashemite Kingdom of Jordan, Libya, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Republic of Yemen, the Republic of Iraq (Kurdistan), Syria, Palestine, the Republic of Turkey, Tunisia and the Sultanate of Oman. Additionally, in June 2017, a number of MENA countries including the UAE, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the Arab Republic of Egypt severed diplomatic relations with the State of Qatar, citing the State of Qatar's alleged support for terrorism and accusing the State of Qatar of creating instability in the region. The termination of diplomatic relations included the withdrawal of ambassadors and imposing trade and travel bans.

These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on the UAE. In particular, such continuing instability and unrest in the MENA region may significantly affect the sectors in which the Group does business, financial markets and the real economy generally, as well as the UAE real estate market. The consequences of such instability include a decrease in foreign direct investment into the region, capital outflows or increased volatility in the global and regional financial markets.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the Middle East and the UAE and, consequently, could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The UAE’s economy is highly dependent upon the price of oil, which has been volatile

The UAE's economy, and the economy of Abu Dhabi in particular, is dependent upon oil revenue. While Abu Dhabi is actively promoting tourism and real estate and undertaking several large-scale development projects, the oil and gas industry dominates Abu Dhabi's economy and according to preliminary estimates released by the SCAD, the hydrocarbon sector was the largest single sector, contributing 40.4 per cent. of Abu Dhabi’s nominal gross domestic product in 2018.

Abu Dhabi's economy has in the past been adversely affected by periods of low international oil prices. The annual average OPEC Reference Basket price per barrel fell from U.S.$96.29 in 2014 to U.S.$40.76 per barrel in 2016. Since 2016, crude oil prices have recovered, with the annual average OPEC Reference Basket price per barrel being U.S.$69.78 per barrel in 2018. The monthly average OPEC Reference Basket price has fluctuated in 2019 between a low of U.S.$58.74 per barrel in January and a high of U.S.$70.78 in April. There is no assurance that Abu Dhabi’s economy will not be adversely impacted by a sustained period of low oil prices at any time in the future.

Hydrocarbon prices are expected to continue to fluctuate in the future in response to changes in many factors over which the Group 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, 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 the real estate market in Abu Dhabi and Dubai was also adversely affected, could have a material adverse effect on the Group. See "Risks relating to the Group’s Property Management Business—The success of the Group’s business is dependent on the UAE’s economy and is significantly affected by trends in the UAE’s real estate market" 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 is disfavoured by such investors. If such an effect were to occur, the trading price of any Certificates issued under the Programme could be adversely affected by negative economic or financial developments in other emerging market countries over which the 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.

**RISKS RELATING TO THE CERTIFICATES**

**The Certificates are limited recourse obligations of the Trustee**

The Certificates are not debt obligations of the Trustee, instead, each Certificate represents an undivided ownership interest in the Trust Assets relating to that Series. Recourse to the Trustee is limited to the Trust Assets of the relevant Series and the proceeds of the Trust Assets of the relevant Series are the sole source of payments on the Certificates of that Series. Upon the occurrence of a Dissolution Event, the sole rights of the Trustee and/or the Delegate (acting on behalf of the Certificateholders of the relevant Series of Certificates) will be against the Obligor to perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is party) the Obligor 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 to which it is a party directly to the Trustee, and the Trustee and/or the Delegate will have direct recourse against the Obligor to recover such payments due to the Trustee pursuant to the Transaction Documents.

After enforcing or realising the rights in respect of the Trust Assets in respect of a Series of Certificates and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b), the Master Trust Deed and
The obligations of the Obligor under the Transaction Documents will be structurally subordinated to the obligations of the Obligor's subsidiaries

The Obligor is a holding company that is reliant on the cash flows of its subsidiary, East and West International Group – Sole Proprietorship LLC (EWIG), to service any actual liabilities under the Transaction Documents. EWIG will not guarantee the Certificates. Certificateholders will therefore not have any direct claim on the cash flows or assets of EWIG, or any other subsidiary of the Obligor and neither EWIG, nor any other subsidiary of the Obligor, will have any obligation, contingent or otherwise, to pay amounts due under the Transaction Documents or to make funds available to the Obligor for those payments.

Generally, claims of creditors of the subsidiaries of the Obligor, including lenders and trade creditors, will have priority with respect to the assets and earnings of the relevant subsidiary over the claims of its ordinary shareholders, including the claims of the Obligor. Accordingly, claims of creditors of the subsidiaries of the Obligor will also generally have priority over the claims of creditors of the Obligor. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceedings of EWIG, or any other subsidiary of the Obligor, the trade creditors and other creditors of such subsidiary will generally be entitled to payment of their claims from the assets of such subsidiary before any assets are made available for distribution or payment to the Obligor. The obligations of the Obligor under the Transaction Documents will therefore be structurally subordinated to the claims of creditors (including lenders and trade creditors) of EWIG, or creditors of any other subsidiary of the Obligor.

The Certificates may be subject to early redemption

If the amount payable in respect of the Certificates of any Series is required to be increased to include additional amounts and/or the Obligor is required to pay additional amounts pursuant to the Transaction Documents to which it is a party, in each case as a result of certain changes affecting taxation in a Relevant Jurisdiction, the Obligor shall be entitled to require the Trustee to redeem the Certificates in whole, but not in part, upon giving notice in accordance with Condition 9(b). In addition, if so provided in the applicable Pricing Supplement, a Series may also be redeemed early at the option of the Obligor pursuant to Condition 9(c). Any such early redemption feature of any Certificate is likely to limit its market value.

During any period when the Obligor elects to require the Trustee to redeem the Certificates (whether pursuant to Condition 9(b) or Condition 9(c)), the market value of those Certificates generally will not rise substantially above the Dissolution Distribution Amount payable. This also may be true prior to any other Dissolution Date.

In the case of Certificates with an optional dissolution feature pursuant to Condition 9(c), the Obligor may elect to require the Trustee to redeem such Certificates when its cost of financing is lower than the Profit Rate on the Certificates. At those times, an investor generally would not be able to re-invest the redemption proceeds at an effective profit rate as high as the Profit Rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider re-investment risk in light of other investments available at that time.

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

The Shariah Advisory Board of Dubai Islamic Bank PJSC, Dar Al Sharia, the Shariah Supervisory Board of First Abu Dhabi Bank PJSC and the Shariah Supervisory Committee of Standard Chartered Bank have each confirmed that the Transaction Documents are, in their view, in compliance with Shari'a principles. However, there can be no assurance that the Transaction Documents or any issue and trading of 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 Arrangers, the Dealers, the Delegate or the Agents makes any representation as to the Shari'a compliance of any Series and potential investors are reminded that, as with any Shari'a views, differences in opinion are possible. Potential investors should obtain their own independent Shari'a advice as to whether the Transaction Documents and any issue of Certificates will meet their individual standards of compliance and should also make their own determination as to the future tradability of the Certificates on any secondary market. The Obligor has undertaken
in the Master Trust Deed that if it is in breach of the Minimum Tangible Asset Requirement pursuant to the Service Agency Agreement, it shall give notice of such breach to the Certificateholders and notice that, pursuant to Article 8.2.3 (Sale and Trading) of the Accounting and Auditing Organization for Islamic Financial Institutions Shari’a Standard no.59 (the AAOIFI Standard), the Certificates will be deemed to be not tradable for the purposes of, and subject to the conditions specified in, the AAOIFI Standard. Questions as to the Shari’a permissibility of the Transaction Documents or the tradability of the Certificates (in particular if the aforementioned notice regarding tradability of the Certificates was to be given by the Obligor) 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 would be, if in dispute, the subject of arbitration under the Arbitration Rules of the London Court of International Arbitration (the Rules). The Obligor has also agreed under the Transaction Documents to which it is a party to submit to the exclusive jurisdiction of the court of England or the ADGM courts, at the option of the Trustee or the Delegate. In such circumstances, the arbitrator or court (as applicable) should apply the governing law of the relevant Transaction Document in determining the obligations of the parties.

Shari’a requirements in relation to interest awarded by an arbitrator or court

In accordance with applicable Shari’a principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any arbitrator or court (as applicable) in connection with any dispute under any of the Transaction Documents to which it is a party. Should there be any delay in the enforcement of an arbitral award or a judgment against the Obligor, interest may well accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest. Certificateholders should note that the Trust Assets specifically exclude any rights which have been expressly waived by the Trustee in any of the Transaction Documents (which, to the extent applicable, would extend to any award of interest made in favour of the Trustee by an arbitrator or court (as applicable) in respect of a dispute).

There can be no assurance as to the impact of a change in the laws governing the Certificates or the Transaction Documents

The structure of each issue of Certificates under the Programme is based on English law, Abu Dhabi law, if applicable, Dubai law and, to the extent applicable in Abu Dhabi or Dubai (as applicable), 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 any such laws or administrative practices in any such jurisdiction after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Obligor to make payments under the Transaction Documents to which it is a party and/or the Trustee to make payments under any Series of Certificates, or the ability of the Trustee or the Obligor to otherwise comply with their respective obligations under the Transaction Documents to which they are a party.

Certificates are subject to modification by a majority of the Certificateholders of a Series without the consent of all of the Certificateholders

The Master Trust Deed contains provisions for calling meetings of the Certificateholders to consider matters affecting their interests. In addition, the Master Trust Deed contains provisions for obtaining written resolutions on matters relating to the Certificates from holders without calling a meeting. A written resolution signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates of the relevant Series for the time being outstanding shall, for all purposes, take effect as an Extraordinary Resolution. In certain circumstances, where the Certificates are held in global form in the clearing systems, the Trustee, the Obligor and the Delegate (as the case may be) will be entitled to rely upon:

(a) where the terms of the proposed resolution have been notified through the relevant clearing system(s), approval of a resolution proposed by the Trustee, the Obligor or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates of the relevant Series then outstanding; and

(b) where electronic consent is not being sought, consent or instructions given in writing directly to the Trustee, the Obligor or the Delegate (as the case may be) by accountholders in the clearing systems with entitlements to such global certificate or, where the accountholders hold such entitlement on behalf of another person,
A written resolution or an electronic consent as described above may be effected in connection with any matter affecting the interests of Certificateholders, including the modification of the Conditions, that would otherwise be required to be passed at a meeting of Certificateholders satisfying the special quorum in accordance with the provisions of the Master Trust Deed, and shall for all purposes take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held.

These provisions permit defined majorities to bind all of the Certificateholders of the relevant Series (including Certificateholders who did not attend or vote at the relevant meeting as well as Certificateholders who voted in a manner contrary to the majority).

The Master Trust Deed also provides that the Delegate may, without the consent or sanction of Certificateholders (a) agree to any modification of the Trust Deed, any of the other Transaction Documents or the Trustee's memorandum and articles of association that (in the opinion of the Delegate) is of a formal, minor or technical nature, or is made to correct a manifest error, or (b)(i) give its consent under the Transaction Documents and agree to any other modification of any provisions of the Trust Deed, the Transaction Documents or the Trustee's memorandum and articles of association, or to any waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed or any of the other Transaction Documents or (ii) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. of the aggregate face amount of the relevant Series then outstanding and, in the case of modifications referred to in paragraph (b)(i) above, other than in respect of a matter which requires a special quorum resolution (as defined in the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination may be made on such terms and subject to such conditions (if any) as the Delegate may determine and shall be binding on the Certificateholders and, unless the Delegate agrees otherwise, shall be notified by the Trustee to the Certificateholders in accordance with Condition 18 as soon as practicable thereafter. In agreeing to any modification, the Obligor may, in its sole and absolute discretion, retain the services of a Shari'a advisor of its choosing to assess the Shari'a compliance of such modification.

The Delegate may request that the Certificateholders provide an indemnity and/or security and/or pre-funding to its satisfaction

Pursuant to the Conditions and the Master Trust Deed, the Delegate may, in certain circumstances, request the Certificateholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any action on behalf of Certificateholders. The Delegate shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may have an impact on when such actions can be taken.

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 CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the 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 non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the 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 CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures.
being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

**Interest or profit rate risks**

Investment in Fixed Rate Certificates involves the risk that if market interest or profit rates subsequently increase above the Profit Rate paid on the Fixed Rate Certificates, this will adversely affect the value of the Fixed Rate Certificates.

Certificates with variable Profit Rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

**The Certificates may be subject to exchange rate risks and exchange controls**

Neither the Trustee nor the Obligor has any control over factors that generally affect exchange rate 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 future.

The Trustee will pay all amounts due on any Certificates, and the Obligor will make any payments pursuant to the Transaction Documents to which it is a party, in the Specified Currency. If an investor's financial activities are denominated principally in a currency or currency unit (the *Investor's Currency*) other than the Specified Currency, such investor may therefore bear certain exchange rate risks. These include the risk that: (a) exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency); and (b) authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. Any appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Certificates; (ii) the Investor's Currency-equivalent value of the Dissolution Distribution Amount payable in respect of the Certificates; and (iii) 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 as well as the availability of a specified foreign currency at the time of any payment of any amounts on a Certificate. As a result, investors may receive less than expected, or no payment at all. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate would not be available at such Certificate's maturity.

**A secondary market may not develop or be maintained for the Certificates**

There is no assurance that a 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 easily or at prices that will provide 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. 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. An investor in Certificates must be prepared to hold the relevant Certificates for an indefinite period of time or until their maturity.

**Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade**

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

A Certificateholder who holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time 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 also be illiquid and difficult to trade.

Emerging markets

Investors in emerging markets should be aware that emerging markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Accordingly, 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 only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Investors in the Certificates must rely on Euroclear and Clearstream, Luxembourg procedures

Each Series of Certificates issued under the Programme will be represented on issue by a Global Certificate that may be deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the interests in each Global Certificate held through it. While the Certificates of each Series are represented by a Global Certificate, investors will be able to trade their interests only through the relevant clearing systems and their respective participants, and the Trustee will discharge its payment obligations under the relevant Series of Certificates by making payments through the relevant clearing systems. A holder of an interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the relevant Series of Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, interests in any Global Certificate. Holders of 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.

The regulation and reform of "benchmarks" may adversely affect the value of Certificates linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including the London interbank offered rate (LIBOR) and the euro interbank offered rate (EURIBOR)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a benchmark.

Regulation (EU) 2016/1011 (the Benchmarks Regulation) was published in the Official Journal of the EU on 29 June 2016 and mostly applies, subject to certain transitional provisions, from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Certificates linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (FCA) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the FCA Announcements). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.
In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (SONIA) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

Separate workstreams are also underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate (ESTR) as the new risk-free rate. ESTR is expected to be published by the ECB by October 2019. In addition, on 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR or any other benchmark will continue to be supported going forwards. This may cause LIBOR, EURIBOR or such other benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (a) discouraging market participants from continuing to administer or contribute to a benchmark; (b) triggering changes in the rules or methodologies used in the benchmark and/or (c) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Certificates linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs, including, without limitation, if LIBOR, EURIBOR or another relevant benchmark ceases to be published for a period of at least 5 Business Days or ceases to exist. Such fallback arrangements include the possibility that the Profit Rate (or the relevant component thereof) could be set by reference to a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate, with or without the application of an Adjustment Spread, and may include amendments to the Conditions, the Master Trust Deed and/or any other Transaction Document to ensure the proper operation of the Successor Rate or Alternative Reference Rate, all as determined by the Independent Adviser (acting in good faith and in a commercially reasonable manner), following consultation with the Trustee and the Obligor, and without the requirement for the consent or sanction of Certificateholders. An Adjustment Spread, if applied, is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the benchmark with the Successor Rate by any Relevant Nominating Body (as defined in the Conditions) (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Reference Rate, the spread, formula or methodology which the Independent Adviser (following consultation with the Trustee and the Obligor) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the benchmark, or (iii) if the Independent Adviser (following consultation with the Trustee and the Obligor) determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the benchmark, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be. Accordingly, the application of an Adjustment Spread may result in the Certificates performing differently (which may include payment of a lower Profit Rate) than they would do if the benchmark were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Profit Rate (or the relevant component thereof). The use of a Successor Rate or Alternative Reference Rate (including with the application of an Adjustment Spread) will still result in any Certificates linked to or referencing a benchmark performing differently (which may include payment of a lower Profit Rate) than they would if such benchmark were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate (as applicable) is determined, the ultimate fallback for the purposes of calculation of the Profit Rate (or the relevant component part thereof) may result in the Profit Rate (or the relevant component part thereof) being determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period). Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of
an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Certificates in making any investment decision with respect to any Certificates referencing a benchmark.

**RISKS RELATING TO THE WAKALA ASSETS**

**Ownership of the Wakala Assets**

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(s) (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 Trust Deed, as supplemented by the relevant Supplemental Trust Deed. 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 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.

However, the Obligor has covenanted in the Purchase Undertaking and the Master Trust Deed that if the relevant Exercise Price, Certificateholder Put Right Exercise Price or Change of Control Exercise Price, as the case may be, is not paid in accordance with the Purchase Undertaking for any reason whatsoever, 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 relevant Certificates to be redeemed on the Certificateholder Put Right Date or the Change of Control Put Right Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price or Change of Control Exercise Price, as the case may be. Following payment in full of an amount equal to the Exercise Price, the Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be, in accordance with the Purchase Undertaking, the Obligor has irrevocably undertaken to enter, or procure the entry by any of its Subsidiaries, into one or two sale agreement(s), as the case may be, with the Trustee.

If the Obligor fails to purchase all (or the applicable portion thereof, as the case may be) of the Wakala Assets in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 13 and the terms of the Master Trust Deed, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Master Trust Deed 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 Trust Deed. See "—Risk factors relating to enforcement — Investors may experience difficulty in enforcing arbitration awards and foreign judgments in Abu Dhabi".

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RISKS RELATING TO ENFORCEMENT

Waiver of sovereign immunity

The Obligor has waived its rights, if any, in relation to sovereign immunity. However, there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by the Obligor under the Transaction Documents to which it is a party will be valid and binding under the laws of the United Arab Emirates.

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 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 under the Rules with an arbitral tribunal with its seat in London.

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.

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), remains largely untested. 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 has been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign court judgments under the UAE. Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005) (the Law of Civil Procedure). Federal Cabinet Resolution No. 57 of 2018 (the Resolution) governs the enforcement of foreign arbitral awards. 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 take precedence over the Resolution. There remains a risk that, notwithstanding the Resolution or the terms of an applicable multilateral or bilateral enforcement convention, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (the UAE Arbitration Law) related to the enforcement of domestic arbitral awards (as provided in Articles 52 to 57 of 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, 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 United Kingdom against which such a judgment could be enforced. The Obligor is incorporated in and has its operations and all 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(6) of Abu Dhabi Law No. 4 of 2013 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 (on behalf of the Certificateholders) must, upon application by the Delegate to the ADGM courts or the Abu Dhabi Judicial Department, be enforced against the Obligor and/or its assets situated in Abu Dhabi by the Enforcement Division of the Abu Dhabi Judicial Department without re-examination of the merits of the case provided that the procedure for enforcement is adhered to, as described in the Memorandum Of Understanding dated 11 February 2018 between the Abu Dhabi Judicial Department and the ADGM courts (concerning the reciprocal enforcement of judgments).

Abu Dhabi Law No. 4 of 2013 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, Abu Dhabi Law No. 4 of 2013 and the ADGM Courts Regulations remain relatively untested 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.

RISKS 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 Distribution Amounts. Condition 11 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 in respect of any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, the Obligor has (pursuant to the Master Trust Deed) 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 such withholding or deduction) equals any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 11.

**The value of the Certificates could be adversely affected by a change in tax law**

Statements in this Offering Circular concerning the taxation of investors are of a general nature, are based upon current law and practice in the jurisdictions stated and do not purport to address all tax aspects that may be relevant to a Certificateholder. Such law and practice are, in principle, subject to change, possibly with retrospective effect, and this could adversely affect investors.

In addition, any change in taxation legislation or in practice in a relevant jurisdiction could adversely impact the ability of the Trustee to make payments under the Certificates, the ability of the Obligor to make payments under the Transaction Documents to which it is a party and/or the market value of the Certificates.
STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Potential investors are referred to the terms and conditions of the Certificates set out in “Terms and Conditions of the Certificates” and the detailed descriptions of the relevant Transaction Documents set out in “Summary of the Principal Transaction Documents” 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 Obligor (in its capacity as Seller) (or any of its Subsidiaries) as the purchase price payable for the purchase from the Obligor (or any of its Subsidiaries) of all its rights, title, interests, benefits and entitlements in, to and under certain Eligible Assets (as defined below) (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); and

(b) the remaining portion of the proceeds 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 as the cost price (the Murabaha Investment Amount) to purchase certain Shari'a compliant commodities (the Commodities) through the commodity agent for the purpose of selling such Commodities to the Obligor (in its capacity as Commodity Buyer) on a deferred payment basis for a deferred sale price comprised of the Murabaha Investment Amount together with the Murabaha Profit Amount specified in an offer notice (the Deferred Payment Price) payable in instalments on each Periodic Distribution Date and the relevant Dissolution Date(s) pursuant to a murabaha contract (the Murabaha Contract) (such sale of Shari'a compliant commodities by the Trustee to the Commodity 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 Eligible Assets comprised in such Wakala Portfolio from time to time, the **Wakala Assets**.

**Eligible Asset** means a real estate asset (other than a plot of land) located in Abu Dhabi or Dubai, as the case may be, which is currently leased or currently intended to be leased (other than on the basis of a finance lease) by the Obligor (or one of its subsidiaries) to a third party.

**Periodic Distribution Payments**

In relation to a Series, the Servicing Agent will record all revenues from the Wakala Portfolio (including all profit, rental and other amounts) payable in respect of the Wakala Assets and, if applicable, all instalments of the Murabaha Profit Amount comprising the Deferred Payment Price payable in respect of the Commodity Murabaha Investment (the **Wakala Portfolio Revenues**), in a book-entry ledger account (the **Collection Account**).

On each Wakala Distribution Determination Date, the Servicing Agent shall pay into the relevant Transaction Account amounts standing to the credit of the Collection Account (after deducting any amounts (i) repayable in respect of any Liquidity Facility (as defined below) and (ii) payable in respect of any claims, actual losses, costs or expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent on behalf of the Trustee in providing the services to the Trustee pursuant to the Service Agency Agreement (the **Service Agency Liabilities Amount**)), 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 (after deducting the amounts referred to in (i) and (ii) above), the amount of any excess shall be credited by the Servicing Agent to a separate book-entry ledger account (the **Reserve Account** and, together with the Collection Account, the **Collection Accounts**). 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 Servicing 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 Servicing 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 repayable from Wakala Portfolio Revenues received in respect of a subsequent period or 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 Payment 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 Obligor 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 payable 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 Obligor; (iii) at the option of the Certificateholders; (iv) following the occurrence of a Change of Control Event; (v) unless the Wakala Assets forming part of the relevant Wakala Portfolio have been replaced in accordance with the Service Agency Agreement, following a Total Loss Event; and (vi) following a Dissolution Event.

In the case of each of (iii), (iv) and (vi), 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 each of (iii) and (iv) above, the Payment Business Day prior to) the relevant Dissolution Date:
(a) the aggregate amounts (or the applicable portion thereof) of Deferred Payment Price then outstanding, if any, becoming immediately due and payable; and

(b) the Trustee having the right under the Purchase Undertaking to require the Obligor 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 Wakala Assets at the relevant Exercise Price, Certificateholder Put Right Exercise Price or Change of Control Exercise Price, as the case may be.

In the case of each of (i) and (ii) above, on the Payment Business Day prior to the relevant Dissolution Date:

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

(b) the Obligor 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 relevant Dissolution Date.

*For Shari'a reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Pricing Supplement in respect of any single Series.*

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

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

(b) 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 Distribution Amount payable by the Trustee under the Certificates of the relevant Series on the Total Loss Dissolution Date.
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, the
applicable Pricing Supplement. The Trustee and any relevant Dealer(s) may agree that Certificates shall be
issued in a form other than that contemplated in the 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 "Terms and Conditions of the Certificates" and "Summary of Provisions relating
to the Certificates while in Global Form" shall have the same meanings in this overview.

Obligor: Emirates Strategic Investments Company Sole Proprietorship L.L.C.

Trustee: ESIC Sukuk Limited an exempted company with limited liability
incorporated on 13 May 2019 under the Companies Law (2018
Revision) of the Cayman Islands and formed and registered in the
Cayman Islands with company registration number 351117 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.

Trustee (LEI): 549300TSWFEC4DLPPH77

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 on
trust for charitable purposes by MaplesFS Limited under the terms of
a share declaration of trust dated 8 July 2019 (the Share Declaration
of Trust).

Administration of the Trustee: The affairs of the Trustee are managed by MaplesFS Limited, a
licensed trust company in the Cayman Islands (the Trustee
Administrator), with registered office at P.O. Box 1093, Queensgate
House, Grand Cayman KY1-1102, Cayman Islands, who will
provide, amongst other things, corporate administrative services,
director services and act as share trustee for and on behalf of the
Trustee pursuant to the corporate services agreement dated 8 July
2019 between the Trustee and the Trustee Administrator (the
Corporate Services Agreement).


Dealers: Arab Banking Corporation (B.S.C.), Dubai Islamic Bank PJSC,
Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC and Standard
Chartered Bank and any other Dealer appointed from time to time
either generally in respect of the Programme or in relation to a
particular Series of Certificates.

Delegate: Citibank N.A., London Branch (the Delegate). In accordance with
the Master Trust Deed, the Trustee will, inter alia, unconditionally
and irrevocably appoint the Delegate to be its delegate and attorney
and to exercise certain present and future rights, powers, authorities
and discretions vested in the Trustee by certain provisions of the
Master Trust Deed in accordance with the terms of the Master Trust
Deed. In particular, the Delegate shall be entitled to (and, in certain
circumstances, shall, subject to being indemnified and/or secured
and/or pre-funded to its satisfaction, be obliged to) take enforcement
action in the name of the Trustee against the Obligor (in any capacity)
following a Dissolution Event.
Principal Paying Agent and Transfer Agent: Citibank N.A., London Branch

Registrar: Citigroup Global Markets Europe AG.

Initial Programme Size: Up to U.S.$1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The size of the Programme may be increased in accordance with the terms of the Programme Agreement.

Method of Issue: The Certificates may be issued on a syndicated or non-syndicated basis. The specific terms of each Series will be recorded in the applicable Pricing Supplement.

Issuance in Series: 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 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.

Currencies: Subject to any applicable legal or regulatory restrictions, Certificates may be denominated in any currency (each a Specified 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, the Obligor or the Specified Currency.

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.

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), save that (a) the minimum denomination of each Certificate will be such amount 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 Specified Currency; (b) the minimum denomination of each Certificate will be at least €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency, as calculated on the Issue Date of such Series); and (c) unless otherwise permitted by such current laws and regulations, Certificates (including Certificates denominated in sterling) which have a maturity of less than one year and in respect of which the proceeds are to be accepted by the Trustee in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum denomination of £100,000 (or, if the Certificates are denominated in a currency other than sterling, the equivalent amount in such currency, as calculated on the Issue Date of such Series).

Status of the Certificates: The Certificates will represent an undivided ownership interest in the Trust Assets of the relevant Series and will be limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and shall at all times rank pari passu and without any preference or priority with all other Certificates of the relevant Series.
The payment obligations of the Obligor (in any capacity) to the Trustee under the Transaction Documents to which it is a party in respect of each Series of Certificates will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7(a)) unsecured obligations of the Obligor and shall (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 7(a)), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Obligor from time to time outstanding.

**Trust Assets:**

The Trust Assets of the relevant Series will be (a) the cash proceeds of the issue of the relevant Series of Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (b) the rights, title, interest, benefits and entitlements, present and future of the Trustee, in, to and under the Wakala Portfolio; (c) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (other than in relation to the Excluded Representations and the covenant given to the Trustee pursuant to Clause 13.1 of the Master Trust Deed); and (d) all moneys standing to the credit of the relevant Transaction Account from time to time; and all proceeds of the foregoing listed (a) to (d) (the Trust Assets).

**Periodic Distribution Amounts:**

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

**Fixed Rate Certificates:**

Fixed Rate Certificates will bear profit on their outstanding face amount at such fixed rate per annum and on such date or dates as may be agreed between the Trustee, the Obligor and the relevant Dealer(s), calculated in accordance with such Day Count Fraction as may be agreed between the Trustee, the Obligor and the relevant Dealer(s), each as more particularly described in Condition 8(a).

**Floating Rate Certificates:**

Floating Rate Certificates will bear profit on their outstanding face amount at such floating rate per annum as may be determined:

(a) on the same basis as the floating rate under a notional profit rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the relevant Series of Certificates) plus or minus the applicable margin; or

(b) on the basis of the relevant Reference Rate as adjusted for any applicable margin.

The margin (if any) relating to such floating rate will be agreed between the Trustee, the Obligor and the relevant Dealer(s) for each Series of Floating Rate Certificates.

Such profit will be paid on such date or dates as may be agreed between the Trustee, the Obligor and the relevant Dealer(s) and will be calculated on the basis of such Day Count Fraction as may be agreed between the Trustee, the Obligor and the relevant Dealer(s).

Floating Rate Certificates may also have a maximum profit rate, a minimum profit rate or both.

See Condition 8(b).
Benchmark Discontinuation: In the event that a Benchmark Event occurs, such that any Profit Rate (or the relevant component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Pricing Supplement, then the Trustee and the Obligor may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Certificates and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 8(c) (Periodic Distribution Amount – Benchmark Replacement) for further information.

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 7.

Cross-Default: In respect of the Obligor, the Certificates will have the benefit of a cross-default provision, as described in Condition 13 and paragraph (d) of the definition of Obligor Event corresponding thereto.

Dissolution on the Scheduled Dissolution Date: Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem each Certificate at the relevant Dissolution Distribution Amount on the relevant Scheduled Dissolution Date specified in the applicable Pricing Supplement for such Series and the Trust in relation to the relevant Series will be dissolved by the Trustee following the payment of all such amounts in full.

Dissolution Distribution Amount: In relation to each Certificate of a Series, either:

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

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

Early Dissolution: The Certificates may be redeemed, in whole or in part, prior to the Scheduled Dissolution Date upon the:

(a) occurrence of a Tax Event;  
(b) exercise of an Optional Dissolution Right (if so specified in the applicable Pricing Supplement);
(c) exercise of a Certificateholder Put Right (if so specified in the applicable Pricing Supplement);
(d) exercise of a Change of Control Put Right (if so specified in the applicable Pricing Supplement);
(e) 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; or
(f) occurrence of a Dissolution Event, in each case, at the relevant Dissolution Distribution Amount on the relevant Dissolution Date.

Dissolution Events: The Dissolution Events are described in Condition 13. Following the occurrence and continuation of a Dissolution Event in respect of a
Series of Certificates, the Certificates may be redeemed in whole, but not in part, at the relevant Dissolution Distribution Amount on the Dissolution Event Redemption Date in the manner described in Condition 13.

**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, or the Obligor has or will become obliged to pay any additional amounts in respect of amounts payable to the Trustee pursuant to the terms of any Transaction Document, as a result of a change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, and such obligation cannot be avoided by the Trustee or the Obligor, as applicable, taking reasonable measures available to it, the Obligor may in its sole discretion require the Trustee to redeem the Certificates in whole, but not in part, on a Periodic Distribution Date (in the case of a Floating Rate Certificate) or at any time (in the case of a Fixed Rate Certificate) at the relevant Dissolution Distribution Amount, as more particularly described in Condition 9(b).

**Optional Dissolution Right:** If so specified in the applicable Pricing Supplement, the Obligor may, in accordance with Condition 9(c), require the Trustee to redeem the Certificates of the relevant Series, in whole or in part, as the case may be, at the relevant Dissolution Distribution Amount on any Optional Dissolution Date.

If applicable to the relevant Series, the Optional Dissolution Date(s) will be specified in the applicable Pricing Supplement.

**Certificateholder Put Right:** If so specified in the applicable Pricing Supplement, Certificateholders may elect to redeem their Certificates on any Certificateholder Put Right Date(s) specified in the applicable Pricing Supplement at an amount equal to the relevant Dissolution Distribution Amount in accordance with Condition 9(d).

**Change of Control Put Right:** If so specified in the applicable Pricing Supplement and following the occurrence of a Change of Control Event, Certificateholders may elect to redeem their Certificates at the relevant Dissolution Distribution Amount on the Change of Control Put Right Date in accordance with Condition 9(e).

A Change of Control Event shall occur each time:

(a) HH Sheikh Mansour Bin Zayed Al Nahyan ceases to own, directly or indirectly, in aggregate, at least 51 per cent. of the issued share capital of the Obligor; or

(b) HH Sheikh Mansour Bin Zayed Al Nahyan ceases to control, directly or indirectly, the Obligor.

**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 at the relevant Dissolution Distribution Amount on the Total Loss Dissolution Date subject to and in accordance with Condition 9(f).

**Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries:** Pursuant to Condition 9(h), 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 Obligor may do so in accordance with Condition 9(i).

**Limited Recourse:** Each Certificate of a particular Series will represent an undivided 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 have no recourse to any assets of the Trustee (and/or its directors or officers in their capacity as such) (other than the relevant Trust Assets) or the Delegate or any Agent or any of their respective directors, officers, employees, shareholders or affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.

See further Condition 4(b).

**Form and Delivery of the Certificates:**

The Certificates will be issued in registered form only. The Certificates of each Series will be represented on issue by interests in a Global Certificate, which will be deposited with, and registered in the name of a nominee for, a Common Depositary for Euroclear and Clearstream, Luxembourg. Individual Certificates evidencing holdings of Certificates will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances described under "Summary of Provisions relating to the Certificates while in Global Form".

**Clearance and Settlement:**

Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear and/or Clearstream, Luxembourg. 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:**

All payments by the Trustee in respect of the Certificates are to 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, unless such withholding or deduction is required by law. In such event, the Trustee has agreed to pay such additional amounts as shall result in receipt by the Certificateholders of such net amounts as would have been receivable by it had no such withholding or deduction been required, subject to and in accordance with Condition 11.

Further, in accordance with the terms of the Master Trust Deed, 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, 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 such withholding or deduction) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to Condition 11.

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, levies, imposts, duties, fees, assessments or other governmental charges of any nature, unless such withholding or deduction is required by law and without set-off or counterclaim of any kind. If any such withholding or deduction is required by law, the Transaction Documents to which it is a party provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee or the Delegate, as applicable,
of such net amounts as would have been receivable by it if no such withholding or deduction had been made.

**Listing:**

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

Certificates may also be issued and 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 Series. Certificates which are neither listed nor admitted to trading on any market may also be issued.

**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 15.

**Tax Considerations:**

See "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 them will be governed by English law.

Each Transaction Document (other than the Master Purchase Agreement, each Supplemental Purchase Agreement and each sale agreement entered into pursuant to the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be) and any non-contractual obligations arising out of or in connection with them will be governed by English law.

The Master Purchase Agreement together with the relevant Supplemental Purchase Agreement will be governed by (in the case of Eligible Assets located in Abu Dhabi) Abu Dhabi law or (in the case of Eligible Assets located in Dubai) Dubai law and to the extent applicable in Abu Dhabi or Dubai, as the case may be, the federal laws of the UAE.

Each sale agreement entered into pursuant to the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, will be governed by (in the case of Wakala Assets located in Abu Dhabi) Abu Dhabi law or (in the case of Wakala Assets located in Dubai) Dubai law, and to the extent applicable in Abu Dhabi or Dubai, as the case may be, the federal laws of the UAE.

In respect of any dispute under any Transactions Documents to which it is a party, the Obligor has agreed to arbitration in London under the Rules.

The Obligor has also agreed to submit to the exclusive jurisdiction of the courts of England or the ADGM courts in respect of any dispute under such Transaction Documents, 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.

The Corporate Services Agreement and the Share Declaration of Trust 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 Sovereign Immunity:**

The Obligor has agreed in each of the Transaction Documents to which it is a party that, to the extent that it may claim 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 to the Obligor or any of its assets or revenues, it will not claim and has irrevocably and unconditionally waived such immunity in relation to any legal or arbitral proceedings or disputes under any such Transaction Document. Further, the
Obligor has irrevocably and unconditionally consented to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgement proceedings and injunctions in connection with any legal or arbitral proceedings or disputes under any Transaction Document to which it is a party.

Transaction Documents:
The Transaction Documents in respect of a Series shall comprise the Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement, each Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking, each sale agreement entered into pursuant to the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, and 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).

Rating:
The Obligor has been assigned a long-term rating of Baa3 with a stable outlook by Moody's.

The Programme is expected to be rated Baa3 by Moody's.

Moody's is established in the EU and is registered under the CRA Regulation. As such, Moody's is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation.

A Series of Certificates to be issued under the Programme may be rated or unrated. Where a Series of Certificates is to be rated, its rating 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, change or withdrawal at any time by the assigning rating agency.

Selling Restrictions:
There are restrictions on the offer, sale and transfer of the Certificates, including in the Cayman Islands, the Dubai International Financial Centre, the European Economic Area, the United Kingdom, Hong Kong, Japan, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, Malaysia, Singapore, the State of Qatar (including the Qatar Financial Centre), the UAE (excluding the Dubai International Financial Centre), the United Kingdom and the United States of America. See "Subscription and Sale".

United States Selling Restrictions: Regulation S, Category 2.
TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the applicable Pricing Supplement shall be applicable to the Certificates in definitive form (if any) issued in exchange for the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such definitive Certificates. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the applicable Pricing Supplement. Those definitions will be endorsed on the definitive Certificates. References in the Conditions to Certificates are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme.

ESIC Sukuk Limited (in its capacity as issuer and in its capacity as trustee, the Trustee) has established a programme (the Programme) for the issuance of trust certificates (the Certificates) in a maximum aggregate face amount of U.S.$1,000,000,000 (or the equivalent in other currencies calculated as described in the programme agreement between the Trustee, Emirates Strategic Investments Company Sole Proprietorship L.L.C. (the Obligor) and the Dealers named therein dated 15 July 2019 (the Programme Agreement)), or such other maximum aggregate face amount as increased in accordance with the terms of the Programme Agreement.

The Certificates are constituted by a master trust deed dated 15 July 2019 between the Trustee, the Obligor and Citibank N.A., London Branch (the Delegate, which expression shall include all persons for the time being the delegate or delegates under the Master Trust Deed) (the Master Trust Deed) as supplemented by a supplemental trust deed entered into on or before the date of issue of the relevant Certificates (the Issue Date) in respect of the relevant Tranche (the Supplemental Trust Deed and, together with the Master Trust Deed, the Trust Deed).

An agency agreement (the Agency Agreement) dated 15 July 2019 has been entered into in relation to the Certificates between the Trustee, the Obligor, the Delegate, Citibank N.A., London Branch as principal paying agent and transfer agent, Citigroup Global Markets Europe AG as registrar and the other agents named in it. The principal paying agent, the other paying agents, the registrar, the transfer agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the Principal Paying Agent, the Paying Agents (which expression shall include the Principal Paying Agent), the Registrar, the Transfer Agent (which expression shall include the Registrar) and the Calculation Agent(s), and together the Agents.

These terms and conditions (the Conditions) include summaries of, and are subject to, the detailed provisions of: (i) the Trust Deed, which includes the form of Certificates referred to below; (ii) the Agency Agreement, and (iii) the remaining Transaction Documents (as defined below). The Certificateholders are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. The pricing supplement for this Certificate (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Certificate which complete these Conditions. References to the applicable Pricing Supplement are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on the relevant Certificate.

Copies of the Transaction Documents are available for inspection and/or collection by Certificateholders during usual business hours from the registered office of the Trustee and at the specified office of the Principal Paying Agent.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the proceeds of the issue of the Tranche of the Certificates in accordance with the terms of the Transaction Documents; and (b) to enter into, and perform its obligations under and in connection with, each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

1 Interpretation

Unless defined herein or the context otherwise requires, any capitalised words and expressions used but not defined herein shall have the meaning given to them in the Trust Deed and the Agency Agreement. In addition, for the purposes of these Conditions, the following expressions have the following meanings:

ADGM means the Abu Dhabi Global Market;

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 (a) 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;

**Authorised Signatory** has the meaning given to it in the Trust Deed;

**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** means the amount specified as such in the applicable Pricing Supplement;

**Business Day** has the meaning given to it in Condition 8(i);

**Calculation Amount** means the amount specified as such in the applicable Pricing Supplement;

**Cancellation Notice** means a cancellation notice given pursuant to the terms of the Trust Deed;

**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** or **holder** has the meaning given to it in Condition 2;

**Certificateholder Put Exercise Notice** has the meaning given to it in Condition 9(d);

**Certificateholder Put Right** means the right specified in Condition 9(d);

**Certificateholder Put Right Date** means, in relation to any exercise of the Certificateholder Put Right, the date(s) specified as such in the applicable Pricing Supplement and which must (if this Certificate is a Floating Rate Certificate) be a Periodic Distribution Date;

**Certificateholder Put Right Exercise Price** has the meaning given to it in the Purchase Undertaking;

**Change of Control Event** shall occur each time:

(a) HH Sheikh Mansour Bin Zayed Al Nahyan ceases to own, directly or indirectly, in aggregate, at least 51 per cent. of the issued share capital of the Obligor; or

(b) HH Sheikh Mansour Bin Zayed Al Nahyan ceases to control, directly or indirectly, the Obligor, and control for these purposes shall be the power to appoint and/or remove the majority of the members of the board of directors or other governing body of the Obligor or to control or have the power to control the affairs and policies of the Obligor (in each case whether by the ownership of share capital, the possession of voting power, contract, trust or otherwise);

**Change of Control Exercise Notice** has the meaning given to it in Condition 9(e);

**Change of Control Exercise Price** has the meaning given to it in the Purchase Undertaking;
Change of Control Put Right Date shall be the tenth Business Day after the expiry of the Change of Control Put Period;

Change of Control Put Event Notice has the meaning given to it in Condition 9(e);

Change of Control Put Period has the meaning given to it in Condition 9(e);

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 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 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 United Kingdom;
   (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; and

(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 members of the Group, as determined by reference to the most recently available audited or auditor reviewed consolidated financial statements of the Group 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 Group determined in accordance with IFRS by reference to the published audited or reviewed consolidated financial statements of the Group;

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 available audited or auditor reviewed consolidated financial statements of the Group 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 Group prepared in accordance with IFRS;
**Consolidated Total Net Indebtedness** means at any time Consolidated Total Indebtedness less Consolidated Cash and Cash Equivalents;

**Corporate Services Agreement** means the corporate services agreement entered into between the Trustee and the Trustee Administrator dated 8 July 2019;

**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 Group 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(i);

**Deferred Payment Price** has the meaning given to it in the Master Murabaha Agreement;

**Delegation** has the meaning given to it in Condition 16(a);

**Dispute** has the meaning given to it in Condition 21(b);

**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 Right Date;
(e) any Change of Control Put Right Date;
(f) any Total Loss Dissolution Date; or
(g) any Dissolution Event Redemption Date;

**Dissolution Distribution Amount** means, in relation to each Certificate:

(a) the sum of:
   (i) the outstanding face amount of such Certificate; and
   (ii) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or
(b) such other amount specified in the applicable Pricing Supplement as being payable upon any Dissolution Date;

**Dissolution Event** means a Trustee Event or an Obligor Event;

**Dissolution Event Redemption Date** has the meaning given to it in Condition 13(a);

**Dissolution Notice** has the meaning given to it in Condition 13(a)(ii);

**Early Tax Dissolution Date** has the meaning given to it in Condition 9(b);

**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/profit, 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/profit owing to any member of the Group;
(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,

**Exceptional Items** means any exceptional, one-off, non-recurring or extraordinary items;
**Excluded Representations** means any representations given by the Obligor to the Trustee and/or the Delegate pursuant to the Transaction Documents, save for the representations given in clause 5 of the Master Purchase Agreement;

**Exercise Notice** means an exercise notice given pursuant to the terms of the Purchase Undertaking and/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 the Trust Deed;

**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) above, but shall not include any indebtedness in respect of Customer Deposits;

**Fitch** means Fitch Ratings Ltd.;

**Fixed Amount** means, in respect of a Series in respect of which Fixed Periodic Distribution Provisions is specified as applicable in the applicable Pricing Supplement, the amount specified as such in the applicable Pricing Supplement;

**Fixed Rate Certificates** means a Series in respect of which Fixed Periodic Distribution Provisions is specified as applicable in the applicable Pricing Supplement;

**Floating Rate Certificates** means a Series in respect of which Floating Periodic Distribution Provisions is specified as applicable in the applicable Pricing Supplement;

**Full Reinstatement Value** has the meaning given to it in the Service Agency Agreement;

**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 to it in Condition 7(b);

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;

Investment Grade Rating means a rating equal to or higher than: (a) Baa3 (or the equivalent) by Moody's; (b) BBB- (or the equivalent) by Standard & Poor's; or (c) BBB- (or the equivalent) by Fitch;

ISDA Definitions means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Certificates of the relevant Series (as specified in the applicable Pricing Supplement), as published by the International Swaps and Derivatives Association, Inc.;

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

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 Group prepared in accordance with IFRS;

LCIA means the London Court of International Arbitration;

Liability means any loss, damage, actual cost (excluding cost of funding and opportunity cost), charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes) and including any value added tax or similar tax charged or chargeable in respect thereof 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 Obligor and its Subsidiaries relate, are equal to) not less than 5 per cent. of total revenue or, as the case may be, consolidated total assets of the Obligor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Obligor and its Subsidiaries, 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 Obligor and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Obligor and its Subsidiaries, 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 Obligor and its Subsidiaries 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) above 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 Obligor and its Subsidiaries relate, generate total revenue equal to) not less than 5 per cent. of total revenue, or represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets, of the Obligor and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, 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 5 per cent. of total revenue, or its assets represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets of the Obligor and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (a) above, 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 Obligor and its Subsidiaries 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) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

A report signed by an Authorised Signatory of the Obligor (whether or not addressed to the Delegate) that in its opinion a Subsidiary of the Obligor is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Delegate without further enquiry or evidence (without any liability to any person for so relying) and, if relied upon by the Delegate, shall, in the absence of manifest error, be conclusive and binding on all parties;

**Master Murabaha Agreement** means the master murabaha agreement dated 15 July 2019 between the Trustee, the Obligor and the Delegate;

**Master Purchase Agreement** means the master purchase agreement dated 15 July 2019 between the Trustee and the Obligor;

**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 Group are made available;

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

**Moody's** means Moody's Investors Service Limited;

**Murabaha Instalment Profit Amount** has the meaning given to it in the Master Murabaha Agreement;

**Murabaha Percentage** means, the percentage specified as such in the applicable Pricing Supplement, which shall be no more than 49 per cent. of the aggregate face amount of the Certificates;

**Murabaha Profit Amount** has the meaning given to it in the Master Murabaha Agreement;

**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** means any of the following events (but in the case of the happening of any of the events described in paragraph (c), (k) and (m) below, only if the Delegate shall have certified in writing to the Trustee and the Obligor that such event is, in its opinion, materially prejudicial to the interests of the Certificateholders):

(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 payable by the Trustee on a Dissolution Date and the failure continues for a period of seven days; or

(b) the Obligor does not perform or comply with any one or more of its covenants or other obligations under Condition 7; or

(c) the Obligor (acting in any capacity) (i) delivers a notice to the Trustee and/or the Delegate pursuant to Clause 3.2(d) of the Service Agency Agreement; or (ii) does not perform or comply with any one or more of its other covenants or obligations in the Transaction Documents to which it is a party, which failure: (x) is, in the opinion of the Delegate, incapable of remedy; or (y) (if, in the opinion of the Delegate, such failure is capable of remedy) is not, in the opinion of the Delegate, remedied within the period of 30 Business Days after written notice of such failure shall have been given to the Obligor by the Trustee (or the Delegate) requiring the same to be remedied, except that a failure by the Obligor (acting in its capacity as Servicing Agent) to comply with its obligations set out in clauses 3.2 and 3.6 of the Service Agency Agreement will not constitute an Obligor Event under this paragraph (c)(ii); or

See “Summary of the Principal Transaction Documents – Service Agency Agreement” for details of the Obligor Events described in (c)(i) above.

(d) any Indebtedness of the Obligor or any Subsidiary of the Obligor (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 Subsidiary of the Obligor 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, however, 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

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

(f) the Obligor or any Material Subsidiary of the Obligor 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 7(e); or

(g) 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 and/or any Subsidiary of the Obligor 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

(h) the Obligor or any Material Subsidiary of the Obligor takes any corporate action or any steps are taken or any court or other proceedings are initiated against the Obligor or any Material Subsidiary of the Obligor 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 the relevant 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 of the Obligor or, as the case may be, in relation to all or substantially all of the undertaking, assets or revenues of any of them; or (ii) an encumbrancer takes possession of all or substantially all of the undertaking or assets of the Obligor or any Material Subsidiary of the Obligor, 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 of the Obligor; and in each case (other than the appointment of an administrator) is not discharged within 30 Business Days; or

(i) the Obligor or any Material Subsidiary of the Obligor stops or 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 (ii) the Obligor or any Subsidiary of the Obligor 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; or

(j) any one or more Security Interests, present or future, created or assumed by the Obligor and/or any Subsidiary of the Obligor 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 the relevant Subsidiary of the Obligor, as the case may be, is notified that a step has been taken to enforce the relevant Security Interest(s); or

(k) 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), (h), (i) and (j) above; or

(l) 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 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, provided that the non-registration of legal title to the Wakala Assets in the name of the Trustee will not constitute an Obligor Event for these purposes; 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; or

(n) at any time it is or becomes unlawful for the Obligor to perform or comply with any one or more of its obligations under or in respect of any 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

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

References in paragraph (i) 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'a, whether entered into directly or indirectly by the Obligor or a Subsidiary of the Obligor, as the case may be;

Optional Dissolution Date means, in relation to any exercise of the Optional Dissolution Right, the date(s) specified as such in the applicable Pricing Supplement and which must (if the Certificate is a Floating Rate Certificate) be a Periodic Distribution Date;
Optional Dissolution Exercise Price has the meaning given to it in the Sale and Substitution Undertaking;

Optional Dissolution Right means the right specified in Condition 9(c);

outstanding shall have the meaning given to it in the Trust Deed;

Periodic Distribution Amount has the meaning given to it in Condition 8(a) or 8(b), as applicable;

Periodic Distribution Date means the date(s) specified as such in the applicable Pricing Supplement;

Periodic Distribution Period means the period beginning on and including the Profit Commencement Date and ending on but excluding the first Periodic Distribution Date and each successive period beginning on and including a Periodic Distribution Date and ending on but excluding the next succeeding Periodic Distribution Date;

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

(a) with respect to Condition 7(b) 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, however, 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 the Financial Indebtedness in respect of which, when taken together with all other Financial Indebtedness of the Group in respect of any Non-recourse Project Financing or Securitisation on the date of the relevant Incurrence referred to in Condition 7(b), 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; and

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

(viii) Financial Indebtedness arising from thehonouring 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, however, that such Financial Indebtedness is extinguished within five Business Days of its Incurrence;

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

(b) with respect to Condition 7(e) 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 the Financial Indebtedness in respect of which, when taken together with all other Financial Indebtedness of the Group in respect of Non-recourse Project Financing or Securitisation on the date of the relevant Incurrence referred to in Condition 7(e), does not exceed an amount equal to 10 per cent. of the Consolidated Total Assets); and

(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; and

(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, however, that such Financial Indebtedness is extinguished within five Business Days of its Incurrence;

(ix) any Refinancing Financial Indebtedness Incurred by a Subsidiary of the Obligor pursuant to paragraph (i), (ii), (iii), (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 (ii) only, at the same time or prior to any such transfer or vesting, all amounts payable by the Obligor under each Transaction Document 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; or

(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) of this definition shall not at any 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;

Proceedings has the meaning given to it in Condition 21(e)(iii);

Profit Amount means:

(a) in respect of a Return Accumulation Period, the amount of profit payable per Calculation Amount for that Return Accumulation Period and which, in the case of Fixed Rate Certificates, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Periodic Distribution Date ending on the Periodic Distribution Period of which such Return Accumulation Period forms part; and

(b) in respect of any other period, the amount of profit payable per Calculation Amount for that period;

Profit Commencement Date means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

Profit Period Date means each Periodic Distribution Date unless otherwise specified in the applicable Pricing Supplement;

Profit Rate means the profit rate payable from time to time in respect of the Certificates and that is either specified in the applicable Pricing Supplement or calculated in accordance with the provisions hereof;

Profit Rate Determination Date means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified (a) the first day of such Return Accumulation Period, if the Specified Currency is sterling or (b) the day falling two Business Days for the Specified Currency prior to the first day of such Return Accumulation Period, if the Specified Currency is neither sterling nor euro, or (c) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period, if the Specified Currency is euro;

Purchase Agreement means the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement(s);

Purchase Undertaking means the purchase undertaking dated 15 July 2019 executed by the Obligor in favour of the Trustee and the Delegate;

Rating Agencies means Moody's, (ii) Standard & Poor's and (iii) Fitch or any of their respective successors;

Record Date has the meaning given to it in Condition 10(a);

Reference Banks means four major banks selected by the Obligor (in consultation with the Calculation Agent) in the inter-bank market that is most closely connected with the Reference Rate;

Reference Rate means one of the following benchmark rates (specified in the applicable Pricing Supplement) in respect of the currency and period specified in the applicable Pricing Supplement:

(a) LIBOR;
(b) EURIBOR;
(c) KIBOR;
(d) HIBOR;
(e) KLIBOR;
(f) TRLIBOR or TRYLIBOR;
(g) SIBOR;
(h) EIBOR;
(i) TIBOR;
(j) SAIBOR;
(k) CHF LIBOR; and
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 Financial Indebtedness; provided, however, 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;

Related Business means any business in which the Obligor and/or any of its Subsidiaries was engaged on the Signing Date and any businesses related, ancillary or complementary to such business (which shall include, for the avoidance of doubt, property management, real estate investment and financial investment activities);

Relevant Date has the meaning given to it in Condition 11;

Relevant Financial Centre means the financial centre specified as such in the applicable Pricing Supplement and, if no such financial centre is specified, the financial centre most closely connected with the relevant Reference Rate;

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;

Relevant Powers has the meaning given to it in Condition 16(a);

Relevant Screen Page means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

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;

Relevant Time means the time specified as such in the applicable Pricing Supplement;

Required Amount has the meaning given to it in the Service Agency Agreement;

Restricted Investment means (i) 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 interest rates
or financing costs or currency exchange rates and not for speculative purposes; and (ii) any Investment for the purposes of speculative trading;

**Return Accumulation Period** means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Profit Period Date and each successive period beginning on (and including) a Profit Period Date and ending on (but excluding) the next succeeding Profit Period Date;

**Sale and Substitution Undertaking** means the sale and substitution undertaking dated 15 July 2019 executed by the Trustee in favour of the Obligor;

**Scheduled Dissolution Date** means 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 further 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 Profit Commencement Date;

**Service Agency Agreement** means the service agency agreement dated 15 July 2019 between the Trustee and the Servicing Agent;

**Servicing Agent** means the Obligor in its capacity as servicing agent pursuant to the Service Agency Agreement;

**Signing Date** means the date on which agreement is reached to issue the first Tranche of the Certificates;

**Specified Currency** means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Certificates are denominated;

**Specified Denominations** means the amount(s) specified as such in the applicable Pricing Supplement;

**Standard & Poor's** means S&P Global Ratings Europe Limited;

**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);

**Sterling** means the lawful currency of the United Kingdom;

**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;

**Supplemental Purchase Agreement** has the meaning given to it in the Master Purchase Agreement;

**TARGET Business Day** has the meaning given to it in Condition 8(i);
TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

Total Loss Dissolution Date has the meaning given to it in Condition 9(f);

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

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 maintained in London in the Trustee's name held with Citibank N.A., London Branch, details of which are specified in the applicable Pricing Supplement;

Transaction Documents means, in relation to each Series:

(a) the Trust Deed;
(b) the Agency Agreement;
(c) the Purchase Agreement;
(d) the Service Agency Agreement;
(e) the Sale and Substitution Undertaking (together with each relevant sale agreement executed upon exercise of the Sale and Substitution Undertaking);
(f) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking); and
(g) the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices and acceptances delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series),
each as may be amended, restated and/or supplemented from time to time;

Trust means, in respect of a Series, the trust created by the Trustee over the Trust Assets pursuant to the Trust Deed;

Trust Assets has the meaning given to it in Condition 5(a);

Trustee Administrator means MaplesFS Limited;

Trustee Event means any of the following events:

(a) default is made in the payment of the Dissolution Distribution Amount or any Periodic Distribution Amount and, in the case of the Dissolution Distribution Amount, such default continues for a period of seven Business Days from the due date for payment and, in the case of a Periodic Distribution Amount, such default continues for a period of 14 Business days from the due date for payment; or
(b) the Trustee (acting in any capacity) does not perform or comply with any one or more of its covenants or other obligations under these Conditions or any of the Transaction Documents to which it is a party and (except in any case where, in the opinion of the Delegate, such failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 Business Days following the service by the Delegate on the Trustee of written notice requiring the same to be remedied; or
(c) any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 30 Business Days; or
(d) the Trustee is (or is, or could be, deemed by law or a court to be) adjudicated or found bankrupt or insolvent or to be unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of any creditors in respect of any of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or a particular type of) the debts of the Trustee; or
(c) an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations; or

(f) 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 Trustee lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Certificates and the Transaction Documents to which it is a party; (ii) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (iii) to make the Certificates and the Transaction Documents to which it is a party admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done; or

(g) the Trustee 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; or

(h) at any time it is or becomes unlawful for the Trustee to perform or comply with any one or more of its obligations under or in respect of any of the Certificates or the Transaction Documents to which it is a party or any of the obligations of the Trustee thereunder cease to be legal, valid, binding and enforceable; or

(i) any event occurs which under the laws of the Cayman Islands or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (c), (d) or (e) above.

For the purpose of paragraph (a) above, all amounts payable in respect of the Certificates shall be considered due and payable (including for the avoidance of doubt any amounts calculated as being payable under Condition 7(j)(i), Condition 9 and Condition 13) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts;

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

**Wakala Percentage** means, the percentage specified as such in the applicable Pricing Supplement, which shall be no less than 51 per cent. of the aggregate face amount of the Certificates;

**Wakala Portfolio** has the meaning given to it in the Service Agency Agreement; and

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

All references to the face amount of a Certificate shall be deemed to include the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 11 and any other amount in the nature of face amounts payable pursuant to these Conditions.

All references to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 11 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

All references to U.S.$ and U.S. dollars are to the lawful currency of the United States of America.

All references to ISDA and related terms are only included for the purposes of benchmarking.

2 Form, Denomination and Title

The Certificates are issued in registered form in the Specified Denomination(s) shown in the applicable Pricing Supplement. The Certificates may be Fixed Rate Certificates, Floating Rate Certificates or a combination of the foregoing, depending upon the profit basis specified in the applicable Pricing Supplement.

Certificates are represented by registered certificates and, save as provided in Condition 3(c), each Certificate shall represent the entire holding of Certificates by the same holder.

Title to the Certificates shall pass by registration in the register that the Trustee shall procure to be kept by the Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement (the Register). Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the registered holder of any Certificate shall be deemed to be and may be treated as its
absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss) and no person shall be liable for so treating the holder. 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.

In these Conditions, Certificateholder or holder means the person in whose name a Certificate is registered and capitalised terms have the meanings given to them in the applicable Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Certificates.

Upon issue, the Certificates will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for, a 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. The Conditions are modified by certain provisions contained in the Global Certificate.

Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive Certificates representing their holdings of Certificates. See “Summary of Provisions relating to the Certificates while in Global Form”

3 Transfers

(a) Transfer of Certificates: Subject to Condition 3(e), one or more Certificates may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the certificate representing such Certificates to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Trustee) duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Certificates represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Certificates to a person who is already a holder of Certificates, a new certificate representing the enlarged holding shall only be issued against surrender of the certificate representing the existing holding. All transfers of Certificates and entries on the Register will be made subject to the detailed regulations concerning transfers of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the Registrar and the Delegate or by the Registrar with the prior written approval of the Delegate, provided that any such change is not materially prejudicial to the interests of the Certificateholders. A copy of the current regulations will be made available by the Registrar to any Certificateholder upon request.

(b) Exercise of Options or Partial Dissolution in Respect of Certificates: In the case of an exercise of the Obligor's or the Certificateholders' option in respect of, or a partial redemption of, a holding of Certificates represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(c) Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 3(a) or 3(b) shall be available for delivery within five business days (or such longer period as may be required to comply with any applicable fiscal or other regulations) of receipt of the form of transfer, Certificateholder Put Exercise Notice or Change of Control Exercise Notice, as the case may be, and surrender of the Certificate for exchange. Delivery of the new Certificate shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer, Certificateholder Put Exercise Notice or Change of Control Exercise Notice, as the case may be, and surrender of such Certificate shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant form of transfer, Certificateholder Put Exercise Notice or Change of Control Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance or takaful as it may specify. In this Condition 3(c), business day
means a day, other than a Saturday or a Sunday, on which banks are open for business in the place of
the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Transfers Free of Charge: Transfers of Certificates on registration, transfer, exercise of an option
or partial dissolution shall be effected without charge by or on behalf of the Trustee, the Registrar or
the Transfer Agents, but upon payment of any stamp duty, tax or other governmental charges that
may be imposed in relation to it (or the giving of such indemnity and/or security as the Trustee, the
Registrar or the relevant Transfer Agent may require).

(e) Closed Periods: No Certificateholder may require the transfer of a Certificate to be registered (i)
during the period of 15 days ending on (and including) the due date for payment of any Dissolution
Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the
face amount or payment of any profit in respect of that Certificate falls due, (ii) during the period of
15 days prior to any date on which Certificates may be called for redemption pursuant to Condition
9(c), (iii) after any such Certificate has been called for redemption, or (iv) during the period of seven
days ending on (and including) any Record Date.

4 Status

(a) Status of Certificates: The Certificates represent an undivided ownership interest in the relevant
Trust Assets and are limited recourse obligations of the Trustee. Each Certificate will constitute
unsecured obligations of the Trustee and shall at all times rank pari passu and without any preference
or priority with all other Certificates of the relevant Series.

The payment obligations of the Obligor (in any capacity) to the Trustee under the Transaction
Documents to which it is a party in respect of each Series of Certificates are direct, unconditional,
unsubordinated and (subject to the negative pledge provisions described in Condition 7(a)) unsecured
obligations of the Obligor and shall (save for such exceptions as may be provided by applicable
legislation and subject to the negative pledge provisions described in Condition 7(a)), at all times
rank at least equally with all other present and future unsecured and unsubordinated obligations of
the Obligor from time to time outstanding.

(b) Limited Recourse and Agreement of Certificateholders: Save as provided in this Condition 4(b),
the 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 proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each
Series. 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. Certificateholders, by subscribing for or acquiring the Certificates, acknowledge and agree 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 the Trustee or the Delegate or any
shareholders, directors, officers, employees or agents on their behalf except to the extent funds
are available therefor from the relevant Trust Assets and further acknowledge and agree that
no recourse shall be had for the payment of any amount due and owing hereunder or under any
Transaction Document, whether for the payment of any fee, indemnity or other amount
hereunder or any other obligation or claim arising out of or based upon the Transaction
Documents, against the Trustee to the extent the Trust Assets have been exhausted, following
which all obligations of the Trustee shall be extinguished;

(ii) the Trustee may not sell, transfer, assign or otherwise dispose of the Trust Assets to a third
party, and may only realise its rights, title, interests, benefits and entitlements, present and
future, in, to and under the Trust Assets in the manner expressly provided in the Transaction
Documents;

(iii) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the
Certificates, Certificateholders will have no recourse to any assets of the Trustee (and/or its
directors, officers, shareholders or corporate services providers in their capacity as such) (other
than the relevant Trust Assets), or the Trustee Administrator, the Delegate, the Agents or any
of their respective directors, officers, employees, agents, shareholders or affiliates, in respect
of any shortfall or otherwise;

(iv) no Certificateholders will be able to 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, the Trustee Administrator, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;

(v) 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 or the Delegate arising under or in connection with the Trust Deed and the Certificates 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 or the Delegate (as applicable) in their capacity as such. The obligations of the Trustee, the Trustee Administrator and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee, the Trustee Administrator or the Delegate (as applicable) and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents, directors or corporate services provider of the Trustee or the Delegate (as applicable) in their capacity as such, save in the case of the relevant party's wilful default or actual fraud. Reference in these Conditions to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and

(vi) 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 such Certificate. No collateral is or will be given for the payment obligations under the Certificates (without prejudice to the negative pledge provisions described in Condition 7(a)). Pursuant to the terms of the Transaction Documents, the Obligor is obliged to make payments under the relevant Transaction Documents to which it is a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4(b). Such right of the Trustee and the Delegate shall (subject to the negative pledge provisions described in Condition 7(a)) constitute an unsecured claim against the Obligor. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

5 The Trust

(a) Trust Assets: Pursuant to the Trust Deed, the Trustee holds the Trust Assets for each Series upon 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) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

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

(iii) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (excluding the Excluded Representations and the covenant given to the Trustee pursuant to clause 13.1 of the Master Trust Deed); and

(iv) all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.

See “Summary of the Principal Transaction Documents” appearing elsewhere in this Offering Circular for more information on the Trust Assets and the Transaction Documents.

(b) Application of Proceeds from Trust Assets: On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the moneys standing to the credit of the relevant Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):
(i) first, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Master Trust Deed)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Trust Deed, in each case as notified to the Trustee and the Obligor on or before such Periodic Distribution Date or Dissolution Date, as the case may be;

(ii) second, only if such payment is due on or before a Periodic Distribution Date (to the extent not previously paid) to pay, pro rata and pari passu: (A) the Trustee in respect of all amounts owing to it under the Transaction Documents in its capacity as trustee; and (B) the Trustee Administrator in respect of all amounts owing to it under the Transaction Documents, the Corporate Services Agreement in its capacity as trustee administrator and provider of registered office services, in each case as notified to the Trustee and the Obligor on or before such Periodic Distribution Date;

(iii) third, in or towards payment pari passu and rateably of all Periodic Distribution Amounts due but unpaid;

(iv) fourth, only if such payment is due on a Dissolution Date, in or towards payment pari passu and rateably of the relevant Dissolution Distribution Amount; and

(v) fifth, only on the Scheduled Dissolution Date (or any earlier date on which the Certificates are redeemed in full) and provided that all amounts required to be paid in respect of the Certificates hereunder have been discharged in full, in payment of any residual amount to the Obligor in its capacity as Servicing Agent as an incentive payment for its performance as servicing agent under the Service Agency Agreement.

(c) Transaction Account: The Trustee will establish a Transaction Account in London in respect of each Series by no later than the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee.

6 Trustee Covenants

The Trustee covenants that, for so long as any Certificate is outstanding, 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) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest 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, lien (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) except as provided in Condition 15, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof);

(e) except as provided in the Trust Deed, 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 contemplated, permitted or required thereunder or engage in any business or activity other than:

(i) as contemplated, 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.

7 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 party (in whatever capacity) or (ii) providing such security for those obligations as either: (A) the Delegate shall in its absolute discretion deem not materially less beneficial to the interests of Certificateholders; or (B) shall be approved by an Extraordinary Resolution.

(b) Limitation on Indebtedness (Obligor): 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, 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; and

(ii) the ratio of Consolidated Total Net Indebtedness to Consolidated EBITDA in respect of the immediately preceding Measurement Period is less than 4.0:1; and

(iii) the ratio of Consolidated EBITDA to Consolidated Net Finance Costs in respect of the immediately preceding Measurement Period is greater than 4.0:1; and

(iv) the ratio of Consolidated Total Indebtedness to Consolidated Total Assets in respect of the immediately preceding Measurement Period is less than 0.35:1 (the requirements in (ii) to (iv) inclusive, collectively, the Financial Conditions).

For the purpose of this Condition 7(b):

(i) an accounting term used in this Condition 7(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 Group prepared in accordance with IFRS;

(ii) compliance with this Condition 7(b) shall be determined by reference to the most recently available audited or auditor reviewed consolidated financial statements of the Group, in each case prepared in accordance with IFRS;

(iii) 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:

(A) 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. dollar at or about 11:00 a.m. (London time) on the day the relevant amount falls to be calculated; or

(B) if the amount is to be calculated on the last day of a financial period of the Group, the relevant rates of exchange used by the Obligor in, or in connection with, its consolidated financial statements for that period; and
no item must be credited or deducted more than once in any calculation under this Condition 7(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 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 20 per cent. of the Total Consolidated Assets of the Group at the 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: (x) dividends, payments or distributions payable to the Obligor or any of its Subsidiaries; and (y) dividends or distributions payable solely in the form of shares of the Obligor); or

   (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 (excluding any intercompany Financial Indebtedness between or among the Obligor and any of its Subsidiaries), except a payment of interest or principal (or equivalent amounts) at the Stated Maturity thereof; or

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

   (A) 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

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

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

   (D) 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, 30 per cent. of the Consolidated Net Income of the Obligor for the preceding financial year.

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 Condition 7(f)(ii) for the consideration received by the Obligor 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:

(A) 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 Obligor 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

(B) 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 Condition 7(f)(iv) only, "Asset Sale" shall exclude (i) real estate transferred or sold by the Obligor to a joint venture, where the Obligor is a joint venture partner; and (ii) the sale of any real estate comprising "development works in progress" (as described in the financial statements of the Group).

(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 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 7(h) above does not apply to:

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

(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 7(f) 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 entered into or made at a Fair Market Value as certified by the board of directors of the Obligor; and (ii) 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, (A) deliver to the Delegate; or (B) publish in accordance with the rules of the ISM and/or on the website of the Obligor; as the case may be, the audited annual consolidated financial statements of the Group, in each case, prepared in accordance with IFRS and to be delivered by no later than 120 days after the end of the financial year;

(ii) in respect of any period for which interim reviewed consolidated financial statements are published by the Group, (A) deliver to the Delegate; or (B) publish in accordance with the rules of the ISM and/or on the website of the Obligor, as the case may be, such interim reviewed consolidated financial statements of the Group, in each case, prepared in accordance with IFRS and to be delivered by no later than 90 days after the end of the relevant interim period; and

(iii) ensure that each set of audited annual consolidated financial statements of the Group prepared in accordance with IFRS includes a valuation of the consolidated investment properties of the Group in accordance with IFRS.

8 **Periodic Distribution Amounts**

(a) **Fixed Rate Certificates**: Each Fixed Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. Each such amount of profit is referred to in these Conditions as a Periodic Distribution Amount. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, pro rata to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 10.

(b) **Floating Rate Certificates**

(i) **Periodic Distribution Amounts and Periodic Distribution Dates**: Each Floating Rate Certificate bears profit on its outstanding face amount from the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. Each such amount of profit is referred to in these Conditions as a Periodic Distribution Amount. Such Periodic Distribution Date(s) is/are either shown in the applicable Pricing Supplement as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Pricing Supplement, Periodic Distribution Date shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the Periodic Distribution Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, pro rata to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5(b) and Condition 10.

(ii) **Business Day Convention**: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such
date shall be brought forward to the immediately preceding Business Day and (y) each
subsequent such date shall be the last Business Day of the month in which such date would
have fallen had it not been subject to adjustment, (B) the Following Business Day Convention,
such date shall be postponed to the next day that is a Business Day, (C) the Modified Following
Business Day Convention, such date shall be postponed to the next day that is a Business Day
unless it would thereby fall into the next calendar month, in which event such date shall be
brought forward to the immediately preceding Business Day or (D) the Preceding Business
day.

(iii) Profit Rate for Floating Rate Certificates: The Profit Rate in respect of Floating Rate
Certificates for each Return Accumulation Period shall be determined in the manner specified
in the applicable Pricing Supplement and the provisions below relating to either ISDA
Determination or Screen Rate Determination shall apply, depending upon which is specified
in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Certificates

Where ISDA Determination is specified in the applicable Pricing Supplement as the
manner in which the Profit Rate is to be determined, the Profit Rate for each Return
Accumulation Period shall be determined by the Calculation Agent as a rate equal to the
relevant ISDA Rate. For the purposes of this paragraph (A), ISDA Rate for a Return
Accumulation Period means a rate equal to the Floating Rate that would be determined
by the Calculation Agent under a Swap Transaction under the terms of an agreement
incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(y) the Designated Maturity is a period specified in the applicable Pricing
Supplement; and

(z) the relevant Reset Date is the first day of that Return Accumulation Period unless
otherwise specified in the applicable Pricing Supplement.

For the purposes of this paragraph (A), Floating Rate, Calculation Agent, Floating
Rate Option, Designated Maturity, Reset Date and Swap Transaction have the
meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Certificates

(x) Where Screen Rate Determination is specified in the applicable Pricing
Supplement as the manner in which the Profit Rate is to be determined, the Profit
Rate for each Return Accumulation Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in
the applicable Pricing Supplement) which appears or appear, as the case may be,
on the Relevant Screen Page at the Relevant Time on the Profit Rate
Determination Date in question as determined by the Calculation Agent. If five
or more of such offered quotations are available on the Relevant Screen Page, the
highest (or, if there is more than one such highest quotation, one only of such
quotations) and the lowest (or, if there is more than one such lowest quotation, one
only of such quotations) shall be disregarded by the Calculation Agent for the
purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available, or if paragraph (x)(1) above applies
and no such offered quotation appears on the Relevant Screen Page or if paragraph
(x)(2) above applies and fewer than three such offered quotations appear on the
Relevant Screen Page in each case as at the Relevant Time, subject as provided
below, the Calculation Agent shall request the principal office in the Relevant
Financial Centre of each of the Reference Banks to provide the Calculation Agent
with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Profit Rate Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Profit Rate for such Return Accumulation Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) Subject to Condition 8(c) below, if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Profit Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Time on the relevant Profit Rate Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Relevant Financial Centre inter-bank market, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time, on the relevant Profit Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Relevant Financial Centre inter-bank market, provided that, if the Profit Rate cannot be determined in accordance with the foregoing provisions of this paragraph (z), the Profit Rate shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period).

(iv) **Linear Interpolation**: Where Linear Interpolation is specified as applicable in respect of a Periodic Distribution Period in the applicable Pricing Supplement, the Profit Rate for such Periodic Distribution Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Periodic Distribution Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Periodic Distribution Period, provided however that, if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(c) **Benchmark Replacement**

Notwithstanding the other provisions of this Condition 8, if the Trustee and the Obligor determine that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Pricing Supplement when any Profit Rate (or the relevant component part thereof) remains to be determined by such Reference Rate, then the Trustee and the Obligor may elect to apply the following provisions:

(i) the Trustee and the Obligor shall use their reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than ten Business Days
prior to the relevant Profit Rate Determination Date relating to the next succeeding Return Accumulation Period (the IA Determination Cut-Off Date), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread for the purposes of determining the Profit Rate (or the relevant component part thereof) applicable to the Certificates. The Independent Adviser appointed pursuant to this Condition 8(c) shall act and make all determinations pursuant to this Condition 8(c) in good faith and in a commercially reasonable manner and the Independent Adviser shall act as an expert;

(ii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Return Accumulation Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 8(c));

(iii) the Adjustment Spread or the quantum of, or a formula or methodology for determining, such Adjustment Spread, shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) for each subsequent determination of a relevant Profit Rate (or a relevant component part thereof) by reference to such Successor Rate or Alternative Reference Rate (as applicable);

(iv) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 8(c) and the Independent Adviser, following consultation with the Trustee and the Obligor, determines: (A) that amendments to these Conditions, the Master Trust Deed and/or any other Transaction Document (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Profit Rate Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the Benchmark Amendments) and (B) the terms of the Benchmark Amendments, then, at the direction and expense of the Obligor and subject to delivery of a notice in accordance with Condition 8(c)(v) and the certificate in accordance with this Condition 8(c)(iv): (x) the Trustee and the Obligor shall vary these Conditions, the Master Trust Deed and/or any other Transaction Document to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Delegate and the Agents shall (at the Obligor's expense), without any requirement for the consent or sanction of Certificateholders, be obliged to concur with the Trustee and the Obligor in effecting such Benchmark Amendments, provided that none of the Delegate nor any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it.

Prior to any such Benchmark Amendments taking effect, the Obligor shall provide a certificate signed by two Authorised Signatories of the Obligor to the Trustee, the Delegate and the Principal Paying Agent, certifying that such Benchmark Amendments are: (x) in the Obligor's reasonable opinion (following consultation with the Trustee and the Independent Adviser), necessary to give effect to any application of this Condition 8(c); and (y) in each case, have been drafted solely to such effect, and the Trustee, the Delegate and the Agents shall be entitled to rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, none of the Delegate or any Agent shall be liable to the Certificateholders or any other person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person;

(v) the Trustee (failing which, the Obligor) shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any amendments to these Conditions, the Master Trust Deed and/or any other Transaction Document, give notice to the Delegate, the Agents and, in accordance with Condition 18, the Certificateholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any) and that such Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate or
Alternative Reference Rate (as applicable) and, in either case, any applicable Adjustment Spread; and

(vi) if, following the occurrence of a Benchmark Event and in relation to the determination of the Profit Rate (or the relevant component thereof) on the immediately following Profit Rate Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Profit Rate (or the relevant component part thereof) shall be determined as at the last preceding Profit Rate Determination Date (though substituting, where a different Margin or Maximum Profit Rate or Minimum Profit Rate is to be applied to the relevant Return Accumulation Period from that which applied to the last preceding Return Accumulation Period, the Margin or Maximum Profit Rate or Minimum Profit Rate relating to the relevant Return Accumulation Period, in place of the Margin or Maximum Profit Rate or Minimum Profit Rate relating to that last preceding Return Accumulation Period). For the avoidance of doubt, this Condition 8(c)(vi) shall apply to the relevant Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 8(c).

For the purposes of this Condition 8(c):

Adjustment Spread means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in each case, to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Trustee and the Obligor) determine is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Reference Rate; or

(iii) (if the Independent Adviser (following consultation with the Trustee and the Obligor) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Trustee and Bank) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be);

Alternative Reference Rate means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Trustee and Bank) determines, in accordance with this Condition 8(c), is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Certificates;

Benchmark Event means: (i) the Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or (ii) a public statement by the administrator of the Reference Rate that it has ceased or that it will, by a specified date within the following six months, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or (iii) a public statement by the supervisor of the administrator of the Reference Rate, that the Reference Rate has been or will be, by a specified date within the following six months, be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the Reference Rate as a consequence of which the Reference Rate will be prohibited from being used either generally, or in respect of the Certificates within the following six months; or (v) a public statement by the supervisor of the administrator of the Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market or the methodology to calculate such Reference Rate has materially changed; or (vi) it has become unlawful for the Trustee, the Obligor, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Certificateholder using the Reference Rate, provided that, in the case of (ii), (iii) and (iv) above, the Benchmark Event shall occur on the date of the cessation of publication of the Reference Rate, the discontinuation of the Reference Rate, or the prohibition of use of the Reference Rate, as the case may be, and not the date of the relevant public statement;
Financial Stability Board means the organisation established by the Group of Twenty (G20) in April 2009;

Independent Adviser means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Trustee and the Obligor at the Obligor's expense;

Relevant Nominating Body means, in respect of a reference rate: (i) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the reference rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

Successor Rate means the rate that the Independent Adviser (in consultation with the Trustee and the Obligor) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) Entitlement to Profit: Profit shall cease to accumulate in respect of each Certificate on (i) the due date for redemption (excluding a Total Loss Dissolution Date) unless, upon due presentation, payment is improperly withheld or refused, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 8 to the earlier of: (A) the Relevant Date; or (B) 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 unless the relevant Wakala Assets are to be replaced by the Obligor in accordance with the Service Agency Agreement.

e) Margin, Maximum Profit Rates/Minimum Profit Rates and Rounding

(i) If any Margin is specified in the applicable Pricing Supplement (either (x) generally or (y) in relation to one or more Return Accumulation Periods), an adjustment shall be made to all Profit Rates, in the case of (x), or the Profit Rates for the specified Return Accumulation Periods, in the case of (y), calculated in accordance with Condition 8(b) by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to paragraph (ii) below.

(ii) If any Maximum Profit Rate or Minimum Profit Rate is specified in the applicable Pricing Supplement, then any Profit Rate shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, unit means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(f) Calculations: The amount of profit payable per Calculation Amount in respect of any Certificate for any Return Accumulation Period shall be equal to the product of the Profit Rate, the Calculation Amount specified in the applicable Pricing Supplement and the Day Count Fraction for such Return Accumulation Period, unless a Profit Amount (or a formula for its calculation) is specified in the applicable Pricing Supplement as being applicable to such Return Accumulation Period, in which case the amount of profit payable per Calculation Amount in respect of such Certificate for such Return Accumulation Period shall equal such Profit Amount (or be calculated in accordance with such formula). Where any Periodic Distribution Period comprises two or more Return Accumulation Periods, the amount of profit payable per Calculation Amount in respect of such Periodic Distribution Period shall be the sum of the Profit Amounts payable in respect of each of those Return Accumulation Periods. In respect of any other period for which profit is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which profit is required to be calculated.
(g) **Determination and Publication of Profit Rates, Profit Amounts and Dissolution Distribution Amounts:** The Calculation Agent shall, as soon as practicable on each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Profit Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Profit Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount, to be notified to the Delegate, the Trustee, the Obligor, each of the Paying Agents, the Certificateholders and any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information. If the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, the Calculation Agent shall notify such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Periodic Distribution Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Profit Amount, or (ii) in all other cases, the fourth Business Day after such determination. To the extent that the Calculation Agent is unable to notify a stock exchange or other relevant authority (other than the stock exchange or other relevant authority in each of the United Kingdom, Luxembourg and the Republic of Ireland), the Calculation Agent shall notify the Obligor who shall perform such obligation. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 8(b)(ii), the Profit Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Periodic Distribution Period. If the Certificates become due and payable under Condition 13, the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition 8 but no publication of the Profit Rate or the Profit Amount so calculated need be made unless the Delegate otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of wilful default, bad faith or manifest error) be final and binding upon all parties.

(h) **Determination or Calculation by the Delegate:** If the Calculation Agent does not at any time for any reason determine or calculate the Profit Rate for a Return Accumulation Period or any Profit Amount or Dissolution Distribution Amount, the Delegate may do so (or may appoint an agent on behalf of the Trustee to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Delegate or, as the case may be, such agent shall apply the foregoing provisions of this Condition 8, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**Business Day** means:

(i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in London and each Business Centre (other than the TARGET System) specified in the applicable Pricing Supplement;

(ii) if the TARGET System is specified as a Business Centre in the applicable Pricing Supplement, a day on which the TARGET System is open; and

(iii) either (A) in the case of a currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency or (B) in the case of euro, a day on which the TARGET System is operating (a **TARGET Business Day**).

**Day Count Fraction** means, in respect of the calculation of an amount of profit on any Certificate for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Periodic Distribution Period or a Return Accumulation Period, the **Calculation Period**):

(i) if Actual/Actual or Actual/Actual – ISDA is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that
Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if Actual/365 (Fixed) is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;

(iii) if Actual/365 (Sterling) is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;

(iv) if Actual/360 is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;

(v) if 30/360, 360/360 or Bond Basis is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}
\]

where:

\(Y_1\) is the year, expressed as a number, in which the first day of the Calculation Period falls;
\(Y_2\) is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
\(M_1\) is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
\(M_2\) is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
\(D_1\) is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case \(D_1\) will be 30; and
\(D_2\) is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and \(D_1\) is greater than 29, in which case \(D_2\) will be 30;

(vi) if 30E/360 or Eurobond Basis is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}
\]

where:

\(Y_1\) is the year, expressed as a number, in which the first day of the Calculation Period falls;
\(Y_2\) is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
\(M_1\) is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
\(M_2\) is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
\(D_1\) is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case \(D_1\) will be 30; and
\(D_2\) is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case \(D_2\) will be 30;

(vii) if 30E/360 (ISDA) is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:
Day Count Fraction = \frac{360 \times (Y_2 - Y_1) + 30 \times (M_2 - M_1) + (D_2 - D_1)}{360}

where:

- $Y_1$ is the year, expressed as a number, in which the first day of the Calculation Period falls;
- $Y_2$ is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- $M_1$ is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- $M_2$ is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- $D_1$ is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case $D_1$ will be 30; and
- $D_2$ is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case $D_2$ will be 30;

(viii) if Actual/Actual-ICMA is specified in the applicable Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

- Determination Period means the period from and including a Determination Date in any year to but excluding the next Determination Date; and
- Determination Date means the date(s) specified as such in the applicable Pricing Supplement or, if none is so specified, the Periodic Distribution Date(s).

(j) Calculation Agent: The Trustee shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Pricing Supplement and for so long as any Certificate is outstanding. Where more than one Calculation Agent is appointed in respect of the Certificates, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such, or if the Calculation Agent fails duly to establish the Profit Rate for a Return Accumulation Period or to calculate any Profit Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior approval of the Delegate) appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.
9 Redemption and Dissolution of the Trust

(a) Dissolution on the Scheduled Dissolution Date: Unless previously redeemed, or purchased and cancelled, in full, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date specified in the applicable Pricing Supplement following the payment of all such amounts in full.

(b) Early Dissolution for Taxation Reasons: If:

(i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 11 as a result of any change in, or amendment to, the laws or regulations of any 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 date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(ii) (A) the Trustee has received notice from the Obligor that the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of any Transaction Document as a result of any change in, or amendment to, the laws or regulations of any 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 date on which agreement is reached to issue the first Tranche of the relevant Series, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

(the occurrence of an event described in Condition 9(b)(i) or 9(b)(ii) being a Tax Event), 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 period nor more than the maximum period of irrevocable notice specified in the applicable Pricing Supplement to the Delegate and the Certificateholders, redeem the Certificates in whole, but not in part, on any Periodic Distribution Date (if this Certificate is a Floating Rate Certificate) or at any time (if this Certificate is a Fixed Rate Certificate) (such dissolution date being an Early Tax Dissolution Date), at their Dissolution Distribution Amount, provided that no such notice of dissolution may be given earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or to the Trustee pursuant to any Transaction Document (in the case of the Obligor) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 9(b), the Trustee or the Obligor, as the case may be, shall deliver to the Delegate:

(aa) a certificate signed by two directors and/or Authorised Signatories of the Trustee (in the case of Condition 9(b)(i)) or the Obligor (in the case of Condition 9(b)(ii)) stating that the obligation referred to in Condition 9(b)(i) or 9(b)(ii), as the case may be, has arisen and cannot be avoided by the Trustee or the Obligor, as the case may be, taking reasonable measures available to it; and

(bb) an opinion of independent legal or tax advisers of recognised standing to the effect that the Trustee or the Obligor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept and rely on any such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in Condition 9(b)(i) or, as the case may be, Condition 9(b)(ii) above (without liability to any person), in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 9(b) and payment in full of the Dissolution Distribution Amount to Certificateholders the Trustee shall be bound to dissolve the Trust.

(c) Dissolution at the Option of the Obligor (Optional Dissolution Right): If the Optional Dissolution Right is specified as applicable 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 period nor more than the maximum period of irrevocable notice specified in the applicable Pricing Supplement to the Delegate and the
Certificateholders, redeem the Certificate in whole or, if so specified in the applicable Pricing Supplement, in part on any Optional Dissolution Date, at their Dissolution Distribution Amount. 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 specified in the applicable Pricing Supplement and no greater than the Maximum Optional Dissolution Amount to be redeemed specified in the applicable Pricing Supplement.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 9(c). If the Certificates are to be redeemed in whole, but not in part, on any Optional Dissolution Date in accordance with this Condition 9(c), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

In the case of a partial redemption, the notice to 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 the Trustee deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

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

(d) **Dissolution at the Option of Certificateholders (Certificateholder Put Right):** If the Certificateholder Put Right is specified as applicable in the applicable Pricing Supplement, the Trustee shall, at the option of the holder of any Certificate, upon the holder of such Certificate giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Trustee, redeem such Certificate on the Certificateholder Put Right Date at its Dissolution Distribution Amount. If the Certificates are to be redeemed in whole, but not in part, on any Certificateholder Put Right Date in accordance with this Condition 9(d), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

To exercise such option, the holder must deposit the certificate representing such Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed exercise notice (Certificateholder Put Exercise Notice) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

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

(e) **Dissolution at the Option of the Certificateholders (Change of Control Put Right):** The Trustee shall, upon receipt of notice from the Obligor, or otherwise upon becoming aware, of the occurrence of a Change of Control Event, promptly give notice (a Change of Control Put Event Notice) of the occurrence of a Change of Control Event to the Delegate and the Certificateholders in accordance with these Conditions. Provided Change of Control Put Right is specified as applicable in the applicable Pricing Supplement, Certificateholders may elect within the period commencing on (and including) the date on which the Change of Control Put Event Notice is given and ending on (and including) the date which is 90 days after the date on which the Change of Control Put Event Notice is given (the Change of Control Put Period) if they wish all or any of their Certificates to be redeemed.

If any Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 9(e), the Trustee shall redeem such Certificates on the Change of Control Put Right Date at their Dissolution Distribution Amount. If the Certificates are to be redeemed in whole, but not in part, on any Change of Control Put Right Date in accordance with this Condition 9(e), upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

To exercise such option, the holder must deposit its Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed exercise notice (a Change of Control Exercise Notice) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Change of Control Put Period. No Certificate so deposited and right exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

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Dissolution following a Total Loss Event: The Trustee shall, upon receipt of notice from the Obligor or otherwise upon becoming aware, of the occurrence of a Total Loss Event, unless the Wakala Assets are replaced by the Obligor in accordance with the Service Agency Agreement, redeem the Certificates, in whole but not in part, by no later than the close of business in London on the 31st day after the occurrence of the Total Loss Event (a Total Loss Dissolution Date) at their Dissolution Distribution Amount. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

Dissolution following a Dissolution Event: Upon the occurrence and continuation of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount and the Trustee may be required to dissolve the Trust, in each case subject to and as more particularly described in Condition 13.

Purchases: Each of the Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise.

Cancellation: Any Certificates purchased by or on behalf of the Obligor or any of the Obligor's Subsidiaries may be surrendered for cancellation by surrendering the certificate representing such Certificates to the Registrar and by the Obligor delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Trust Deed. Any Certificates so surrendered and all Certificates that are redeemed in accordance with this Condition 9 and/or Condition 13 shall be cancelled forthwith and may not be held, reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged. If the Certificates are cancelled in whole, but not in part in accordance with this Condition 9(i), the Trustee shall be bound to dissolve the Trust.

No other dissolution: The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 9 and Condition 13. Upon payment in full of all amounts due in respect of the Certificates of any Series and the subsequent dissolution of the Trust as provided in this Condition 9 and/or Condition 13 (as the case may be), 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.

 Payments

Method of Payment: Payments of the Dissolution Distribution Amount shall be made against presentation and surrender of the relevant Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided below.

Payments of Periodic Distribution Amounts in respect of each Certificate shall be paid to the person shown on the Register (or, in the case of a Certificate held by two or more persons, to the person whose name appears first in the Register) at the close of business on the fifteenth day before the due date for payment thereof (the Record Date).

Payments of Periodic Distribution Amounts and the Dissolution Distribution Amount in respect of each Certificate shall be made in the Specified Currency by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System, as notified by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date.

Payments subject to Laws: Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11; 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 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

Appointment of Agents: The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Trustee and the Obligor and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Trustee and the Obligor and do not assume any obligation or relationship of agency or trust for or with any Certificateholder. The Trustee reserves the right at any time with the prior written approval of the Delegate to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent,
the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Transfer Agents or Calculation Agent(s), provided that the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having a specified office in at least one major European city and (vi) such other agents as may be required by any stock exchange on which the Certificates may be listed, in each case as approved by the Delegate.

Notice of any such change or any change of any specified office shall promptly be given by the Trustee to the Certificateholders.

(d) **Payment only on a Payment Business Day:** If any date for payment in respect of any Certificate is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day, nor to any profit or other sum in respect of such postponed payment. In this Condition 10(d), **Payment Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located, in such jurisdictions as shall be specified as **Financial Centres** in the applicable Pricing Supplement and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such Specified Currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

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, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders (after such withholding or deduction) of such net amounts as would have been receivable by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Certificate:

(a) **Other connection:** the holder of which is liable to such taxes, levies, imposts, duties, fees, assessments or charges in respect of such Certificate by reason of his having some connection with a Relevant Jurisdiction; or

(b) **Surrender more than 30 days after the Relevant Date:** if the relevant Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting or surrendering the Certificate for payment on the last day of such period of 30 days assuming that day to have been a Payment Business Day (in accordance with Condition 10(d)).

As used in these Conditions:

**Relevant Date** means, in respect of any Certificate, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Certificateholders in accordance with Condition 18 that, upon further presentation of the Certificate being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation; and

**Relevant Jurisdiction** means the Cayman Islands or the United Arab Emirates or any Emirate therein or any political subdivision or authority thereof or therein having power to tax.

References in these Conditions to **Periodic Distribution Amounts** and the **Dissolution Distribution Amount** shall be deemed to include any additional amounts that may be payable under this Condition 11 or any undertaking given in addition to or in substitution for it under the Trust Deed.

*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, levies, imposts, duties, fees, assessments or other charges of any nature, unless such withholding or deduction is required by law and without set-off or counterclaim of any kind. If any such withholding or deduction is required by law, the
Transaction Documents provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee or the Delegate, as applicable, of such net amounts as would have been receivable by it if no such withholding or deduction had been made.

Further, in accordance with the terms of the Master Trust Deed, 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 (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any such withholding or deduction) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to this Condition 11.

12 Prescription
Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount), or five years (in the case of Periodic Distribution Amounts) of the appropriate Relevant Date in respect of them.

13 Dissolution Events
(a) Dissolution Event: If a Dissolution Event occurs and is continuing:

(i) the Delegate, upon receiving written notice thereof under the Trust Deed or otherwise upon becoming aware of a Dissolution Event, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders with a request to the Certificateholders to indicate to the Trustee and the Delegate in writing or by Extraordinary Resolution if they wish the Certificates to be redeemed (in whole but not in part) and the Trust to be dissolved; and

(ii) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 20 per cent. of the aggregate face amount of the Series of Certificates then outstanding or if so directed by an Extraordinary Resolution (subject, in each case, to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice (a Dissolution Notice) to the Trustee, the Obligor and the Certificateholders that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable. A Dissolution Notice may be given pursuant to this Condition 13(a)(ii) whether or not notice has been given to Certificateholders as provided in Condition 13(a)(i).

Upon receipt of such Dissolution Notice, the Trustee (or the Delegate in the name of the Trustee) shall deliver an Exercise Notice to the Obligor under the Purchase Undertaking. The Trustee (or the Delegate in the name of the Trustee) shall use the proceeds thereof and the aggregate amounts of the Deferred Payment Price then outstanding to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice (the relevant Dissolution Event Redemption Date) and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full. 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.

(b) Enforcement and Exercise of Rights: Upon the occurrence and continuation of a Dissolution Event, to the extent that any amount payable in respect of the Certificates of the relevant Series has not been paid in full (notwithstanding the provisions of Condition 13(a)), the Trustee or the Delegate (in each case subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) may (acting for the benefit of the Certificateholders) take one or more of the following steps:

(i) enforce the provisions of the Transaction Documents against the Obligor; and/or

(ii) take such other actions, steps or proceedings as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

14 Realisation of Trust Assets
(a) Neither the Trustee nor the Delegate shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against the Obligor or (in the case of the Delegate) against the Trustee 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 aggregate face amount of the Series of Certificates then outstanding and in either case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

(b) No Certificateholder shall be entitled to proceed directly against the Trustee or the Obligor unless the Delegate or the Trustee, as the case may be, has become bound so 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 authority to do so and such failure or inability is 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 (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 the Trustee's and the Obligor's respective obligations under the Transaction Documents to which they are a party.

(c) Conditions 14(a) and 14(b) are subject to this Condition 14(c). After enforcing or realising the relevant Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds of the relevant Trust Assets in respect of the Certificates of the relevant Series in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate or the Agents) to recover any further sums in respect of the Certificates of the relevant Series and the right to receive from the Trustee any such sums remaining unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

15 Meetings of Certificateholders, Modification and Waiver

(a) Meetings of Certificateholders: The Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or any other Transaction Document. Such a meeting may be convened by the Trustee, the Obligor or the Delegate at any time, or by Certificateholders holding not less than 10 per cent. in aggregate face amount of the Certificates then outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more Eligible Persons present and holding or representing in the aggregate not less than a clear majority in face amount of the Certificates then outstanding, or at any adjourned meeting one or more Eligible Persons present (whichever the face amount of the Certificates so held or represented by them), unless the business of such meeting includes consideration of proposals (i) to amend any Dissolution Date in respect of the Certificates or any date for payment of Periodic Distribution Amounts in respect of the Certificates; (ii) to reduce or cancel the face amount of, or any premium payable on redemption of, the Certificates; (iii) to reduce the rate or rates of profit in respect of the Certificates or to vary the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Profit Amount in respect of the Certificates (in each case, other than as provided for in these Conditions and the applicable Pricing Supplement); (iv) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the applicable Pricing Supplement, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate; (v) to vary any method of, or basis for, calculating the Dissolution Distribution Amount; (vi) to vary the currency of payment or denomination of the Certificates; (vii) to modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution; (viii) to modify or cancel the payment obligations of the Obligor (in any capacity) and/or the Trustee under the Transaction Documents and/or the Certificates (as the case may be); (ix) to amend any of the Obligor's covenants included in the Transaction Documents; or (x) to amend the above list, in which case the necessary quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate face amount of the Certificates then outstanding. Any Extraordinary Resolution duly passed shall be binding on Certificateholders (whether or not they were present and whether or not they voted at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders.
due 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.

For so long as the Certificates are represented by a Global Certificate, an Extraordinary Resolution may also be passed by Certificateholders giving electronic consent, provided that consent to such resolution is given through the relevant clearing system(s) (in a form satisfactory to the Delegate) by or on behalf of not less than 75 per cent. in face amount of the Certificates. See “Summary of Provisions relating to the Certificates in Global Form”.

(b) Modification of the Trust Deed or any Transaction Document: The Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders, (i) agree to any modification of these Conditions, the Trust Deed, the Transaction Documents or the Trustee's memorandum and articles of association that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, or (ii)(A) give its consent under the Transaction Documents and agree to any other modification of any of the provisions of the Trust Deed, the Transaction Documents or the Trustee's memorandum and articles of association, or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions, the Trust Deed or the Transaction Documents or (B) determine that any Dissolution Event or Potential Dissolution Event shall not be treated as such, provided that such modification, consent, waiver, authorisation or determination is in the opinion of the Delegate not materially prejudicial to the interests of the Certificateholders and is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 20 per cent. of the aggregate face amount then outstanding of that Series and, in the case of modifications under paragraph (ii)(A) only, is other than in respect of a matter which requires a special quorum resolution (as defined in paragraph 7 of Schedule 3 of the Master Trust Deed). Any such modification, consent, waiver, authorisation or determination shall be binding on the Certificateholders and, unless the Delegate agrees otherwise, such modification shall be notified by the Trustee to the Certificateholders in accordance with Condition 18 as soon as practicable.

In agreeing to any modification, the Obligor may, in its sole and absolute discretion, retain the services of a Shari'a advisor of its choosing in order to assess the Shari'a compliance of such modification.

(c) Entitlement of the Delegate: In connection with the exercise by it of any of its powers, trusts, authorities and discretions under these presents (including, without limitation, any modification), the Delegate shall have regard to the general interests of the Certificateholders as a class 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 their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division 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 (whatever their number) and, in particular, but without limitation, shall not have regard to any interest arising from circumstances particular to individual Certificateholders.

Delegate

(a) Delegation of Powers: The Trustee will in the Trust Deed irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deeds, 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 Transaction Documents) and discretions vested in the Trustee by the Trust Deed, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, exercise all of the powers, rights, authorities and discretions of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Trust Deed (together, the Delegation of the Relevant Powers), provided that: (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation; (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the relevant Trust Assets; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, right,
authority or discretion to dissolve any of the trusts constituted by the Trust Deed 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 Trust Deed, the Delegate also has
certain powers, rights, authorities and discretions which are vested solely in it from the date of the
Master Trust Deed.

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.

(b) **Indemnification**: The Trust Deed contains provisions for the indemnification of each of the Delegate
and the Trustee in certain circumstances and for its relief from responsibility, including provisions
relieving it from taking any action, step or proceeding unless indemnified and/or secured and/or pre-
funded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or
any security or pre-funding is satisfactory to it, each of the Trustee and the Delegate shall be entitled
(i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to
require that any indemnity or security given to it by the Certificateholders or any of them be given
on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing
and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to
the capacity, power and authority of each counterparty and/or the validity and effectiveness of the
security.

(c) **No Liability**: The Delegate makes no representation and assumes no responsibility for the validity,
sufficiency or enforceability of the obligations of the Obligor or the Trustee 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 or the Trustee 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 Trust
Deed.

(d) **Reliance on Certificates, Reports and/or Information**: The Delegate and the Trustee may rely on
any certificate, report or information of the auditors or insolvency officials (as applicable) of the
Trustee or the Obligor (as applicable) or any other expert or other person called for by or provided to
the Delegate or the Trustee (whether or not addressed to the Delegate or Trustee) in accordance with
or for the purposes of the Trust Deed or the other Transaction Documents and such certificate, report
or information may be relied upon by the Delegate and the Trustee (without liability to any person)
as sufficient evidence of the facts stated therein, notwithstanding that such certificate or report and/or
any engagement letter or other document entered into by the Delegate or the Trustee in connection
therewith contains a monetary or other limit on the liability of the auditors or insolvency officials of
the Trustee or the Obligor (as applicable) or such other expert or other person in respect thereof and
notwithstanding that the scope and/or basis of such certificate, report or information may be limited
by an engagement or similar letter or by the terms of the certificate, report or information itself and
the Delegate or the Trustee 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 their failure to do so.

(e) **Proper performance of duties**: Nothing shall, in any case in which 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 Trust Deed conferring on it any trusts, powers, authorities or
discretions) or as delegate, in the case of the Delegate (having regard to the powers, rights, authorities
and discretions conferred on it by the Trust Deed 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 actual fraud of which either of them may be guilty in
relation to their duties under the Trust Deed.

(f) **Notice of Events**: Neither the Delegate nor the Trustee shall be responsible for monitoring or
ascertaining whether or not a Dissolution Event or Potential Dissolution Event has occurred or exists
or is continuing and, unless and until they shall have actual knowledge or shall have received express
written notice to the contrary, they will be entitled to assume that no such event or circumstance exists
or has occurred or is continuing (without any liability to Certificateholders or any other person for so
doing).
(g) **Delegate Contracting with the Trustee and the Obligor**: The Trust Deed contains provisions pursuant to which (i) the Delegate is entitled, inter alia, to enter into transactions in the ordinary course of business with the Trustee, the Obligor and/or any other party to a Transaction Document or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or such other party and to accept the trusteeship of or act as delegate in relation to the issuance of any other debenture stock, debentures or securities of the Trustee, the Obligor or such other party or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or such other party; and (ii) neither the Delegate nor any director or officer of any corporation being a delegate shall be accountable to the Certificateholders, the Trustee, the Obligor and/or any other party to the Transaction Documents or any person or body corporate directly or indirectly associated with the Trustee, the Obligor or any such other person for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Delegate and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

17 **Replacement of Certificates**

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Trustee for the purpose and notice of whose designation is given to Certificateholders, in each case on payment by the claimant of the costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Trustee may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

18 **Notices**

Notices to the holders of Certificates shall be mailed to them at their respective addresses in the Register. The Trustee shall also ensure that notices are duly given in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Certificates are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant authority, relevant stock exchange and/or relevant quotation system if required by those rules or regulations. Any notices shall be deemed to have been given on the fourth day (being a day other than a Saturday or a Sunday) after being so mailed (or on the date of publication, or, if so published more than once or on different dates, on the date of the first publication).

*So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system, notices to the holders of the Certificates of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for mailing as required by Condition 18. 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/or Clearstream, Luxembourg and/or such other relevant clearing system.*

19 **Further Issues**

In respect of any Series, the Trustee shall be at liberty from time to time without the consent of the Certificateholders to 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 previously constituted by the Trust Deed shall be constituted by a deed supplemental to the Trust Deed. 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 the Certificates.

20 **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.
21 Governing Law and Dispute Resolution

(a) **Governing Law**: The Trust Deed (including these Conditions), the Agency Agreement and the Certificates and any non-contractual obligations arising out of or in connection with the same are and shall be governed by, and construed in accordance with, English law.

(b) **Arbitration**: Subject to Condition 21(c), any dispute, claim, difference or controversy arising out of or in connection with the Trust Deed (which includes the Certificates, these Conditions and this Condition 21(b)) (including any dispute as to the existence, validity, interpretation, performance, breach or termination of the Trust Deed or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a **Dispute**)) shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the LCIA (the Rules), which Rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 21. For these purposes:

(i) the seat of arbitration shall be London, England;

(ii) there shall be three arbitrators, each of whom 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 the agreement described in Condition 21(b) above, the Delegate may, in the alternative and at its sole discretion, by notice in writing to the Trustee and the Obligor in accordance with the Trust Deed:

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

(ii) if no arbitration has commenced,

require that the 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 the manner described in Condition 21(e) and any arbitration commenced as described in Condition 21(b) will be terminated. With the exception of the Delegate and the Agents (whose costs will be borne by the Trustee, failing whom the Obligor), each of the parties to the terminated arbitration will bear its own costs in relation thereto.

(d) **Notice to Terminate**: If any notice to terminate 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 any 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:

(i) 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;

(ii) his entitlement to be paid his proper fees and disbursements; and

(iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(e) **Effect of exercise of option to litigate**: If a notice is issued pursuant to Condition 21(c), the following provisions shall apply:

(i) subject to paragraph (iii) below, the courts of England or the courts of the ADGM, at the option of the Delegate, shall have exclusive jurisdiction to settle any Dispute and each of the Trustee and the Obligor have in the Master Trust Deed submitted to the exclusive jurisdiction of such courts;
(ii) each of the Trustee and the Obligor have agreed that the courts of England or the courts of the ADGM, as the case may be, at the option of the Delegate, are the most appropriate and convenient courts to settle any Dispute and accordingly will not argue to the contrary; and

(iii) as paragraphs (i) and (ii) above are for the benefit of the Delegate for and on behalf of the Certificateholders only, notwithstanding paragraphs (i) and (ii) above, the Delegate shall not be prevented from taking proceedings relating to a Dispute (Proceedings) in any other courts with jurisdiction and, to the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.

(f) **Service of Process:** In the Trust Deed, each of the Trustee and the Obligor have irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings or Disputes in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Trustee or the Obligor, as the case may be). 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, each of the Trustee and the Obligor have irrevocably agreed to appoint a substitute process agent, and shall immediately notify the Delegate of such appointment. Nothing therein shall affect the right to serve process in any manner permitted by law. Each of the Trustee and the Obligor has agreed that failure by a process agent to notify it of any process will not invalidate service.

(g) **Waiver of Immunity:** Under the Trust Deed, the Obligor has acknowledged that the transactions contemplated by the Trust Deed are commercial transactions and, to the extent that the Obligor may claim 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 to the Obligor or any of its assets or revenues, the Obligor has agreed not to claim and has irrevocably and unconditionally waived such immunity in relation to any legal or arbitral proceedings or Disputes. In addition, the Obligor has irrevocably and unconditionally consented 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 legal or arbitral proceedings or Disputes.

(h) **Waiver of Interest**

(i) Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Trust Deed that no interest will be payable or receivable under or in connection therewith and if it is determined that any interest is payable or receivable in connection therewith by a party, whether as a result of any judicial award or by operation of any applicable law or otherwise, such party has agreed to waive any rights it may have to claim such interest and has agreed that if any such interest is actually received by it, it shall hold such amount in a suspense account and promptly donate the same to a registered or otherwise officially recognised charitable organisation.

Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Trust Deed that the payment of interest in whatever form (inclusive of late payments) is repugnant to and not in compliance with the rules and principles of Shari'a and accordingly, to the extent that any legal system would (but for the provisions of this Condition 21(h)) impose (whether by contract, statute, regulation, or by any means whatsoever) any obligation to pay interest, each of the Trustee, the Delegate and the Obligor has agreed in the Trust Deed to irrevocably and unconditionally expressly waive and reject any entitlement to recover interest from each other.

(ii) For the avoidance of doubt, nothing in this Condition 21(h) shall be construed as a waiver of rights in respect of Wakala Portfolio Revenues, Required Amounts, Periodic Distribution Amounts, Dissolution Distribution Amounts, Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Exercise Price, Optional Dissolution Exercise Price, Full Reinstatement Value, Total Loss Shortfall Amount, Deferred Payment Price, Murabaha Instalment Profit Amounts, Murabaha Profit Amounts or profit or principal of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.
SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM

1 Initial Issue of Certificates

Each Tranche of Certificates will initially be represented by a Global Certificate in registered form. Global Certificates will be delivered on or prior to the issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the Common Depositary).

Upon registration of the Certificates in the name of any nominee for, and deposit of the Global Certificate with, a Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a face amount of Certificates equal to the face amount thereof for which it has subscribed and paid.

Certificates that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Certificates that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, 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 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) shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificates for all purposes other than with respect to any payment on such face amount of such Certificates, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee, the Delegate and their respective agents as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions Certificateholder and holder and related expressions shall be construed accordingly.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an Alternative Clearing System) as the holder of a Certificate represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Trustee to the registered holder of the underlying Certificates, and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Trustee in respect of payments due on the Certificates for so long as the Certificates are represented by such Global Certificate and such obligations of the Trustee will be discharged by payment to the registered holder of the underlying Certificates, as the case may be, in respect of each amount so paid.

3 Exchange for Definitives

Interests in a Global Certificate will be exchangeable in whole but not in part (free of charge) for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to the Certificateholders in accordance with Condition 18 upon the occurrence of an Exchange Event. For these purposes, an Exchange Event will occur if (i) the Delegate has given notice in accordance with Condition 18 that a Dissolution Event has occurred and is continuing or (ii) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor or alternative clearing system satisfactory to the Trustee is available. In the event of an occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg, 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. Any exchange shall occur no later than 15 days after the date of receipt of the first relevant notice by the Registrar.
4 Amendment to Conditions

The Global Certificates contain provisions that apply to the Certificates that they represent, some of which modify the effect of the terms and conditions of the Certificates set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

All payments in respect of Certificates represented by a Global Certificate will be made (against surrender of that Global Certificate if no further payment falls to be made in respect of the Certificates) to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive, except 25 December and 1 January.

For the purposes of any payments made in respect of Certificates represented by a Global Certificate, the words "in the place in which the specified office of the Registrar is located" shall not apply to the definition of Payment Business Day in Condition 10(d).

A record of each payment made will be noted on the relevant Register which shall be prima facie evidence that such payment has been made in respect of the Certificates.

4.2 Meetings

All holders of Certificates are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Certificates comprising such Certificateholder's holding.

4.3 Optional Dissolution Right

If any early dissolution right of the Obligor is exercised in respect of some but not all of the Certificates of any Series, the rights of accountholders with a clearing system in respect of the Certificates will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.4 Certificateholder Put Right and Change of Control Put Right

Any early dissolution right of the Certificateholders provided for in the Conditions of any Certificates while such Certificates are represented by a Global Certificate may be exercised by the holder of the Certificate(s) in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

4.5 Cancellation

Cancellation of any Certificate represented by a Global Certificate that is surrendered for cancellation (other than upon its redemption in full) will be effected by reduction in the aggregate face amount of the relevant Series of Certificates in the Register.

4.6 Notices

Notices required to be given in respect of the Certificates represented by a Global Certificate may be given by their being delivered (so long as this Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system) to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, or otherwise to the holder of the Global Certificate, rather than by publication as required by the Conditions, provided that such notices must also be given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange, quotation system or other relevant authority on which the Certificates are for the time being listed or admitted to trading or quotation. 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/or Clearstream, Luxembourg and/or such other relevant clearing system.

5 Electronic Consent

While any Global Certificate is held on behalf of, and registered in the name of any nominee for, a clearing system, approval of a resolution proposed by the Trustee or the Delegate (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent, in aggregate face amount of the Certificates for the time being outstanding (an Electronic Consent) shall, for all purposes (including matters that would otherwise require a special
quorum resolution (as defined in paragraph 7 of Schedule 3 to the Master Trust Deed), take effect as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held, and shall be binding on all Certificateholders whether or not they participated in such Electronic Consent.

6 Further Issues

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.
FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement

[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: (i) 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 (ii) 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.]

[Date]

ESIC SUKUK LIMITED

Legal Entity Identifier (LEI): 549300TSWFEC4DLPPH77

Issue of [Aggregate Face Amount of Tranche] [Title of Certificates] [to be consolidated and form a single series with the existing [Aggregate Face Amount of Tranche] [Title of Certificates] issued on ● (the Original 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 Terms and Conditions of the Certificates set forth in the Offering Circular dated 15 July 2019 [and the supplement[s] to it dated [●] [and [●]] (the Offering Circular). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Offering Circular. Full information on the Trustee, the Obligor and the offer of the Certificates is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular and this Pricing Supplement are available for inspection and/or collection during normal business hours at the registered office of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands and from the specified office of the Principal Paying Agent.

1 (a) Trustee: ESIC Sukuk Limited
(b) Obligor: Emirates Strategic Investments Company Sole Proprietorship L.L.C.

2 Series Number: [●]
(a) Tranche Number: [●]
(b) 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: [●]
(i) Series: [●]
(ii) Tranche: [●]

1 Include only for an issue of further Certificates in accordance with Condition 19.
5 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]²

6 (a) Specified Denominations: [●]
   (b) Calculation Amount: [●]

7 (a) Issue Date: [●]
    (b) Profit Commencement Date: [[●]/Issue Date]

8 Scheduled Dissolution Date: [●]

9 Profit Basis: [Fixed Rate Certificates/Floating Rate Certificates] (further particulars specified at paragraph [15][16] below)

10 Dissolution Basis: Dissolution at par

11 Change of Profit Basis: [[Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 15 and 16 below and identify there]/Not Applicable]

12 Put/Call Rights: [Not Applicable]
   [Optional Dissolution Right]
   [Certificateholder Put Right]
   [Change of Control Put Right]

13 Status: Unsubordinated

14 Date of Trustee's board approval and date of Obligor's board approval for issuance of Certificates: ⬗ and ⬗, respectively

Provisions relating to profit payable

15 Fixed Rate Periodic Distribution Provisions: [Applicable]/[Not Applicable]
   (a) Profit Rate(s): [●] per annum payable [annually/semi-annually/quarterly/monthly/[●]] in arrear on each Periodic Distribution Date
   (b) Periodic Distribution Date(s): [[●] in each year up to and including the Scheduled Dissolution Date, commencing on [●]/[●]]
   (c) Fixed Amount(s): [●] per Calculation Amount
   (d) Broken Amount(s): [[●] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [●]/Not Applicable]
   (e) Day Count Fraction: [Actual/Actual]
      [Actual/Actual – ISDA]
      [Actual/365 (Fixed)]
      [Actual/365 (Sterling)]
      [Actual/360]
      [30/360]
      [360/360]
      [Bond Basis]
      [30E/360]
      [Eurobond Basis]

² Include only for an issue of further Certificates in accordance with Condition 19.
Floating Periodic Distribution Provisions: [Applicable]/[Not Applicable]

(a) Specified Periodic Distribution Dates: [●] in each year, commencing on [●], subject to adjustment in accordance with the Business Day Convention set out in (d) below, not subject to adjustment, as the Business Day Convention in (d) below is specified to be Not Applicable

(b) Periodic Distribution Period: [Not Applicable]/[●]

(c) Profit Period Date: [Not Applicable]/[●]

(d) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(e) Business Centre(s): [●] [Not Applicable]

(f) Manner in which the Profit Rate and the Periodic Distribution Amount are to be determined: [Screen Rate Determination/ISDA Determination]

(g) Party responsible for calculating the Profit Rate and the Periodic Distribution Amount (if not the Calculation Agent): [●]

(h) Screen Rate Determination: [Applicable]/[Not Applicable]

(i) Reference Rate: [●] month
   [LIBOR/EURIBOR/KIBOR/HIBOR/
   KLIBOR/TRLIBOR or TRYLIBOR/SIBOR/EIBOR/
   TIBOR/SAIBOR/CHF LIBOR/QIBOR]

(ii) Profit Rate Determination Date(s): [●]

(iii) Relevant Screen Page: [●]

(iv) Relevant Time: [●]

(v) Relevant Financial Centre: [●]

(i) ISDA Determination: [Applicable]/[Not Applicable]

(ii) Floating Rate Option: [●]

(iii) Designated Maturity: [●]

(iv) Reset Date: [●]

(v) ISDA Definitions: [●]

(j) Margin(s): [+/-][●] per cent. per annum

(k) Linear Interpolation: [Not Applicable/Applicable = the Profit Rate for the long/short first/last Periodic Distribution Period shall be calculated using Linear Interpolation (specify for each short or long periodic distribution period)]

(l) Maximum Profit Rate: [●] per cent. per annum

(m) Minimum Profit Rate: [●] per cent. per annum

(n) Day Count Fraction: [Actual/Actual]
   [Actual/Actual – ISDA]
Provisions relating to dissolution

17 Notice periods for Condition 9(b)
Minimum period: \([\bullet]\) days
Maximum period: \([\bullet]\) days

18 Optional Dissolution Right:
[Applicable]/[Not Applicable]
(a) Dissolution Distribution Amount:
[As per Condition 1]/[\bullet]
(b) Optional Dissolution Date(s):
[\bullet]
(c) Notice period:
Minimum period: \([\bullet]\) days
Maximum period: \([\bullet]\) days
(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five clearing system business days’ notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent)
(d) Dissolution in part: [Applicable]/[Not Applicable]
(e) If dissolution in part:
(i) Minimum Optional Dissolution Amount:
[Not Applicable]/[\bullet]
(ii) Maximum Optional Dissolution Amount:
[Not Applicable]/[\bullet]

19 Certificateholder Put Right:
[Applicable]/[Not Applicable]
(a) Dissolution Distribution Amount:
[As per Condition 1]/[\bullet]
(b) Certificateholder Put Right Date(s):
[\bullet]
(c) Notice period:
Minimum period: \([\bullet]\) days
Maximum period: \([\bullet]\) days
(N.B. When setting notice periods, the Trustee is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days’ notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Trustee and the Agent)

20 Change of Control Put Right:
[Applicable]/[Not Applicable]
(a) Dissolution Distribution Amount
[As per Condition 1]/[\bullet]
Dissolution Distribution Amount following redemption on the Scheduled Dissolution Date, on any Early Tax Dissolution Date or following the occurrence of a Dissolution Event:

General provisions applicable to the Certificates

Form of Certificates:
Registered Certificates: Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
Reg S Compliance Category 2; TEFRA not applicable

Financial Centre(s) relating to payment (Condition 10(d)):
[Not Applicable]/[●]

Provisions in respect of the Trust Assets

Series:
(a) Wakala Percentage: [●] per cent.
(b) Murabaha Percentage: [Not Applicable]/[●] per cent.

Trust Assets:
Condition 4(a) applies

Details of Transaction Account:
ESIC Sukuk Limited Transaction Account No: [●] with [●] for Series No.: [●]

Supplemental Trust Deed:
Supplemental Trust Deed dated [●] between the Trustee, the Obligor and the Delegate

Supplemental Purchase Agreement[s]:
Supplemental Purchase Agreement[s each] dated [●] between the Trustee and the Obligor
[Declaration of Commingling of Assets dated [●] executed by the Trustee]/[Not Applicable]

[Notice of Request to Purchase and Offer Notice]:
[Notice of Request to Purchase dated [●] from the Obligor to the Trustee and Offer Notice dated [●] from the Trustee to the Obligor]/[Not Applicable]

Signed on behalf of

ESIC Sukuk Limited
By: Duly authorised

Emirates Strategic Investments Company Sole Proprietorship L.L.C.
By: Duly authorised

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Include only for an issue of further Certificates in accordance with Condition 19.
PART B – OTHER INFORMATION

1 Listing and Admission to Trading

(a) 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 (i) admitted to trading on the London Stock Exchange plc's International Securities Market/[●] with effect from [●]/[Not applicable]

(b) Estimate of total expenses related to admission to trading: [●]

2 Ratings

Ratings: The Certificates to be issued [have been/are expected to be] rated:

[Fitch: [●]]
[Moody's: [●]]
[Standard & Poor's: [●]]
[[●]: [●]]

[[●] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[●] is established in the European Union and is registered under Regulation (EC) No 1060/2009.]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [●], which is established in the European Union, disclosed the intention to endorse credit ratings of [●].]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been][are expected to be]] endorsed by [●] in accordance with Regulation (EC) No. 1060/2009. [●] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[●] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

3 Interests of Natural and Legal Persons involved in the Issue

[Save for any fees payable to the [Managers/Dealer], so far as each of the Trustee and the Obligor is aware, no person involved in the issue of the Certificates has an interest material to the offer.]

[The [Managers] 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 or the Obligor and their affiliates in the ordinary course of business/[●]].

4 Indication of profit rate (Fixed Rate [●] per cent. per annum Certificates only):
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

(a) ISIN Code:

(b) Common Code:

(c) CFI:

(d) FISN:

(e) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):

(f) Names and addresses of additional Paying Agent(s) (if any):

(g) Stabilisation Manager(s):
USE OF PROCEEDS

The 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 Wakala Percentage of the aggregate face amount of the Certificates of such Tranche towards the purchase of (in the case of the first Tranche) the Initial Asset Portfolio and (in the case of each subsequent Tranche) the Additional Assets from the Obligor (or any of its Subsidiaries) pursuant to the relevant 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, if applicable, with respect to the proceeds received from the on-sale of the Commodities by the Obligor, are intended to be applied by the Obligor to acquire income generating real estate assets and regional listed equities, the repayment of financial indebtedness and general corporate purposes.
DESCRIPTION OF THE TRUSTEE

The Trustee

The Trustee, an exempted company incorporated in the Cayman Islands with limited liability, was incorporated on 13 May 2019 under the Companies Law (2018 Revision) of the Cayman Islands with company registration number 351117. The registered office of the Trustee is at the offices of MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102 Cayman Islands with telephone number +1 345 945 7099.

Share Capital

The authorised share capital of the Trustee is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1.00 par value 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 (in such capacity, the Share Trustee) under the terms of a share declaration of trust (the Share Declaration of Trust) under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificates are outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to 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.

The Business of the 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 13 May 2019.

The Trustee has no prior operating history or prior business and will not have any substantial assets or liabilities other than in connection with the Certificates.

The Certificates are the obligations of the Trustee alone and not the Share Trustee. Furthermore, they are not the obligations of, or guaranteed in any way by, MaplesFS Limited or any other party.

Financial Statements

Since the 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 or appoint any auditors.

Directors of the Trustee

The directors of the Trustee are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Curran</td>
<td>Vice President, Fiduciary at Fund Services (Middles East) Limited</td>
</tr>
<tr>
<td>Linval Stewart</td>
<td>Vice President at MaplesFS Limited</td>
</tr>
</tbody>
</table>

The business address of John Curran is Maples Fund Services (Middles East) Limited, Unit C1407, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The business address of Linval Stewart is MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.

The Trustee's Articles of Association provide that the board of directors of the Trustee will consist of at least one director.

Conflicts

There are no potential conflicts of interest between the duties of the directors of the Trustee to the Trustee and their private interests or other duties.

Secretary

The Trustee's secretary is Maples Secretaries (Cayman) Limited of P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
The Trustee Administrator

MaplesFS Limited also acts as the 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 has agreed to perform in the Cayman Islands, the United Arab Emirates and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and to provide certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services as published at http://www.maplesfiduciaryservices.com/terms (the Registered Office Terms). In consideration of the foregoing, the Trustee Administrator will receive 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 the Trustee or the Trustee Administrator may terminate such appointments upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Terms provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party.

The Trustee Administrator will be subject to the overview of the Trustee's board of directors.

The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.
DESCRIPTION OF THE GROUP

Introduction

ESIC is an investment holding company that is 100 per cent. owned by LIWA Holdings LLC (LIWA Holdings), which in turn is 100 per cent. owned by HH Sheikh Mansour Bin Zayed Al Nahyan, a member of the royal family of Abu Dhabi and the deputy prime minister of the UAE. ESIC is incorporated for an unlimited duration under the UAE Federal Law No. 2 of 2015 with commercial registration number CN-2721021.

Following the Group’s reorganisation, the Group has structured its business activities in the following operating segments based on the nature of its business activities:

• **Property Management**: this business segment focuses on the management and rental of the Group’s investment properties. These investment properties include both residential and commercial units and as at 31 March 2019, the Group owned and managed a portfolio of approximately 1,168 residential units and 242 commercial units located in the UAE;

• **Real Estate Investment**: this business segment has traditionally comprised project managing the development of land owned by the Group with a view to retaining the completed property units as investment property managed by the Group. More recently, the Group’s focus has been on the development of residential and commercial projects in the UAE, typically through a joint venture with an internationally recognised property developer in order to reduce risk. As at 31 March 2019, the Group had an undeveloped land bank of 1.4 million square feet in Abu Dhabi and Dubai. The Group expects to contribute land to its joint ventures with a view to generating a return through the eventual sale of the properties and/or land developed. The Group is currently undertaking four real estate development projects in the UAE. These projects are in various stages of development, with two currently under construction and two in earlier stages of development; and

• **Financial Investments**: this business segment currently comprises a recently acquired portfolio of equity investments in public companies, with the majority of the portfolio being shares in FAB. Over time, the Group intends to develop the portfolio through investments in both public and private companies in order to diversify the Group’s revenue. The Group’s current investments are in the financial services (FAB), insurance (Abu Dhabi National Takaful Company PSC (National Takaful)), aviation (Air Arabia PJSC (Air Arabia)) and real estate development (Aldar Properties PJSC (Aldar), Emaar Development PJSC (Emaar) and Reem Investments PJSC (Reem Investments)) sectors.

In 2018, rental revenue from the Group’s property management operations was AED 84.9 million, or 15.7 per cent. of the Group’s total revenue, compared to AED 99.7 million, or 37.2 per cent. of the Group’s total revenue in 2017 and AED 106.1 million, or 103.8 per cent. of the Group’s total revenue, in 2016.

In 2018, revenue from real estate development projects, which, reflecting the joint venture nature of the Group’s current projects under construction, principally comprises its share of the results of joint ventures it is party to, was AED 208.0 million, or 38.5 per cent. of the Group’s total revenue, compared to AED 163.7 million, or 61.1 per cent. of the Group’s total revenue in 2017. The Group did not recognise any similar revenue in 2016. In 2018, the Group also recorded AED 177.4 million in revenue from contracts with customers from the sale of land in connection with its Ghantoot Project (which is not being conducted through a joint venture) and a gain of AED 66.4 million from the sale of investment property in Abu Dhabi.

Reflecting the fact that the majority of the portfolio of financial investments was only transferred towards the end of 2018, the Group did not receive any dividends in the year ended 31 December 2018.

In 2018, the Group had total revenue of AED 540 million, profit for the year of AED 395.8 million and total comprehensive income for the year of AED 888.6 million. As at 31 December 2018, the Group had total assets of AED 5,248.6 million.

History of the Group

ESIC was founded on 5 February 2019 in order to acquire EWIG, a property management company established in 1993 by HH Sheikh Mansour Bin Zayed Al Nahyan to manage a portfolio of residential and commercial properties. The acquisition was completed on 28 March 2019.

Since its inception, EWIG has focused on the management and rental of its portfolio of investment properties with a view to achieving stable rental revenue. EWIG also owns a significant land bank, which it has traditionally utilised principally for the purpose of developing property units for long-term lease as investment properties. These developments have typically not been undertaken through joint ventures.
ESIC acquired EWIG in order to consolidate certain investments owned by HH Sheikh Mansour Bin Zayed Al Nahyan and act as the primary investment vehicle for his real estate assets and equity investments. In the first quarter of 2019, EWIG also acquired additional real estate assets from entities owned by HH Sheikh Mansour Bin Zayed Al Nahyan, increasing its total investment property units from 934 as at 31 December 2018 to 1,410 as at 31 March 2019.

EWIG is currently managing the project development of two residential properties, each of which has recently been transferred to it by a third party under common control:

- Al Arabia Tower, a residential tower with 72 three-bedroom apartments located in Abu Dhabi; and
- Lulu Tower, a residential tower with 72 two-bedroom apartments located in Abu Dhabi.

The construction on each of these projects has been completed and the residential units within these towers are expected to be added to the Group’s residential property portfolio in the third quarter of 2019.

In 2013, EWIG entered into its first property development joint venture which aims to deliver a return on the land invested in the Marina Gate project by the Group through the eventual sale of the properties developed. The joint venture, Marina Capitol LLC, is with The Cosmopolitan Limited and relates to the construction of three residential towers in Dubai Marina. The joint venture commenced construction in 2015 and the first and second tower have been completed. The remaining tower is scheduled to be completed in 2020, see “—Real Estate Investment – Marina Gate Project” below.

In December 2018, a related party under common ownership transferred to EWIG a 70 per cent. interest in Business Bay Capitol LLC, a joint venture with The Cosmopolitan Limited. This joint venture is undertaking the Business Bay project, which is a long-term development of an affordable high-end community in the Business Bay area of Dubai. The development is expected to comprise a mix of around 90 per cent. residential units and 10 per cent. commercial units and be developed in phases over an eight- to 10 year period. See “—Business – Real Estate Investment - Business Bay Project”.

In April 2019, a related party under common ownership transferred to EWIG a 50 per cent. interest in Burj District Development Ltd., a joint venture with Zuari Infraworld SJM Properties LLC. This joint venture is undertaking the Downtown project in Dubai, a long-term project which comprises development of a luxury residential tower in the Downtown area of Dubai, which will be a branded development in conjunction with the St. Regis, comprising 181 residential units and one-, two- and three-bedroom duplex apartments. See “—Business – Real Estate Investment - Downtown Project”.

Further transfers of assets and liabilities from related parties under common ownership to the Group have been recently concluded or are currently in progress, see “— Financial review - Recent developments”.

Group Strategy

The Group has three main commercial objectives:

- increasing its recurring income stream through the management of commercial and residential real estate properties throughout the UAE;
- realising value creation through the development of its land bank; and
- revenue diversification through investments across different asset classes in public and private sector companies.

The Group plans to meet its commercial objectives and operate its business in a manner that is consistent with Abu Dhabi Economic Vision 2030, issued by the Abu Dhabi government in January 2009 (the 2030 Economic Vision), with a focus on building of an open, efficient, effective and integrated business and, through the establishment of the Programme, promoting capital markets and Islamic finance in the UAE. See “Overview of the United Arab Emirates and Abu Dhabi - Abu Dhabi's Economic Strategy”.

Increasing its recurring income stream

This element of the Group’s strategy focuses on generating a stable long-term rental revenue stream, while also allowing the Group to benefit from any appreciation in the value of its investment properties over time. The Group intends to achieve this strategy through proactive asset management, including anticipating tenant needs and sector trends to increase occupancies and generate competitive rental rates. The Group intends to manage its
properties to the highest professional standards in accordance with best practice and current legislation in order to assist the Group in attracting and retaining tenants.

In addition to developing its land bank (see “—Value creation” below), the Group also intends to grow its portfolio of investment properties both through developing suitable plots in its land bank and cautious purchases of existing investment properties, taking advantage of the current low property values in the UAE to acquire good quality income generating assets with above average returns and occupancy.

**Value creation**

The Group intends to continue to develop its extensive land bank, which as at 31 March 2019 comprised 1.4 million square feet, for longer term value realisation both through the development and sale of residential and commercial properties, as well as the retention of developed units as investment properties.

The Group is currently undertaking the development of four real estate development projects in the UAE with a view to the eventual sale of the properties and/or land developed, although two of these projects (the Business Bay and Downtown projects) are long-term projects at an early stage of development, where further development is subject to market conditions.

Each of the Marina Gate project, the Downtown project and the Business Bay project are being undertaken by joint ventures. The Group’s investment in joint ventures is typically limited to the provision of the land to be utilised for the purposes of the development. As a result, whilst the Group’s cash flow is not tied up in a given project, the Group still benefits from incoming cash flows as the construction on the project completes and the project is delivered to clients. This business model means that the Group has a low debt and cash flow burden in respect of these developments, minimising any inherent liquidity risk. However, the Group has the ability to be flexible to the extent that the opportunity requires, and, on the Business Bay project, The Cosmopolitan Limited contributed an amount of AED 244.8 million to Business Bay Capitol LLC and the related party under common ownership from whom the Group acquired its interest in Business Bay Capitol LLC, contributed an amount of AED 571.2 million towards the purchase of land valued at AED 816 million. The Group also made a cash contribution of AED 105 million to Business Bay Capitol LLC in 2018, in accordance with the terms of joint venture agreement. The Group’s fourth project, the Ghantoot project, involves undertaking basic infrastructure work on an undeveloped area of land in the Group’s land bank with a view to selling development plots to third parties. Reflecting the limited amount of construction work involved, this project is not being undertaken through a joint venture.

The Group is also currently undertaking two residential projects in order to grow its portfolio of investment properties. The construction of these two towers, the Al Arabia Tower and the Lulu Tower, has been completed and they are expected to be added to the Group’s residential property portfolio in the third quarter of 2019.

In addition to its current developments, the Group has a number of further real estate development projects under consideration. These include projects on Yas Island where the Group has land plot suitable for development.

**Diversification**

In 2018 and early 2019, the Group acquired a portfolio of equity investments from a related company with a view to diversifying its revenue and reducing its exposure to real estate market volatility and cyclical trends.

The Group intends to continue to make strategic investments in prominent companies that management believes offer long-term value. The Group seeks to acquire investments with strong and predictable cash flows, a proven track record and strong management teams. The Group’s portfolio currently comprises UAE listed companies in the financial, insurance, aviation and real estate development sectors as the Group believes that these sectors offer higher growth potential and are more regulated.

The Group plans to diversify its portfolio over time by adding new assets in additional sectors, such as fast food, healthcare, Islamic banking and energy, as well as diversifying its investments geographically, investing in prominent companies both regionally and internationally. In addition, the Group may also invest in private companies that demonstrate sound management, strong financial performance and a commitment to strong corporate governance.

**Competitive Strengths**

Management believes that the Group has a number of competitive strengths, including:
The Group’s business is supported by a resilient Abu Dhabi macro-economic backdrop and supportive real estate dynamics

The Group’s real estate management portfolio is geographically spread across Abu Dhabi, Dubai, Al Ain and Sharjah and the respective Emirates accounted for 76.5 per cent., 17.4 per cent., 5.4 per cent. and 0.7 per cent. of the Group’s rental revenue in the three months ended 31 March 2019.

Abu Dhabi is the richest and largest of the seven Emirates in the UAE and the city of Abu Dhabi is also the capital of the UAE federation. Abu Dhabi's economy is driven by its oil and gas production and Abu Dhabi had approximately 6 per cent. of the world's proven oil reserves (which were 1,482.77 billion barrels according to OPEC as at 31 December 2017).

Abu Dhabi reported real GDP growth of 1.9 per cent. in 2018 and its nominal GDP per capita was approximately AED 334,000 in 2018, which makes it one of the highest in the Gulf region. The hydrocarbon sector (mining and quarrying) dominates Abu Dhabi's economy and, according to preliminary estimates released by the SCAD, was the largest single sector, contributing 40.4 per cent. of nominal GDP in 2018. There was a significant decline in international oil prices between mid-2014 and the end of 2016, which had a negative effect on Abu Dhabi's economy, see "Risk factors— Risks relating to the Group’s property management business— The success of the Group’s business is dependent on the UAE’s economy and is significantly affected by trends in UAE’s real estate market”.

As a result, the Abu Dhabi government, along with many other governments in the GCC, implemented fiscal reforms designed to boost the economy, including, in June 2018, the announcement of an AED 50 billion three-year package of measures designed to stimulate the economy, make it easier to do business in Abu Dhabi, create jobs and boost tourism. ESIC believes that Abu Dhabi's economy is well placed to benefit both from improving oil prices since the start of 2017 and the benefits expected to be delivered by the fiscal reforms implemented.

ESIC believes that there are clear signs of strength in the Abu Dhabi property market, demonstrated through strong off-plan development sales and robust occupancy across its property portfolio, which, despite some declines, has remained resilient in recent years.

The majority of the Group’s residential and commercial properties are also located “onshore” (outside of designated investment zones) where, subject to certain exemptions, only UAE and GCC national individuals, or entities wholly-owned by such nationals, may purchase property and ESIC believes that, as a result of the “buy and hold” nature of such investors, properties that are located “onshore” may be more resilient to price corrections than other areas within the UAE.

Successful investment property management track record

Since 1993, when EWIG acquired its initial portfolio of residential and commercial investment properties, the Group has grown to become a major property management company in the UAE, owing 1,168 residential units and 242 commercial units as of 31 March 2019. These units are diversified in terms of both location and tenants. The Group expects to add further residential and commercial units to its investment property portfolio as its current and planned future investment property projects are completed and further investment properties are acquired.

The Group believes that its investment properties individually, and the portfolio as a whole, possess strong income profiles, due to the high levels of occupancy and tenant commitments. The Group has an experienced property management team who understand the real estate market and have established direct relationships with each of the Group’s tenants. The Group believes that these relationships assist in the active management of the leases, contributing to improved tenant satisfaction, a low payment default rate and high tenant retention. These factors, together with its strong brand and the quality of its developments have helped it achieve residential occupancy rates of 98 per cent., 97 per cent. and 90 per cent. as at 31 December 2016, 2017 and 2018, respectively. In the year ended 31 December 2018, 73 per cent. of its residential tenants and 64 per cent. of its commercial tenants renewed their leases, representing high tenant loyalty to the Group’s properties. The Group believes that its historical occupancy and renewal rates offer visibility on the stability of its earnings. The Group plans to maximise occupancy by maintaining rents in line with or lower than the market.

Strong and Influential Shareholder

H.H. Sheikh Mansour bin Zayed Al Nahyan is the ultimate owner of the Group. H.H. Sheikh Mansour bin Zayed Al Nahyan is a respected figure in the UAE and holds a number of key government positions, including Deputy Prime Minister of the UAE, Minister of Presentational Affairs of the UAE, Chairman of the Emirates Investment Authority and the Abu Dhabi Fund of Development, as well as Vice Chairman of Mubadala Investment Company PJSC and board member of the Supreme Petroleum Council Board.
Substantial land bank

As at 31 March 2019, the Group had a portfolio of 18 parcels of land comprising a total of 1.4 million square feet located in Abu Dhabi and Dubai, including plots of land on the Palm Crescent, the Dubai Waterfront, Al Barsha South and in Business Bay in Dubai and on Yas Island in Abu Dhabi.

Management believes that the Group’s land bank allows it to take advantage of market opportunities to develop and sell properties in order to generate cash from sales with greater efficiency than competitors that need to source and acquire land before undertaking a project. As a result of the Group’s real estate development business model, with the Group’s investment in its joint ventures typically limited to the provision of the land to be utilised for the purposes of the development, the Group believes that it has a development model which minimises its liquidity risk, providing the Group with a low debt and cash flow burden in respect of its development projects. The Group’s land bank also provides it with the ability to develop further investment properties.

Integrated and diversified investment portfolio

The Group’s investments and assets include cash-generating real estate assets (comprising both residential and commercial investment properties), land bank (for future development), investments in joint ventures undertaking real estate development projects principally with a view to sale of the developed land or property units and investments in a limited number of public companies.

In addition to its real estate portfolio, the Group has acquired equity investments in different industry sectors, including financial institutions. As at 31 March 2019, the Group’s shares in FAB comprised 96.4 per cent. of the Group’s portfolio of equity investments. FAB has been assigned ratings of AA- by Fitch, Aa3 by Moody's and AA- by S&P, each with a stable outlook and as at 31 December 2018, FAB was the largest bank in the UAE, in addition to being the second largest bank in the GCC, in each case by total assets. FAB has a track record of paying dividends and is expected to continue to do so going forward. The Group’s other investments include shares in public UAE companies, including Emaar, Aldar and Air Arabia. The Group’s asset portfolio is therefore able to generate a stable cash flow through investment property rentals and dividends from its financial investments. Additional, but less stable, revenue is derived from sales of developed land and properties. Investments in publicly quoted equity shares are also liquid, in contrast to the Group’s real estate assets.

Managed by experienced professionals with expertise in the UAE property market

The Group’s management team consists of experienced professionals each having over 20 years’ relevant industry experience. The Group’s management has developed significant expertise in the UAE real estate market with extensive knowledge of local market dynamics including supply and demand-side characteristics, bidding and acquisition processes, tenant requirements, and regulatory considerations through past transactional experience and expanding market coverage.

Business

Overview

The Group has three business segments: (1) property management; (2) real estate investment; and (3) financial investments.

Property Management

Overview

The Group owns, leases and manages a portfolio of residential and commercial investment properties, enabling it to secure long-term recurring rental revenue and to maximise long-term asset value. As at 31 March 2019, the Group owns and leases approximately 1,410 residential and commercial units principally in Abu Dhabi and Dubai, the majority of which are located “onshore” (outside of designated investment zones) where, subject to certain exemptions, only UAE and GCC national individuals, or entities wholly-owned by such nationals, may purchase property. The Group’s managed real estate units cater to various income categories.

In the three months ended 31 March 2019, the Group received AED 34.0 million in rental revenue, of which 81.2 per cent. was derived from residential properties and 18.8 per cent. was derived from commercial properties.

The Group’s real estate management portfolio was geographically spread across Abu Dhabi, Dubai, Al Ain and Sharjah and the respective Emirates accounted for 76.5 per cent., 17.4 per cent., 5.4 per cent. and 0.7 per cent. of the Group’s rental revenue in the three months ended 31 March 2019.
Residential Portfolio

As at 31 March 2019, the Group had a portfolio of 1,168 residential units comprising studios, apartments and villas.

The Group’s five residential properties with the highest annual rent during the three months ended 31 March 2019 are set out below. Together, these properties accounted for 58.4 per cent. of the rental revenue received from the Group’s residential portfolio and 47.1 per cent. of the total rental revenue received by the Group during the three months ending 31 March 2019. No single property contributed more than 14.6 per cent. of the rental revenue received by the Group during the three months ending 31 March 2019.

Al Qurm Compound
The Al Qurm Compound is located in Al Muntazah, in Abu Dhabi. The compound comprises 87 residential units, containing 20 four-bedroom, 58 five-bedroom and 9 six-bedroom villas and one commercial unit comprising 968 square feet of leasable commercial space.

The rent received for the residential units in the compound represented 14.6 per cent. of the rental revenue received by the Group during the three months ending 31 March 2019.

Al Muroor Complex
The Al Muroor Complex is also located in Al Muntazah, in Abu Dhabi. The complex comprises 55 residential apartments ranging in size from one-bedroom apartments to four-bedroom duplexes, which are rented out to individual tenants. The complex also includes 14 commercial units, comprising 96,047 square feet of leasable commercial space, including shops and offices.

The rent received for the residential units within the complex represented 12.9 per cent. of the rental revenue received by the Group during the three months ending 31 March 2019.

Al Nahda Residential Tower
The Al Nahda Residential Tower is located in Al Nahda Second, in Dubai. The tower has 99 residential units, containing 11 one-bedroom apartments, 66 two-bedroom apartments and 22 three-bedroom apartments. The tower also includes two commercial units, comprising 9,828 square feet of leasable commercial space.

The rent received for the residential units within the tower represented 8.6 per cent. of the rental revenue received by the Group during the three months ending 31 March 2019.

Al Safiya Building
The Al Safiya Building is located in Hor al Anz, in Abu Dhabi. The building includes 129 residential units, ranging in size from studios to three-bedroom apartments. The building also includes 14 commercial units, comprising 12,000 square feet of leasable commercial space.

The rent received for the residential units within the building represented 6.2 per cent. of the rental revenue received by the Group during the three months ending 31 March 2019.

Arabian Gulf Tower
The Arabian Gulf Tower is located in Al Zahiyah, Abu Dhabi. The tower includes 54 three- and four-bedroom residential apartments, which are rented out to individual tenants. The tower also has four commercial units comprising three offices and a supermarket, comprising 15,500 square feet of leasable commercial space.

The rent received for the residential units within the tower represented 4.8 per cent. of the rental revenue received by the Group during the three months ending 31 March 2019.

Commercial Portfolio

As at 31 March 2019, the Group has a portfolio of 242 units of commercial space, which includes a hotel, hotel apartments, office buildings and shops.

The three commercial assets with the highest annual rent for the three months ending 31 March 2019 are set out below. Together, these properties accounted for 99.0 per cent. of the rental received from the Group’s commercial portfolio during the three months ending 31 March 2019 and 18.5 per cent. of the total rental revenue received by the Group during this period.

Golden Fish Tower
Golden Fish Tower is located in the Corniche Area of Abu Dhabi. The building includes 62 commercial units which are rented out to individual tenants, containing offices ranging in size from 500 to 4,000 square feet of
leasable commercial space, with a car showroom on the ground floor. The combined area of leasable space is 190,000 square feet.

The rent received from the tower represented 12.2 per cent. of the rental revenue received by the Group during the three months ending 31 March 2019.

_Al Mankhoul Desert Rose Hotel_

Al Mankhoul Desert Rose Hotel is a four-star hotel located in Mankhool Road, Bur Dubai in Dubai. The hotel has 105 keys, with a mix of apartments, studios and suites, and offers services including a health club, swimming pool and restaurant. The property is rented to Desert Rose Hotel, who operate and manage the hotel for their own account, for a term of 10 years, expiring in 2022.

_Al Raffa Tower_

Al Raffa Tower is located in Al Raffa, Dubai. The building comprises 69 hotel apartments ranging in size from studios to three-bedroom apartments. The tower has been rented to Dock Masters Hotel Apartments, who operate and manage the serviced apartments for their own account, for term of three years, expiring in 2020.

**Occupancy**

The property management units have a diverse tenant base with residential occupants predominantly being individuals and commercial occupants operating in a range of businesses with both international and domestic occupants. As at 31 March 2019, the occupancy rate for its residential units was 92 per cent. and the occupancy rate for its commercial units was 95 per cent. As at 31 March 2019, the weighted average unexpired lease term was 1.1 years for commercial units, while the residential units are typically leased on annual renewable leases. The Group believes that such short lease terms provide it with more flexibility to increase rents in a market where rental rates are increasing.

The ten largest tenants contributed 40 per cent. of the Group’s total rental revenue for the three months ending 31 March 2019, with the five largest tenants accounting for 7 per cent. (Serco Ltd), 7 per cent. (General Authority for Health Services), 6 per cent. (Abu Dhabi Co-operative Society), 4 per cent. (LLH Hospital), and 4 per cent. (Desert Rose Hotel Apartments), respectively, of the Group’s total rental revenue for this period. The Group’s tenants include government entities, such as the US embassy, Abu Dhabi Police, UAE Ministry of Foreign Affairs and International Cooperation, the Department of Health, Abu Dhabi Investment Authority, as well as international organisations, including Halliburton and Weatherford.

**Rent arrears**

From time to time the Group experiences tenant defaults in payment of rent, although as rents are usually either paid in advance or the Group is provided with post-dated cheques, the Group generally has a low rate of rent defaults (approximately one per cent. of total rental revenue in the year ended 31 December 2018). The Group’s policy in relation to late payments of rent is to follow up the missed payment with the tenant or to deduct the security deposit already collected against the missed payment and, where appropriate and in a timely manner, to terminate the lease and re-let the property. Overdue rental amounts are recorded in the Group’s balance sheet as trade receivables and are reviewed quarterly and impaired if collection is judged to be doubtful.

**Typical leasing terms**

The Group’s general pricing strategy for each of its different real estate units in the residential and commercial sectors involves offering pricing at levels that are at, or slightly lower than, current market rates in order to prioritise occupancy and receive a continual revenue stream. Additionally, for its portfolio of residential units, the Group’s strategy often involves offering competitive pricing through, for example, the provision of a free month during the lease tenure. The Group’s pricing strategy is usually reviewed every year with rent increases or decreases implemented depending on the real estate market.

In the UAE, the market practice is to use short-form standard contracts for residential and commercial tenancies. The Group has adopted a standard lease contract which includes the following provisions:

- **lease term**: this is typically a renewable one-year period for residential leases, although there are limited exceptions. In many of its residential developments, the Group’s strategy is to seek to let a proportion of the development on bulk tenancies, which generally have longer terms but are lower yielding, with the balance being let on individually negotiated tenancies. In its commercial premises, the lease terms are generally individually negotiated with the tenants. The typical lease term in its commercial office properties is between three and five years.
• **rent**: this is typically required to be paid three months in advance for residential leases, although this period may be longer for commercial leases. The Group collects post-dated cheques for subsequent rental periods.

• **service charges**: service charges include the costs incurred in managing, cleaning, maintaining and repairing the property and any property in common use; costs of utilities; and other costs. These are typically paid by the landlord for residential assets and by tenants for commercial assets.

• **maintenance**: the Group is responsible for maintenance of the properties and aims to perform minor maintenance within three to six days of being notified and major maintenance within 10 to 30 days of being notified.

• **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 non-payment of rent by the tenant if this is not remedied within a defined period, breach of any other term of the lease by the tenant which is not remedied within a defined period and bankruptcy of the tenant. If a default occurs, the landlord may terminate the lease and re-let the property.

The standard form lease for residential and commercial properties also contains more detailed provisions relating to, amongst other matters: the use of premises; conduct of business; insurance; fitting out work; repair and alterations; fire and emergency; and rights of entry and access.

**Property Management**

The Group’s portfolio management activities comprise the full suite of the real estate asset management lifecycle including asset positioning, revenue and cost optimisation, pricing strategy, asset performance monitoring, analysing assets for investment and divestitures as well as oversight of leasing property management and facilities management. A robust leasing strategy focused on long term revenue maximisation is supported by data-centric monitoring to mitigate risk and find innovative sources of additional revenue and cost rationalisations. Through continuous monitoring of the portfolio, the Group can make an informed decision on divestitures of assets which may no longer be a good fit allowing it to recycle capital effectively.

**Real Estate Investment**

**Overview**

The Group has traditionally project managed the development of land owned by it with a view to retaining the completed property units as investment property managed by it. More recently, the Group’s focus has been on the development of residential and commercial projects in the UAE, typically through a joint venture with an internationally recognised property developer in order to reduce risk. The Group expects to contribute land to the joint venture with a view to generating a return through the eventual sale of the properties and/or land developed. The Group typically provides little to minimal additional capital to the joint venture.

The Group is currently undertaking the development of four real estate development projects in the UAE with a view to the eventual sale of the properties and/or developed land. These projects are in various stages of development, with two currently under construction and two long-term projects in earlier stages of development, where further development is subject to market conditions.

Further details of these projects are set out below.

**Residential and Commercial Projects Developed for Sale**

**Marina Gate Project**

The objective of the Marina Gate project is to develop three towers which are made up of a mix of affordable and high-end luxury apartments with state-of-the-art facilities in the Dubai Marina.

The Group along with its joint venture partner, The Cosmopolitan Limited (a member of The Select Group), established a joint venture in the UAE, Marina Capitol LLC, for the construction of the towers, which commenced operations in 2015. In accordance with the terms of the joint venture agreement, the Group’s joint venture partner is responsible for all construction work in relation to the project.

The Group contributed three plots of land with a value of AED 623.4 million to the joint venture in 2013. As a result of this investment, the Group has a 60 per cent. share in the joint venture.
In 2018, the Group’s share of the results reported by the joint venture was AED 206.9 million and the Group received a distribution of AED 219.3 million, which included AED 30.7 million of units in Marina Gate Tower 1, which the Group intends to manage as investment properties.

The project consists of three towers:

- **Marina Gate Tower 1** comprises 399 residential units consisting of one- to three-bedroom apartments, penthouses and villas, as well as 42,972 square feet of leasable commercial space, which comprises shops, as well as a clinic and a hospital. Tower 1 completed in 2018 and all residential units in the tower have been sold, although the Group has retained 21 residential units to hold as investment properties. The joint venture entity has retained the legal ownership to all the commercial space in the tower, with a view to renting the commercial space in the short term and a potential sale in the longer term.

- **Marina Gate Tower 2** comprises 519 residential units, consisting of one- to three-bedroom apartments, penthouses and 49,275 square feet of leasable commercial space. Construction of the tower has been completed and the tower is in the process of being handed over. As at 31 March 2019, 486 of the residential units have been sold. The joint venture entity intends to retain the legal ownership of all the commercial space in the tower, with a view to renting the commercial space in the short term and a potential sale in the longer term. The Group intends to retain 15 residential units to hold as investment properties.

- **Marina Gate Tower 3** comprises 508 residential units, consisting of studio, one- to three-bedroom apartments and penthouses and 41,548 square feet of leasable commercial space. Of the 508 residential units, 104 will be Jumeirah Hotels and Resorts-branded residential serviced apartment units specifically marketed to high end customers. Pursuant to a management agreement Jumeirah Hotels and Resorts will receive a service fee for the management of the branded residential apartment. Construction has commenced on the tower and as at 30 June 2019, is approximately 70 per cent. completed, with completion expected in mid-2020. As at 30 June 2019, 80 of the residential units have been sold. Once completed, the joint venture entity intends to retain the legal ownership to all the commercial space in the tower, with a view to renting the commercial space in the short term and a potential sale in the longer term.

**Downtown Project**

The objective of the Downtown project is to develop a 65-storey luxury residential tower in the Downtown area of Dubai. The tower, which will be a branded development in conjunction with the St. Regis, will have a gross floor area (GFA) of approximately 440,000 square feet, with 181 residential units, comprising one-, two- and three-bedroom duplex apartments and amenities including gym, sauna, massage rooms and infinity pool. An agreement with the St. Regis for this branding has been signed. Initial groundwork on the project commenced in 2018, although the award of the main construction contract is subject to market conditions.

In April 2019, a 50 per cent. interest in Burj District Development Ltd, the project joint venture, was transferred to the Group by a related party under common ownership. The joint venture is with Zuari Infraworld SJM Properties LLC. The related party from which the Group acquired the 50 per cent. interest had contributed a plot of land with a value of AED 140 million to the project joint venture. Zuari Infraworld SJM Properties LLC will contribute its development expertise and be responsible for the costs of the project.

**Business Bay Project**

The objective of the Business Bay project is to develop an affordable high-end community in the Business Bay area of Dubai, comprising a mix of around 90 per cent. residential units and 10 per cent. commercial units. The Business Bay project is a long-term project that is currently in the concept design phase, with the necessary approvals and other requirements currently being obtained. It is anticipated that the development will consist of eight to nine residential towers, villas and a three- or four-star hotel, as well as commercial properties over an area of 1.1 million square feet, with a GFA of 3.4 million square feet. The unit sizes, product mix, retail and hotel are expected to be targeted at the mid-income demographic, whilst still offering prime location and quality.

The project is expected to be split into phases, with phase one comprising three residential towers, which is intended to anchor the project in terms of reputation and enhance the proceeds of subsequent phases. The launch of the project is subject to market conditions, with the current expectation being that these phases will be developed over an eight- to 10-year period.

In December 2018, a 70 per cent. interest in Business Bay Capitol LLC, the project joint venture, was transferred to the Group by a related party. The joint venture is with The Cosmopolitan Limited. The value of the transfer was AED 571.2 million.
Unlike the other joint venture partnerships that the Group is a party to, The Cosmopolitan Limited contributed an amount of AED 244.8 million to Business Bay Capitol LLC and the related party under common ownership from whom the Group acquired its interest in Business Bay Capitol LLC, contributed an amount of AED 571.2 million towards the purchase of land valued at AED 816 million. The first phase of the project is expected to be financed principally through bank financing, although in 2018, the Group made a cash contribution of AED 105 million to the joint venture in accordance with the terms of joint venture agreement. Subsequent phases are expected to be financed through cash generated from off-plan sales.

Ghantoot Project

The objective of the Ghantoot project is to undertake infrastructure work on 912 land plots, covering an area of approximately 1.3 million square meters, that the Group currently holds in Ghantoot, a coastal area between Abu Dhabi and Dubai, and then sell these land plots to third party developers to allow for the development of a luxury hotel and resort. The land for the project was transferred to the Group in 2017 by a related party under common ownership.

Unlike the Group’s other development projects described above and reflecting the limited amount of construction required, the Group does not intend to enter into a joint venture partnership in respect of the Ghantoot project. The Group has instead appointed Manazel Real Estate PJSC (Manazel Real Estate) as its project manager to undertake the development of the infrastructure on the land, as well as undertake the necessary sales and marketing activities.

Infrastructure work on the Ghantoot project is currently expected to start in the fourth quarter of 2019, subject to market conditions, and to be completed in 2022. During 2018, the Group sold a plot of land of 73,298 square meters for AED 177.4 million to a related party.

Residential Projects Developed for Investment

The Group is currently undertaking the development of two residential projects for long-term lease in the UAE:

- Al Arabia Tower, a residential tower located in Abu Dhabi with 72 three-bedroom apartments and five commercial units, comprising 13,059 square feet of leasable commercial space; and
- Lulu Tower, a residential tower located in Abu Dhabi with 72 two-bedroom apartments and five commercial units, comprising 3,629 square feet of leasable commercial space.

The construction on each of these projects has been completed and the residential units within these towers are expected to be added to the Group’s residential property portfolio in the third quarter of 2019.

Land Bank

As at 31 March 2019, the Group had a portfolio of 18 parcels of land comprising a total of 1.4 million square feet located in Abu Dhabi and Dubai, including plots of land on the Palm Crescent, the Dubai Waterfront, Al Barsha South and in Business Bay in Dubai and on Yas Island in Abu Dhabi.

Financial Investments

The Group has a portfolio of equity investments in public UAE companies operating across a range of industry sectors, currently comprising financial services, insurance, aviation and real estate development. The Group plans to diversify its portfolio over time by adding new assets in additional sectors, such as fast food, healthcare, Islamic banking and energy. While the Group’s current portfolio comprises listed companies, the Group may also invest in private companies that demonstrate sound management, strong financial performance and a commitment to strong corporate governance.

The Group intends to conduct research and analysis in relation to potential investments, with a view to acquiring investments that have potential for long-term sustainable value creation with strong and predictable cash flows, a proven track record and strong management teams. Once a suitable investment opportunity is identified, the Group intends to conduct thorough due diligence before seeking formal approvals for the proposed investment.

Portfolio

The Group’s current investment sectors currently are financial institutions, aviation, insurance and real estate development.

FAB

FAB is the public joint stock company that resulted from the merger of National Bank of Abu Dhabi P.J.S.C. and First Gulf Bank P.J.S.C. in 2017. FAB is a full-service bank and its core businesses include consumer, wholesale, treasury and Islamic banking capabilities. FAB offers banking products and services within the UAE and the
wider MENA region. FAB has an international presence across 19 countries outside the UAE through subsidiary or affiliate entities, branches and representative offices. As at 31 December 2018, FAB was the largest bank in the UAE, in addition to being the second largest bank in the GCC, in each case by total assets. FAB has been assigned ratings of AA- by Fitch, Aa3 by Moody's and AA- by S&P and its shares are listed on the Abu Dhabi Securities Exchange (ADX).

As at 31 December 2018, FAB had total assets of AED 744.1 billion, total net loans and advances of AED 353.2 billion and total customer accounts and other deposits of AED 465.5 billion. For the year ended 31 December 2018, FAB's net profit was AED 12.1 billion.

The Group currently holds 178.4 million shares in FAB, which as at 31 March 2019 had a fair value of AED 2.7 billion. As at 31 March 2019, the Group held 1.64 per cent. of the total share capital of FAB and the fair value of this shareholding represented 96.4 per cent. of the fair value of the Group’s portfolio of financial investments.

HH Sheikh Mansour Bin Zayed Al Nahyan, the ultimate owner of the Group, also holds shares in FAB in a personal capacity (not held by the Group) and, as a one of the largest single shareholders, has the right to appoint two directors to the board of directors of FAB. He was previously the Chairman of First Gulf Bank P.J.S.C., prior to the merger.

In 2019, FAB distributed a cash dividend of AED 0.74 per share in respect of the year ended 31 December 2018 resulting in a total dividend for the Group’s shares of AED 132.1 million.

**National Takaful**

National Takaful is an Islamic insurance company based in Abu Dhabi. It was established in 2003 and its founding members include Abu Dhabi Islamic Bank and Abu Dhabi Investment Company. National Takaful offers a range of takaful products including motor, property, general accidents, family, medical, engineering and marine cargo coverage. National Takaful has been rated a- by A.M. Best and the shares of National Takaful are listed on the ADX.

The Group currently holds 4.6 million shares in National Takaful, which as at 31 March 2019 had a fair value of AED 14.8 million. As at 31 March 2019, the Group held 4.6 per cent. of the total share capital of National Takaful and the fair value of this shareholding represented 0.53 per cent. of the fair value of the Group’s portfolio of financial investments.

**Air Arabia**

Air Arabia launched in October 2003 and was the first low-cost carrier in the Middle East. Air Arabia comprises a group of airlines and companies offering travel and tourism services across the Middle East and North Africa. The shares of Air Arabia are listed on the Dubai Financial Market (DFM).

The Group currently holds 30.3 million shares in Air Arabia, which as at 31 March 2019 had a fair value of AED 28.5 million. As at 31 March 2019, the Group held 0.6 per cent. of the total share capital of Air Arabia and the fair value of this shareholding represented 1 per cent. of the fair value of the Group’s portfolio of financial investments.

**Aldar**

Aldar is the leading listed property developer and real estate asset manager in Abu Dhabi in terms of total assets and by share of the off-plan residential development market. Aldar was established, and listed on the ADX, in 2005 to undertake development projects primarily in Abu Dhabi. Aldar has been assigned ratings of Baa3 by Moody's and BBB- by S&P.

The Group currently holds 16.9 million shares in Aldar, which as at 31 March 2019 had a fair value of AED 30.0 million. As at 31 March 2019, the Group held 0.2 per cent. of the total share capital of Aldar and the fair value of this shareholding represented 1.1 per cent. of the fair value of the Group’s portfolio of financial investments.

**Emaar**

Emaar is a real estate development company listed on the Dubai Financial Market. Emaar operates internationally providing property development and management services in 36 markets across the Middle East, North Africa, Asia, Europe and North America. Emaar has been assigned ratings of Baa3 by Moody's and BBB- by S&P and its shares are listed on the DFM.

The Group currently holds 7 million shares in Emaar, which as at 31 March 2019 had a fair value of AED 27.3 million. As at 31 March 2019, the Group held 0.2 per cent. of the total share capital of Emaar and the fair value of this shareholding represented 0.97 per cent. of the fair value of the Group’s portfolio of financial investments.
Reem Investments

Reem Investments is an investment company listed on the Secondary Market of the ADX. Reem Investments is engaged in property management and real estate development, as well as having investments in public equities, private equities, managed funds and bonds.

The Group currently holds 2.5 million shares in Reem Investments, which were transferred to the Group by a related party under common ownership for a fair value of AED 38 million in May 2019. As at 30 June 2019, the Group held 3.2 per cent. of the total share capital of Reem Investments.

Investment Policy

The Group’s plans to undertake the following in terms of any future investments:

- **Portfolio analysis**: including an analysis of the diversity of its portfolio in terms of region, sector, risk, liquidity and investment strategy to avoid asset concentrations and liquidity risk.

- **Align objectives**: the Group’s objectives include generating long term stable returns which meet its minimum return criteria, as well as investments that, to the extent possible, complement its existing business and/or have a connection to HH Sheikh Mansour Bin Zayed Al Nahyan. Any investments are therefore reviewed against these criteria, with the Group’s investment criteria focused on investments that have a track record of positive cashflow.

- **Monitoring progress**: while the Group has a long-term investment horizon for each of its investments, the Group periodically analyses the portfolio from the perspective of sectors, risks and investment strategies and can make adjustments to the portfolio if market conditions or other circumstance so require.

Any proposals for a new investment are first evaluated by the Group’s investment team, which, as at 30 June 2019, was headed by Jaafar Badwan, the Group’s Chief Investment Officer and was made up of 12 full time employees employed directly by the Group. The investment team recommends investments to the Investment Committee, which is comprised of executive directors and senior management, for further review. The Investment Committee reviews and evaluates all investments, before deciding whether to recommend such investment to the Board. The Board ultimately approves all investment decisions made by the Group.

Competition

The Group competes with numerous developers, owners and operators of real estate in Abu Dhabi and the UAE, many of which own properties similar to the Group in the same markets, as well as various other public and privately held companies that may provide residential and commercial leasing space, or which develop, or plan to develop, residential or commercial projects similar to those of the Group. The Group’s commercial and residential properties compete with other similar properties located in the UAE to attract tenants. Any oversupply of commercial and residential properties in UAE, whether as a result of new developments or a decrease in the number of tenants or other occupants due to a decline in economic activity, may adversely affect the Group’s rental revenue.

The Group competes with other major property management companies to attract tenants based upon rental rates, operating costs, location, condition and features of the properties concerned. If competing properties have lower rents, lower operating costs, more favourable locations or better facilities, the Group’s ability to attract tenants and the rental rates that it can charge at its commercial and residential properties may be adversely affected.

The ability of the Group’s investment properties to remain competitive and attract local and international tenants also depends on the Group’s continued and effective management of its properties and successful execution of its business strategies, including asset enhancement projects.

Information Technology

The Group aims to ensure that it has a modern networking hierarchy and that it maintains an efficient communications system. The infrastructure in respect of its servers, as well as IT storage and back-up operations are currently provided by Das Holding under the Advisory and Group Services Agreement.

The software and website development are mainly outsourced to achieve high quality and standards. Most of the software used by the Group is fully customised to assist efficiency and effectiveness. The special purpose payment software to process customers and tenants is encrypted and protected by in-house anti-virus hardware and software. Historically, the Group has not experienced any malicious intrusions.
Insurance

The Group investment properties are fully insured. Management believes that the Group’s insurance coverage is in accordance with customary practice in the property management industry, including with respect to the terms of and the coverage provided by such insurance. All insurance coverage is obtained from reputable local insurance companies, who typically place their reinsurance outside the UAE. The Group also has vehicle, employees and staff insurance in place.

The Group’s insurance policies are subject to commercially negotiated deductibles, exclusions and limitations. The Group will only receive insurance proceeds in respect of a claim made by it to the extent that its insurers have the necessary funds to make payment. Therefore, the Group’s insurance may not cover all losses incurred by the Group and no assurance is given that the Group will not suffer losses beyond the limits of, or outside the cover provided by, its insurance policies. The Group has not made any material insurance claims in the last three financial years.
MANAGEMENT AND EMPLOYEES

Management

The Board

The Board is responsible for providing effective oversight of the Group's management and operations. It also oversees the adequacy and effectiveness of corporate governance and internal controls and approves the Group's budget and its published financial statements. The Memorandum of Association provides that the Company shall be managed by the Board which is required to consist of more than two directors, with directors being appointed for renewable terms of three years.

The name and title of each member of the Board is set out in the table below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.E. Khalid Deemas Al Suwaidi</td>
<td>Executive director</td>
</tr>
<tr>
<td>H.E. Naser Mohamed Almur Al Zaabi</td>
<td>Executive director</td>
</tr>
<tr>
<td>Matar Murad Mohamed Al Blooshi</td>
<td>Executive director</td>
</tr>
<tr>
<td>Jaafar Badwan</td>
<td>Executive director</td>
</tr>
<tr>
<td>Syed Hasan Shaheryar</td>
<td>Executive director</td>
</tr>
<tr>
<td>Walid Jaafar</td>
<td>Executive director</td>
</tr>
</tbody>
</table>

Brief biographical details of each member of the Board are set out below:

**H.E. Khalid Deemas Al Suwaidi, executive director**

H.E. Al Suwaidi was appointed to the Board on 30 June 2019. He is the Chief Executive Officer of Das Holding, a related party under common ownership, a position he has held since 2007. H.E. Al Suwaidi has over 24 years of banking experience and, prior to joining Das Holding, held the position of Head of Retail Banking with the National Bank of Abu Dhabi and Manager of Commercial and Private Banking with First Gulf Bank. H.E. Al Suwaidi is also the Vice Chairman of the Abu Dhabi National Takaful Company and a board member of Abu Dhabi Commercial Bank and Manazel Real Estate. H.E. Al Suwaidi has a Master of Business Administration degree from Widener University, USA.

**H.E. Naser Mohamed Almur Al Zaabi, executive director**

H.E. Al Zaabi was appointed to the Board on 30 June 2019. He is the Chief Operating Officer of Das Holding, a position he has held since 2007. H.E. Al Zaabi has over 24 years of banking experience and, prior to joining Das Holding, was the head of Head of Elite Banking at the National Bank of Abu Dhabi. H.E. Al Zaabi holds the position of Advisor, Office of the Minister Federal Supreme Council Affairs, is the Vice Chairman of Manazel Real Estate and also sits on the board of Abu Dhabi National Takaful Company. H.E. Al Zaabi has a Bachelor of Science degree in Business Administration from The College of Mount Saint Joseph, USA.

**Matar Murad Mohamed Al Blooshi, executive director**

Matar Al Blooshi was appointed to the Board on 30 June 2019. He is the Chief Investment Officer at Das Holding, a position he has held since 2007. Matar Al Blooshi has over 26 years of experience in the financial and fund management industry and, prior to joining Das Holding, held the positions of Head of Domestic Capital Markets and General Manager of Abu Dhabi Financial Services, a subsidiary of the National Bank of Abu Dhabi. Matar Al Blooshi is the Chairman of Maalem Holding and a member of the Board of Directors of First Energy Bank in Bahrain and Etisalat Misr. Matar Al Blooshi has a Bachelor of Arts degree in Banking & Financial Management from University of Arkansas, USA.

**Jaafar Badwan, executive director**

Jaafar Badwan was appointed to the Board on 30 June 2019. He is the Head of Investments at Das Holding, a position he has held since 2018. Jaafar Badwan has over 39 years of experience in the finance industry, and prior to joining Das Holding, held various senior positions at Kuwait Investment Company, National Bank of Abu Dhabi and the UAE Central Bank. He was also previously a board member at Jordan Dubai Islamic Bank. Jaafar Badwan holds a Bachelor of Arts degree in Economic Planning from the University of Aleppo in Aleppo, Syria, a Master Degree in Economics from the University of Bridgeport, Connecticut, USA and a Ph.D. in Business Administration from UKPB, UK.
Syed Hasan Shaheryar, executive director

Syed Hasan Shaheryar was appointed to the Board on 30 June 2019. He is the Chief Financial Officer of Das Holding, a position he has held since 2013, having initially joined Das Holding in 2007 as a Financial Controller. Syed Hasan Shaheryar has over 20 years’ finance experience and is a qualified chartered accountant. Prior to joining Das Holding, Syed Hasan Shaheryar worked at Arthur Anderson, PWC and a number of international companies. Syed Hasan Shaheryar is a Fellow of the Institute of Chartered Accountants of Pakistan.

Walid Jaafar, executive director

Walid Jaafar was appointed to the Board on 30 June 2019. He is the General Counsel of Das Holding, a position he has held since 2011. Walid Jaafar is a qualified lawyer and registered with the Beirut Bar Association. He has over 30 years of work experience including 16 years in banking and, prior to joining DAS holding, he worked in both private practice and in house and held the position of Head of Legal in Barclays Bank UAE. Walid Jaafar acted as Compliance Officer and Money Laundering Reporting Officer for a Dubai Financial Services Authority regulated entity. He holds a Bachelor of Science degree in Business Administration from the Lebanese American University in Beirut, Lebanon and a Bachelor of Arts degree in Law from La Sagesse University in Beirut, Lebanon.

Business Address and Conflicts

The business address of each member of the Board is 4th Floor, Office Building, Dusit Thani Complex, Al Murroor St., P.O. Box No. 161, Abu Dhabi, UAE. The members of the Board are subject to fiduciary duties under UAE law which regulate conflicts of interest as well as corporate conflicts of interest policies. In addition, all investment decisions are required to adhere to asset management investment policies designed to ensure transactions are entered into on an arms’ length basis. On this basis, potential conflicts of interest between the duties of the members of the Board to the Group and their private interests or other duties are appropriately mitigated.

Senior Management

The following table lists the names and positions of the Senior Management of the Group. Each member of the Senior Management acts in such capacity pursuant to the Advisory and Group Services Agreement (as described below):

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.E. Khalid Deemas Al Suwaidi</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Jaafar Badwan</td>
<td>Chief Investment Officer</td>
</tr>
<tr>
<td>Syed Hasan Shaheryar</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Walid Jaafar</td>
<td>General Counsel</td>
</tr>
</tbody>
</table>

The Senior Management of the Group meets regularly to discuss matters relating to the Group. Brief biographical details of each member of Senior Management are set out in description of “The Board” above.

Corporate Governance

The Group is committed to maintaining and improving appropriate standards of corporate governance across the Group by constantly reviewing, improving and strengthening corporate governance standards and establishing best practices that are based on principles of accountability, transparency, responsibility and integrity. The Group complies with all legal and regulatory requirements relating to professional conduct rules and corporate governance. As part of its continuing commitment to corporate governance and in line with international best practice, the Group has established two committees, the Investment Committee and the Audit and Risk Committee. Further details of each committee are set out below.

Investment Committee

The Investment Committee was established principally to review and monitor the investments made by the Group, to undertake periodical reviews of investment performance, financing structures for various projects and also the Group’s overall corporate financing structure to ensure that it is consistent with the Group’s requirements for growth and is fiscally sound and to exercise the authority and functions set out below or as may be delegated to it by the Board from time to time. The Investment Committee is made up of Jaafar Badwan (chairman), H.E. Khalid Deemas Al Suwaidi, Matar Murad Mohamed Al Blooshi and Syed Hasan Shaheryar.

The main objectives and responsibilities of the Investment Committee are as follows:
• to review and approve for recommendation to the Board any new investment proposal;
• to review and ensure that the investment is within the policy established by the Group and meets the investment criteria from a risk and return perspective;
• to review the proposed strategic plan to enable the Group to achieve its business objectives;
• to review, on a periodic basis, the Group’s policy governing approval levels for capital expenditures and the Group’s financial plan to fund approved capital expenditures; and
• to review and approve the Group’s investment policy and guidelines.

The Investment Committee meets upon request and whenever required in accordance with the objectives and responsibilities outlined above.

Audit and Risk Committee

The main objective of the Audit and Risk Committee is to assist the Board in fulfilling its oversight and fiduciary responsibilities to the Group. The Audit and Risk Committee has responsibilities related to external audit, financial reports and internal control and risk management. The Audit Committee is made up of H.E. Naser Mohamed Almur Al Zaabi (chairman), Syed Hasan Shaheryar, Ahmed Alamai, Walid Jaafar and Sureshi Perera.

The main objectives and responsibilities of the Audit and Risk Committee are as follows:
• overseeing and appraising the quality of the audit efforts of the Group’s internal audit function and of its external auditors;
• assisting the Board in ensuring proper implementation of the governance rules as set out in applicable governance laws, regulations and internal policies and procedures;
• facilitating communication between the Board and the external auditors;
• assisting the Board in evaluating the procedures for risk management; and
• ensuring compliance by the Group and its employees with the relevant laws, regulations and internal policies and procedures.

The Audit and Risk Committee meets quarterly and whenever required in accordance with the objectives and responsibilities outlined above.

Employees

As at 31 March 2019, the Group had 60 permanent employees. All these employees and labour workforce worked for ESIC’s subsidiary, EWIG.

Advisory and Group Services Agreement

On 30 June 2019, ESIC entered into the Advisory and Group Services Agreement with Das Holding. Under this agreement, Das Holding will provide or procure corporate services, including finance, human resources, legal and compliance, procurement and IT services, to the Group.

Under the Advisory and Group Services Agreement, Das Holding is entitled to a fee, equalling 0.75 per cent. per calendar year of the gross value of assets of the Company, which is calculated quarterly. It is also entitled to reimbursement of third-party expenses reasonably incurred in the performance of the services.

The Advisory and Group Services Agreement has a five-year term and will be renewed automatically for a further period of two years continuing unless terminated by either party giving its counterparty at least 90 days written notice of termination. The Advisory and Group Services Agreement may also be terminated by either party if the other party, does not pay any sum payable within 60 business days or is in serious or repeated or continual breach of the agreement or becomes insolvent.
SELECTED FINANCIAL INFORMATION

The following tables set forth the Group’s selected financial data as at, and for the years ended, 31 December 2016, 2017 and 2018, and as at, and for the three-month periods ended, 31 March 2018 and 2019, all of which has been derived from the Financial Statements.

The following selected financial data should be read in conjunction with, and is qualified in its entirety by reference to, the information contained in “Presentation of Financial and Other Information”, “Financial Review” and the Financial Statements set out elsewhere in this Offering Circular.

Financial information for any interim period should not be read as being indicative of the results that may be achieved for the full year of which that interim period forms part.

Consolidated Statement of Financial Position Data

The table below shows the Group's consolidated statement of financial position data as at 31 December 2016, 2017 and 2018 and as at 31 March 2019.

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>16,718</td>
<td>26,637</td>
</tr>
<tr>
<td>Accounts receivable and prepayments</td>
<td>12,886</td>
<td>29,411</td>
</tr>
<tr>
<td>Investments</td>
<td>79</td>
<td>79</td>
</tr>
<tr>
<td>Interest in joint ventures</td>
<td>453,834</td>
<td>738,632</td>
</tr>
<tr>
<td>Development work in progress</td>
<td>135,850</td>
<td>987,650</td>
</tr>
<tr>
<td>Investment properties</td>
<td>756,222</td>
<td>735,173</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>2,239</td>
<td>5,665</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,377,828</td>
<td>2,523,247</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>39,863</td>
<td>–</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>157,877</td>
<td>290,824</td>
</tr>
<tr>
<td>Term loans</td>
<td>35,795</td>
<td>70,531</td>
</tr>
<tr>
<td>Deferred income</td>
<td>26,581</td>
<td>27,818</td>
</tr>
<tr>
<td>Employees’ end of service benefits</td>
<td>1,171</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>261,287</td>
<td>390,373</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Shareholder’s contribution</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Group restructuring reserve</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>312,672</td>
<td>655,449</td>
</tr>
<tr>
<td>Shareholder’s account</td>
<td>803,569</td>
<td>1,477,125</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,116,541</td>
<td>2,132,874</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td>1,377,828</td>
<td>2,523,247</td>
</tr>
</tbody>
</table>
### Consolidated Statement of Profit or Loss and Comprehensive Income

The table below shows the Group's statement of profit or loss and comprehensive income data for the years ended 31 December 2016, 2017 and 2018 and for the three-month periods ended 31 March 2018 and 2019.

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Three-month period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from contracts with customers</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Rental revenue</td>
<td>106,071</td>
<td>99,669</td>
</tr>
<tr>
<td>Gain on sale of investment property</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share of results of joint ventures</td>
<td>(4,460)</td>
<td>163,660</td>
</tr>
<tr>
<td>Dividend income</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other income</td>
<td>547</td>
<td>4,369</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>102,158</td>
<td>267,698</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property management costs</td>
<td>(11,448)</td>
<td>(13,601)</td>
</tr>
<tr>
<td>Cost of properties sold</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(12,737)</td>
<td>(8,359)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,629)</td>
<td>(1,619)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(18,461)</td>
<td>(18,703)</td>
</tr>
<tr>
<td>Investment properties written off</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Reversal of provision for impairment relating to joint ventures</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Reversal of provision for impairment relating to investment properties</td>
<td>14,533</td>
<td>–</td>
</tr>
<tr>
<td>Provision for impairment of investment properties</td>
<td>(609)</td>
<td>(3,777)</td>
</tr>
<tr>
<td><strong>Profit for the year/period</strong></td>
<td>71,807</td>
<td>221,639</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Three-month period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Profit for the year/period</strong></td>
<td>71,807</td>
<td>221,639</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items not to be reclassified to profit or loss in subsequent periods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of investment held at fair value through OCI</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</strong></td>
<td>71,807</td>
<td>221,639</td>
</tr>
</tbody>
</table>
Consolidated Statement of Cash Flows Data

The table below shows the Group's consolidated statement of cash flow data for the years ended 31 December 2016, 2017 and 2018 and for the three-month periods ended 31 March 2018 and 2019.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash generated from operating activities</td>
<td>83,012</td>
<td>95,748</td>
<td>17,477</td>
</tr>
<tr>
<td>Net cash flows (used in) from investing activities</td>
<td>(997)</td>
<td>(1,258)</td>
<td>81,733</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(100,698)</td>
<td>(44,708)</td>
<td>(118,337)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year/period</td>
<td>(4,462)</td>
<td>(23,145)</td>
<td>26,637</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year/period</td>
<td>(23,145)</td>
<td>26,637</td>
<td>7,510</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended 31 December</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Net worth (AED '000)</td>
<td>1,116,541</td>
<td>2,132,874</td>
<td>4,856,925</td>
</tr>
</tbody>
</table>

Three-month period ended 31 March

<table>
<thead>
<tr>
<th>(unaudited)</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash generated from operating activities</td>
<td>21,583</td>
<td>8,519</td>
</tr>
<tr>
<td>Net cash flows (used in) from investing activities</td>
<td>(493)</td>
<td>147,184</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(19,074)</td>
<td>(150,862)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year/period</td>
<td>26,637</td>
<td>7,510</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year/period</td>
<td>28,653</td>
<td>12,351</td>
</tr>
</tbody>
</table>

Selected Ratios

The table below shows selected ratios for the Group as at, and for the years ended, 31 December 2016, 2017 and 2018 and as at, and for the three-month periods ended, 31 March 2018 and 2019.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average unexpired lease terms for commercial property portfolio (years)</td>
<td>2.00</td>
<td>3.02</td>
<td>2.52</td>
</tr>
<tr>
<td>Average monthly rental per unit (AED ‘000)</td>
<td>9.6</td>
<td>9</td>
<td>7.6</td>
</tr>
<tr>
<td>Residential property portfolio (%)</td>
<td>98</td>
<td>97</td>
<td>90</td>
</tr>
<tr>
<td>Commercial property portfolio (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Liabilities to Assets Ratio (%)</td>
<td>19</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>Gross profit margin for investment properties (%)</td>
<td>89</td>
<td>86</td>
<td>83</td>
</tr>
<tr>
<td>EBITDA (AED ‘000)</td>
<td>77,973</td>
<td>245,738</td>
<td>376,420</td>
</tr>
<tr>
<td>Net worth (AED ‘000)</td>
<td>1,116,541</td>
<td>2,132,874</td>
<td>4,856,925</td>
</tr>
</tbody>
</table>

Three-month period ended 31 March

<table>
<thead>
<tr>
<th>(unaudited)</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average unexpired lease terms for commercial property portfolio (years)</td>
<td>3.21</td>
<td>1.09</td>
</tr>
<tr>
<td>Average monthly rental per unit (AED ‘000)</td>
<td>8.6</td>
<td>8</td>
</tr>
<tr>
<td>Residential property portfolio (%)</td>
<td>97</td>
<td>92</td>
</tr>
<tr>
<td>Commercial property portfolio (%)</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Liabilities to Assets Ratio (%)</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Gross profit margin for investment properties (%)</td>
<td>87</td>
<td>83</td>
</tr>
<tr>
<td>EBITDA (AED ‘000)</td>
<td>49,699</td>
<td>177,098</td>
</tr>
<tr>
<td>Net worth (AED ‘000)</td>
<td>1,223,553</td>
<td>7,224,084</td>
</tr>
</tbody>
</table>

Notes:

(1) Weighted average of the unexpired contracts as at 31 December or as at 31 March, as the case may be. Calculated based on value of investment properties.
(2) Calculated by dividing the average rental per unit (itself determined as the total rental generated by the units during the year/period divided by the number of units as at 31 December or as at 31 March, as the case may be,) by 12 or 3, as the case may be.
(3) Calculated as occupied units divided by total available units, in each case as at 31 December or 31 March, as the case may be, and expressed as a percentage.
(4) Calculated as total liabilities divided by total assets, in each case as at 31 December or 31 March, as the case may be, and shown in the Group’s Consolidated Statement of Financial Position (other than in respect of 31 March 2018).
(5) Calculated as gross profit for investment properties divided by rental revenue generated from investment properties, in each case for the relevant year or period. Gross profit for investment properties is calculated as rental revenue less property management costs, each as set out in the Group’s Consolidated Statement of Profit or Loss.
(6) Calculated as profit for the year or period before finance costs, depreciation, investment properties written off, reversal of provision for impairment relating to interest in joint ventures, reversal of provision for impairment relating to investment properties and provision for impairment relating to held for sale assets.
impairment of investment properties for the relevant year or period, as shown in the Group’s Consolidated Statement of Profit or Loss and as set out below under the table “EBITDA”.

(7) Calculated as total assets less total liabilities at 31 December or 31 March, as the case may be, in each case as set out in the Group’s Consolidated Statement of Financial Position (other than in respect of 31 March 2018).

### EBITDA

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Three-month period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>(AED '000)</td>
<td></td>
</tr>
<tr>
<td>Profit for the year/period</td>
<td>71,807</td>
<td>221,639</td>
</tr>
<tr>
<td>Finance costs</td>
<td>1,629</td>
<td>1,619</td>
</tr>
<tr>
<td>Depreciation</td>
<td>18,461</td>
<td>18,703</td>
</tr>
<tr>
<td>Investment properties written off</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Reversal of provision for impairment relating to interest in joint ventures</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Reversal of provision for impairment relating to investment properties</td>
<td>(14,533)</td>
<td>–</td>
</tr>
<tr>
<td>Provision for impairment of investment properties</td>
<td>609</td>
<td>3,777</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>77,973</td>
<td>245,738</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 Group's 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. See "Presentation of Financial and Other Information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

Financial information for any interim period should not be read as being indicative of the results that may be achieved for the full year of which that interim period forms part.

Overview

ESIC is an investment holding company that is 100 per cent. owned by LIWA Holdings, which in turn is 100 per cent. owned by HH Sheikh Mansour Bin Zayed Al Nahyan, a member of the royal family of Abu Dhabi and the deputy prime minister of the UAE. ESIC is incorporated for an unlimited duration under the UAE Federal Law No. 2 of 2015 with commercial registration number CN-2721021.

Following the Group’s reorganisation, the Group has structured its business activities in the following operating segments based on the nature of its business activities:

- **Property Management**: this business segment focuses on the management and rental of the Group’s investment properties. These investment properties include both residential and commercial units and as at 31 March 2019, the Group owned and managed a portfolio of approximately 1,168 residential units and 242 commercial units located in the UAE;

- **Real Estate Investment**: this business segment has traditionally comprised project managing the development of land owned by the Group with a view to retaining the completed property units as investment property managed by the Group. More recently, the Group’s focus has been on the development of residential and commercial projects in the UAE, typically through a joint venture with an internationally recognised property developer in order to reduce risk. As at 31 March 2019, the Group had an undeveloped land bank of 1.4 million square feet in Abu Dhabi and Dubai. The Group expects to contribute land to its joint venture with a view to generating a return through the eventual sale of the properties and/or land developed. The Group is currently undertaking four real estate development projects in the UAE. These projects are in various stages of development, with two currently under construction and two in earlier stages of development; and

- **Financial Investments**: this business segment currently comprises a recently acquired portfolio of equity investments in public companies, with the majority of the portfolio being shares in FAB. Over time, the Group intends to develop the portfolio through investments in both public and private companies in order to diversify the Group’s revenue. The Group’s current investments are in the financial services (FAB), insurance (National Takaful), aviation (Air Arabia) and real estate development (Aldar, Emaar and Reem Investments) sectors.

Reflecting the fact that ESIC acquired EWIG in order to consolidate certain investments owned by HH Sheikh Mansour Bin Zayed Al Nahyan and act as the primary investment vehicle for his real estate assets and equity investments, the Group has continued to acquire additional real estate assets from entities owned by HH Sheikh Mansour Bin Zayed Al Nahyan since 31 March 2019. See “—Recent developments” below.

Principal components of revenue

The Group has three main businesses, each of which contributes to the Group’s results in different ways: (1) property management; (2) real estate investment; and (3) financial investments.

Property management

The Group derives rental revenue principally from leasing residential and commercial units in its investment property portfolio. The Group's rental revenue is driven by the number of units available to lease, the occupancy rate in respect of those units and the rent charged in respect of each unit. The table below shows details of the number of the Group's residential and commercial units, the average occupancy rate in respect of those units and the average rental rate per unit for each of the years ended 31 December 2016, 2017 and 2018 and for the three-month periods ended 31 March 2018 and 2019.
As at, and for the year ended 31 December

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of residential and commercial units</td>
<td>920</td>
<td>920</td>
<td>934</td>
<td>920</td>
<td>1,410</td>
</tr>
<tr>
<td>Residential property portfolio occupancy rate (%)</td>
<td>98</td>
<td>97</td>
<td>90</td>
<td>97</td>
<td>92</td>
</tr>
<tr>
<td>Commercial property portfolio occupancy rate (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>95</td>
</tr>
<tr>
<td>Total rental revenue (AED ‘000)</td>
<td>106,071</td>
<td>99,669</td>
<td>84,930</td>
<td>23,735</td>
<td>33,960</td>
</tr>
<tr>
<td>Average monthly rental per unit (AED ‘000)</td>
<td>9.6</td>
<td>9</td>
<td>7.6</td>
<td>8.6</td>
<td>8</td>
</tr>
</tbody>
</table>

Notes:
(1) Number of residential and commercial units as at 31 December or as at 31 March, as the case may be.
(2) Average occupancy rate is determined by dividing the number of units occupied as at 31 December or as at 31 March, as the case may be, by the total number of units as at the same date.
(3) Average monthly rental per unit is determined by dividing the average rental per unit (itself determined as the total rental generated by the units during the year/period divided by the number of units as at 31 December or as at 31 March, as the case may be) by 12 or by 3, as the case may be.

The Group’s rental revenue from its property management business has been adversely affected during the periods under review by weak property market conditions, reflected in deteriorating rental yields and, in 2018 in particular, a lower occupancy rate. See “—Results of operations—Revenue” below.

Real estate investment

The Group’s real estate investment business generates multiple revenue streams. Typically, the Group conducts property development activity through a joint venture with a developer. In these cases the Group’s share of the results of the relevant joint venture are recorded in its consolidated statement of profit or loss as “Share of results of joint ventures”. As at 31 March 2019, the Group was a party to two joint ventures: Marina Capitol LLC (which was established in 2013) and Business Bay LLC (in which the Group acquired its interest in 2018), while in April 2019, a related party under common ownership transferred a 50 per cent. interest in Burj District Development Ltd established for the development of the Downtown project.

In the years ended 31 December 2017 and 2018, the Group recorded a share of results from its joint ventures of AED 163.7 million and AED 208.02 million, respectively. The Group did not record its share of profit from Marina Capitol LLC for the year ended 31 December 2016 as the revenues and profits of Marina Capital LLC were driven by the early adoption of IFRS 15 and the Group did not adopt IFRS 15 until 1 January 2017, see note 9 to the Financial Statements.

The Group’s share of the results of its joint ventures does not represent cash inflows. The Group receives cash dividends from its joint ventures but the amount of such dividends does not necessarily bear any relationship to the Group’s share in the results of its joint ventures.

In 2018, the Group generated revenue of AED 177.4 million from the sale of land. The Group also recorded a gain of AED 66.4 million from the sale of investment property. See “—Results of operations—Revenue”. No equivalent revenue or gains or losses were generated or recognised in the years ended 31 December 2016 or 2017 or in the three months ended 31 March 2019 or 2018.

Financial investments

In 2018 and in the first three months of 2019, the Group acquired a portfolio of shares in five publicly quoted UAE companies listed in Note 8 to the Financial Statements. In May 2019, 2.5 million shares in Reem Investments PJSC with a fair value of AED 38 million were transferred to the Group by a related party under common ownership.

These financial investments are held at fair value through other comprehensive income, which means that they are fair valued on each reporting date and any changes in their fair value from period to period are recorded in other comprehensive income and as equity in a fair value reserve in the Group’s statement of financial position. Equity investments designated as held at fair value through other comprehensive income are not subject to impairment assessment and gains or losses realised on the disposal of these financial investments are never
recycled to profit or loss. Changes in the fair value of its financial investments recorded as other comprehensive income or loss do not represent cash inflows or outflows to the Group.

In addition, the Group records, in its consolidated statement of comprehensive income, the dividend income that it receives from its financial investments. Reflecting the fact that the majority of the portfolio was only transferred towards the end of 2018, the Group did not receive any dividends in the year ended 31 December 2018. In the three months ended 31 March 2019, the Group received AED 132.1 million dividends from its financial investments. These dividends were the result of holding its shares in FAB.

Volatility in stock market valuations and/or global market conditions in future periods could significantly affect the value of the Group's financial investments and its comprehensive income and could also impact the amount of dividends declared by the Group's investees.

Significant Accounting Policies

The Financial Statements have been prepared in accordance with IFRS. For a discussion of the significant accounting policies used by the Group, see note 2.3 to the Financial Statements. The policies have been applied consistently throughout the Financial Statements, except for IFRS 15 “Revenue from contracts with customers” which was early adopted with effect from 1 January 2017 and IFRS 9 “Financial instruments” which was adopted with effect from 1 January 2018, in each case as set out in note 2.3 to the Financial Statements.

Significant Accounting Estimates and Judgements

In preparing the Group's financial statements, management is required to make certain estimates, judgments and assumptions. These affect the reported amounts of the Group's 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 evaluates 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. The Group's significant accounting estimates, judgments and assumptions made in the preparation of the Group's financial statements comprise:

- the classification of investments as joint ventures;
- the initial recognition of investment in shares;
- the classification of long-term receivables from joint ventures;
- the determination of impairment losses and non-collectability of receivables;
- the determination of the useful lives of its property and equipment and investment properties; and
- the determination of any impairment of its properties.

For a more detailed discussion of these estimates, judgements and assumptions, see note 2.4 to the Financial Statements.

Results of Operations

Revenue

The table below shows the breakdown of the Group's revenue in each of the years ended 31 December 2016, 2017, 2018 and for the three-month periods ended 31 March 2018 and 2019.
Year ended 31 December

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from contracts with customers</td>
<td>–</td>
<td>–</td>
<td>177,381</td>
</tr>
<tr>
<td>Rental revenue</td>
<td>106,071</td>
<td>99,669</td>
<td>84,930</td>
</tr>
<tr>
<td>Gain on sale of investment property</td>
<td>–</td>
<td>–</td>
<td>66,352</td>
</tr>
<tr>
<td>Share of results of joint ventures</td>
<td>(4,460)</td>
<td>163,660</td>
<td>208,017</td>
</tr>
<tr>
<td>Dividend income</td>
<td>–</td>
<td>–</td>
<td>132,054</td>
</tr>
<tr>
<td>Other income</td>
<td>547</td>
<td>4,369</td>
<td>3,307</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>102,158</strong></td>
<td><strong>267,698</strong></td>
<td><strong>539,987</strong></td>
</tr>
</tbody>
</table>

Three-month period ended 31 March

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental revenue</td>
<td>23,735</td>
<td>33,960</td>
</tr>
<tr>
<td>Share of results of joint ventures</td>
<td>30,217</td>
<td>18,467</td>
</tr>
<tr>
<td>Dividend income</td>
<td>–</td>
<td>132,054</td>
</tr>
<tr>
<td>Other income</td>
<td>1,343</td>
<td>1,264</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>55,295</strong></td>
<td><strong>185,745</strong></td>
</tr>
</tbody>
</table>

**Years ended 31 December 2016, 2017 and 2018 compared**

The Group's total revenue increased from AED 102.2 million in 2016 to AED 267.7 million in 2017 and to AED 540.0 million in 2018.

The Group’s total revenue increased by AED 165.5 million (or 161.9 per cent) in 2017 compared to 2016 and by AED 272.3 million (or 101.7 per cent.) in 2018 compared to 2017. These increases principally reflected the impact of IFRS 15 in 2017 and the sale of land and investment property in 2018, offset by declining rental revenue as further discussed below.

**2017 compared to 2016**

In 2017, the Group recorded an AED 163.7 million share of results from a joint venture, Marina Capital LLC, compared to net loss of AED 4.5 million recorded in 2016. Marina Capitol LLC’s revenue and profits, which relate to sales of residential units in three towers being constructed by the joint venture, were driven by its early adoption of IFRS 15 in 1 January 2017. In 2016, Marina Capitol LLC recorded a loss reflecting the fact that its selling, administrative and other expenses exceeded the small amount of other income that it generated in that year. The Group’s share of that loss amounted to AED 4.5 million in 2016.

In 2017, the Group’s rental revenue fell by AED 6.4 million (or 6.0 per cent) compared to 2016. This was driven by a weak UAE property market which depressed the average rental yields the Group was able to obtain.

**2018 compared to 2017**

In 2018, the Group recorded AED 177.4 million revenue from the sale of land in connection with its Ghantoot Project, as well as a gain on the sale of investment property, comprising other land in Abu Dhabi, of AED 66.4 million. No comparable gains were recorded in 2017.

In 2018, the Group’s share of results from its joint ventures was AED 208.0 million compared to AED 163.7 million in 2017. The increase of AED 44.3 million (or 27.1 per cent.) was driven by an increase in profit recorded by the joint ventures, which reflected, amongst other things, the booking of profit following certain construction milestones being reached with respect to Marina Gate Tower 1 and Marina Gate Tower 2, as well as pre-sales of residential units in Marina Gate Tower 2 and Marina Gate Tower 3.

In 2018, the Group’s rental revenue fell by AED 14.8 million (or 14.8 per cent.) compared to 2017. This was driven by a continuing weak UAE property market which resulted in significantly lower occupancy rates and also depressed the average rental yields the Group was able to obtain, although this was partly offset by a small increase in units available to rent.

**Three-month periods ended 31 March 2018 and 31 March 2019 compared**

The Group’s total revenue increased from AED 55.3 million during the three-month period ended 31 March 2018 to AED 185.7 million during the three-month period ended 31 March 2019. This increase of AED 130.4 million (or 235.8 per cent.) was driven by dividend income of AED 132.1 million which the Group received from the portfolio of financial investments which it had acquired towards the end of 2018 and early in 2019.

In the three months ended 31 March 2019, the Group recorded an AED 10.3 million increase in rental revenue compared to the same period in 2018, principally reflecting a significantly greater volume of units leased (as a
result of the addition of new units to the portfolio) which was partly offset by lower average yields achieved on the portfolio and a slightly lower average occupancy rate compared to the corresponding period in 2018. These positive trends were offset to an extent by an AED 11.7 million (or 38.7 per cent.) fall in the Group’s share of results from its joint ventures in the three months ended 31 March 2019 compared to the same period in 2018. This fall was driven by lower sales of units by the Marina Capitol joint venture in the three months ended 31 March 2019 than in the corresponding period of 2018.

**Expenses**

The table below shows the breakdown of the Group's expenses in each of the years ended 31 December 2016, 2017, 2018 and for the three-month periods ended 31 March 2018 and 2019.

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Three-month period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>(Unaudited)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property management costs</td>
<td>11,448</td>
<td>13,601</td>
</tr>
<tr>
<td>Cost of properties sold</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>12,737</td>
<td>8,359</td>
</tr>
<tr>
<td>Finance costs</td>
<td>1,629</td>
<td>1,619</td>
</tr>
<tr>
<td>Depreciation</td>
<td>18,461</td>
<td>18,703</td>
</tr>
<tr>
<td>Investment properties written off</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Reversal of provision for impairment relating to joint ventures</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Reversal of provision for impairment relating to investment properties</td>
<td>(14,533)</td>
<td>–</td>
</tr>
<tr>
<td>Provision for impairment of investment properties</td>
<td>609</td>
<td>3,777</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>30,351</strong></td>
<td><strong>46,059</strong></td>
</tr>
</tbody>
</table>

The Group's total expenses increased from AED 30.4 million in 2016 to AED 46.1 million in 2017, an increase of AED 15.7 million (or 51.6 per cent.). The Group's total expenses increased to AED 144.15 million in 2018, an increase of AED 98.1 million (or 213 per cent.) compared to 2017.

The Group’s total expenses increased from AED 10.7 million during the three-month period ended 31 March 2018 to AED 21.7 million during the three-month period ended 31 March 2019, an increase of AED 11 million (or 102.8 per cent.).

The Group's total expenses include property management costs, general and administrative expenses, finance costs and depreciation. In 2018, the Group’s total expenses also included the cost of sale of the properties sold in that year, which principally related to the sale of 73,298 square meters of land in the Ghantoot Project, and were reduced by the reversal of a provision for impairment relating to the Group’s interest in its Marina Capitol LLC joint venture following the completion of the first of the three towers being developed by that joint venture, as a result of which the Group reassessed a provision previously made.

**Property management costs**

The Group’s property management costs principally comprise water and electricity, maintenance, security charges and other expenses.

**Years ended 31 December 2016, 2017 and 2018 compared**

The Group’s property management costs increased from AED 11.5 million in 2016 to AED 13.6 million in 2017 and AED 14.5 million in 2018, an increase of AED 2.1 million (or 18.3 per cent.) in 2017 and an increase of AED 0.9 million (or 6.6 per cent.) in 2018. The increases in each year generally reflected price increases from the Group’s suppliers and, in respect of 2018, a slight increase in the size of the Group’s portfolio.
Three-month periods ended 31 March 2018 and 31 March 2019 compared

The Group’s property management costs increased from AED 3.1 million during the three-month period ended 31 March 2018 to AED 5.9 million during the three-month period ended 31 March 2019, an increase of AED 2.8 million (or 90.3 per cent.). This increase was principally due to the increase in the size of the Group’s portfolio in the three months ended 31 March 2019 compared to the same period in 2018.

General and administrative expenses

The Group’s general and administrative expenses principally comprise staff costs, rent and utilities, allowance for expected credit loss/provisions for doubtful debts and other expenses.

Years ended 31 December 2016, 2017 and 2018 compared

The Group’s general and administrative expenses were AED 12.7 million in 2016 compared to AED 8.4 million in 2017, a decrease of AED 4.3 million (or 33.9 per cent.). This decrease was mainly due to a significantly higher provision in respect of trade receivables being made in 2016 than in 2017. The Group’s general and administrative expenses were AED 10.2 million in 2018, an increase of AED 1.8 million (or 21.4 per cent.) compared to 2017. This increase was due to an increase in staff costs as a result of additional staff being recruited during the year to manage the anticipated larger volume of units under management in 2019.

Three-month periods ended 31 March 2018 and 31 March 2019 compared

The Group’s general and administrative expenses increased from AED 2.5 million during the three-month period ended 31 March 2018 to AED 2.8 million during the three-month period ended 31 March 2019, an increase of AED 0.3 million (or 12 per cent.). This increase was due to an increase in staff costs as a result of additional staff recruited to manage the increase in units under management in the 2019 period.

Finance costs

The Group’s finance costs comprise interest charges and bank charges paid less interest recharged to a related third party.

Years ended 31 December 2016, 2017 and 2018 compared

The Group’s finance costs were relatively stable in 2016 and 2017 and fell by AED 0.1 million (or 6.3 per cent.) in 2018 compared to 2017, largely as a result of decrease in bank charges with a reduction in the outstanding term loan balances from AED 70.5 million as at 31 December 2017 to AED 47.2 million as at 31 December 2018 and an increase in interest recharged to a related third party.

Three-month periods ended 31 March 2018 and 31 March 2019 compared

The Group’s finance costs increased from AED 368 thousand during the three-month period ended 31 March 2018 to AED 637 thousand during the three-month period ended 31 March 2019, an increase of AED 0.3 million (or 73.1 per cent.). This increase reflected an increase in finance costs as a result of a margin trading account entered into in 2018, which offset the lower interest paid on term loans as a result of a reduction on outstanding term loan balances.

Depreciation

The Group’s depreciation charge principally relates to its investment properties, which are depreciated on a straight-line basis over 25 years. The Group also depreciates property and equipment items such as decoration and renovation costs, furniture, equipment and computers; and motor vehicles. These asset types are also depreciated on a straight-line basis over terms that are typically around five years.

Years ended 31 December 2016, 2017 and 2018 compared

The Group’s depreciation costs increased from AED 18.5 million in 2016 to AED 18.7 million in 2017 and AED 19.7 million in 2018, an increase of AED 0.2 million (or 1.1 per cent.) in 2017 and an increase of AED 1.0 million (or 5.3 per cent.) in 2018. The 2018 increase principally reflected depreciation on the property units that were added to the Group’s portfolio in that year.

Three-month periods ended 31 March 2018 and 31 March 2019 compared

The Group’s depreciation costs increased from AED 4.7 million during the three-month period ended 31 March 2018 to AED 11.7 million during the three-month period ended 31 March 2019, an increase of AED 7 million (or 148.9 per cent.). This increase principally reflected the significantly higher number of property units in the Group’s portfolio in the three months ended 31 March 2019 compared to the corresponding period in 2018.
Provision for impairment of investment properties

The Group’s investment properties are recorded in its statement of financial position at historical cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the investment property concerned. Subsequent costs related to the property are included in its carrying value (or recognised as a separate asset) only when it is probable that future economic benefits associated with the costs will flow to the Group and the costs can be reliably measured. All other repairs and maintenance are charged to the income statement in the period in which they are incurred.

The Group’s investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. This requires an estimation of the recoverable amount of properties. The recoverable amount is the higher of its (a) fair value less costs to sell; and (b) value in use. The recoverable amount of properties, determined as the fair value less costs to sell, is determined by an independent professional valuer.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the investment property concerned. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the investment property’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the investment property does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the investment property in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The table below shows the impairment charges in respect of the Group’s investment properties each of the years ended 31 December 2016, 2017, 2018 and for the three-month periods ended 31 March 2018 and 2019.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>Three-month period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>(AED in ‘000)</td>
<td></td>
</tr>
<tr>
<td>Provision for impairment of investment properties</td>
<td>609</td>
</tr>
<tr>
<td>Reversal of provision for impairment relating to investment properties</td>
<td>(14,533)</td>
</tr>
<tr>
<td>Investment properties written off</td>
<td>–</td>
</tr>
</tbody>
</table>

See note 11 to the Financial Statements which identifies the properties against which the impairment has been recorded.

It is possible that the Group could record significant impairment charges in future periods as a result of adverse developments in the UAE property market over which it has no control or for other reasons. In particular, in periods when market conditions are particularly challenging leading to reduced occupancy and prices at its investment properties, this could result in lower profit and increased impairment charges in respect of the Group’s investment properties. To the extent that conditions experienced remain poor, it is possible that the Group could experience some or all of these consequences in 2019. Depreciation and impairment charges in respect of the Group’s investment properties do not represent cash inflows or outflows.

Profit for the year/period

Reflecting the above factors, the Group’s profit increased from AED 71.8 million in 2016 to AED 221.6 million in 2017 and to AED 395.8 million in 2018, an increase of AED 149.8 million (or 208.6 per cent.) in 2017 as compared to 2016 and an increase of AED 174.2 million (or 78.6 per cent.) in 2018 as compared to 2017.

Reflecting the above factors, the Group’s profit increased from AED 44.6 million during the three-month period ended 31 March 2018 to AED 164.0 million during the three-month period ended 31 March 2019, an increase of AED 119.4 million (or 267.7 per cent.).

Total Comprehensive Income for the year/period
The Group’s only item of other comprehensive income is the changes in fair value recorded in its portfolio of equity investments held at fair value through other comprehensive income. The change in fair value during the period from the acquisition date to 31 December 2018 was a gain of AED 492.8 million. When added to the Group’s net profit for 2018 of AED 395.8 million, the Group’s total comprehensive income for that year was AED 888.6 million.

The change in fair value during the period from 1 January 2019 to 31 March 2019 was a gain of AED 160.1 million. When added to the Group’s net profit for the three-month period ended 31 March 2019 of AED 164.0 million, the Group’s total comprehensive income for three-month period ended 31 March 2019 was AED 324.1 million.

Liquidity and Capital Resources

Overview

The Group's principal cash requirements are to fund its operating expenses, any capital expenditure requirements, its acquisition of financial investments, its acquisition of new properties, its loan repayments and payments to its shareholder. The Group’s principal sources of funds to meet these cash requirements are its operating cash flow, dividends received, proceeds of new borrowings and proceeds from the disposal of property and financial investments.

Cash flow data

The table below summarises the Group's cash flow from operating activities, investing activities and financing activities for each of the years ended 31 December 2016, 2017 and 2018 and for the three-month periods ended 31 March 2018 and 31 March 2019.

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December</th>
<th>Three-month period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>83,012</td>
<td>95,748</td>
</tr>
<tr>
<td>Net cash flows (used in) from investing activities</td>
<td>(997)</td>
<td>(1,258)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(100,698)</td>
<td>(44,708)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of period/year</td>
<td>(4,462)</td>
<td>(23,145)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period/year</td>
<td>(23,145)</td>
<td>26,637</td>
</tr>
</tbody>
</table>

Net cash generated from operating activities

The Group’s net cash generated from operating activities increased from AED 83.0 million in 2016 to AED 95.8 million in 2017 and decreased to AED 17.5 million in 2018, an increase of AED 12.8 million (or 15.4 per cent.) in 2017 as compared to 2016 and a decrease of AED 78.3 million (or 81.7 per cent.) in 2018 as compared to 2017.

The Group’s net cash from operating activities before working capital changes decreased from AED 89.6 million in 2016 to AED 82.7 million in 2017 and increased to AED 169.0 million in 2018. The change in 2017 principally reflected the Group’s increased profit in 2017 less its share of the profit of joint ventures (which is a non-cash item) compared to a share of loss in 2016. The change in 2018 principally reflected the Group’s increased profit in 2018 less the reversal of a provision for impairment relating to its interest in joint ventures coupled with an increase in its share of profit from joint ventures in 2018. The Group’s working capital changes were a cash outflow of AED 4.9 million in 2016, a cash inflow of AED 14.8 million in 2017 and a cash outflow of AED 149.9 million in 2018.

The Group’s net cash generated from operating activities decreased from AED 21.6 million during the three-month period ended 31 March 2018 to AED 8.5 million during the three-month period ended 31 March 2019, a decrease of AED 13.1 million (60.6 per cent.). The Group’s net cash generated from operating activities before working capital changes increased from AED 19.9 million during the three-month period ended 31 March 2018 to AED 26.7 million during the three-month period ended 31 March 2019, principally reflecting higher profit for
the period less dividend income declared in the 2019 period compared to no similar income declared in the 2018 period. The Group’s working capital changes were a cash inflow of AED 2.0 million in the three months ended 31 March 2018 and a cash outflow of AED 17.6 million in the three months ended 31 March 2019.

Net cash flows (used in) from investing activities

The Group's net cash used in investing activities increased from AED 1.0 million in 2016 to AED 1.3 million in 2017. In 2018, the Group had net cash flows generated from investing activities of AED 81.7 million, principally reflecting cash distributed from a joint venture less cash contributed to a joint venture.

The Group’s net cash flow used in investing activities was AED 0.5 million during the three-month period ended 31 March 2018 compared to net cash flow from investing activities of AED 147.2 million during the three-month period ended 31 March 2019. The net cash flow from investing activities during the three months ended 31 March 2019 principally reflected the receipt of dividend income from its equity investments.

Net cash used in financing activities

The Group's net cash used in financing activities was AED 100.7 million in 2016 compared to AED 44.7 million in 2017 and AED 118.3 million in 2018. The Group’s financing activities comprise cash inflows and outflows in relation to its term loans and cash outflows on its shareholder account. In 2016, the cash outflow on the Group’s shareholder’s account was AED 95.6 million and it repaid term loans in an amount of AED 5.1 million. In 2017, the cash outflow on the Group’s shareholder’s account was AED 79.4 million and it borrowed a net AED 34.7 million in term loans. In 2018, the cash outflow on the Group’s shareholder’s account was AED 95.0 million and it repaid term loans in an amount of AED 23.3 million.

The Group’s net cash used in financing activities was AED 19.1 million during the three-month period ended 31 March 2018 and AED 150.9 million during the three-month period ended 31 March 2019. In the 2018 period, the cash outflow on the Group’s shareholder’s account was AED 15.1 million and it repaid term loans in the amount of AED 4.0 million. In the 2019 period, the cash outflow on the Group’s shareholder’s account was AED 145.2 million and it repaid term loans in the amount of AED 5.6 million. The significant increase in cash outflow from the shareholder’s account in the 2019 period compared to the 2018 period principally reflected payments made during the 2019 period to the Group’s shareholder, which is recorded to the shareholder’s account.

Borrowings

The Group’s funding requirements are primarily in relation to its real estate development projects, although as a result of its development model, such development projects typically require minimal cash contribution from the Group. As at 31 March 2019, the Group had two term loans outstanding and a margin trading account, details of which are set out below:

- a term loan from Abu Dhabi Commercial Bank which carries interest at 3 months EBOR plus 3 per cent., payable annually, with the last instalment due on 30 September 2021. The loan is held in the name of HH Sheikh Mansour Bin Zayed al Nahyan, and secured by a mortgage over 48 residential units in Airport Road Tower, Abu Dhabi. As at 31 March 2019, the term loan had an outstanding balance of AED 25.6 million (Term Loan 1).

- a term loan from Abu Dhabi Commercial Bank which carries interest at 3 months EBOR plus 3.5 per cent., payable monthly, with the last instalment due on 30 November 2019. The loan was used by United Group Holdings LLC, a related party under the ownership of HH Sheikh Mansour Bin Zayed al Nahyan and, accordingly, interest payments in respect of the loan are charged to United Group Holdings LLC and recorded in the Financial Statements as an amount due from a related party in the Shareholders’ Account (Term Loan 2). As at 31 March 2019, this term loan had an outstanding balance of AED 16.0 million. The term loan is secured by the pledge of the Group’s investments in shares. The Group does not intend to enter into any similar borrowing transactions on behalf of other companies owned by its shareholder in the future.

- a margin trading account with EFG Hermes UAE LLC for a facility value of AED 46.7 million, which has a profit rate of 5 per cent. As at 31 March 2019, this investment account had an outstanding balance of AED 20.0 million (the Margin Trading Account). This account, which is recorded under accounts payable and accruals in the Group’s statement of financial position, is considered by the Group as a borrowing.

Term loans from First Abu Dhabi Bank which carry interest at 3 months EBOR plus 3 per cent., payable annually, with the last instalment due in 2026 were taken out by a related party under common ownership and are in the process of being transferred to the Group (Term Loans Under Transfer). These loans are secured by a mortgage over Lulu Tower and Al Arabia Tower in Abu Dhabi, as well as labour accommodation in Jebel Ali, Dubai, which
have each already been transferred to the Group by the related party under common control (see “- Security” below). As at 31 March 2019, the Term Loans Under Transfer had an aggregate outstanding balance of AED 142.7 million, although they were not reflected in the Financial Statements since they had not been transferred to the Group by 31 March 2019. As at 31 March 2019, the Group had no undrawn committed funding lines.

In June 2019, an unsecured bridge loan in the amount of U.S.$ 100 million was provided by Standard Chartered Bank in order to finance investment opportunities. The bridge loan carries interest at 3 months EBOR plus 1 per cent., payable quarterly. See “- Recent Developments”.

Security

As at 31 March 2019, investment properties amounting to AED 61.5 million were held as security for the repayment of Term Loan 1 and investment properties amounting to AED 539.1 million were held as security for the repayment of term loans obtained by related parties under common control (AED 290.1 million of which were held as security for the repayment of the Term Loans Under Transfer). In addition, as at 31 March 2019, investments in the amount of AED 90.2 million were held as security against the repayment of Term Loan 2 and the Margin Trading Account. The Group does not intend to provide any similar security on behalf of other companies owned by its shareholder in the future.

As at 31 March 2019, security had therefore been taken over a total of AED 690.8 million of the Group’s assets.

Capital expenditure and other commitments

As at 31 December in each of 2016, 2017 and 2018, the Group’s contracted but not yet incurred capital expenditure amounted to AED 254.1 million, AED 155.3 million and AED 108.7 million, respectively. As at 31 March 2019, the Group’s contracted but not yet incurred capital expenditure amounted to AED 99.1 million.

The committed capital expenditure represents the remaining committed cost to be incurred in respect of joint ventures and the remaining cost to be incurred on other investment 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 Group’s control.

Analysis of certain Statement of Financial Position Items

Investment properties

The Group's investment properties are properties which are held either to generate income or for capital appreciation or both. The Group's investment properties comprise land and completed properties and projects under construction. The table below shows the breakdown between these categories in respect of their net carrying amount (being cost less depreciation and impairment) as at 31 December 2016, 2017 and 2018 and as at 31 March 2018 and 2019.

<table>
<thead>
<tr>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Land and buildings..........</td>
<td>756,067</td>
</tr>
<tr>
<td>Properties under construction......</td>
<td>155</td>
</tr>
<tr>
<td>Total .........................</td>
<td>762,222</td>
</tr>
</tbody>
</table>

The changes in the net carrying value of land and buildings in the table above principally reflect the impact of depreciation and impairments charged in each period, offset to an extent by the addition in 2018 of properties under construction. In the three months ended 31 March 2019, the increase in the net carrying value of land and buildings principally reflected the transfer into the Group of new residential and commercial properties from a related party under common control by way of equity contribution.

The increases in the net carrying value of properties under construction in the table above in 2018 and in the three months ended 31 March 2019 principally reflects the transfer in 2018 of two properties under construction to the Group during this period from a related party owned by HH Sheikh Mansour Bin Zayed Al Nahyan, Al Arabia Tower, a residential tower with 72 three-bedroom apartments and Lulu Tower, a residential tower with 72 two-bedroom apartments. In the three-month period ended 31 March 2019, a further property under construction was transferred to the Group from a related party owned by HH Sheikh Mansour Bin Zayed Al Nahyan.
Financial Investments

The Group commenced investing in financial investments in 2018, with a portfolio of financial investments being transferred from a related party owned by HH Sheikh Mansour Bin Zayed Al Nahyan to the Group in December 2018. The fair value of these investments as at 31 December 2018 and as at 31 March 2019 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>As at 31 December</th>
<th>As at 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(AED in '000)</td>
<td></td>
</tr>
<tr>
<td>First Abu Dhabi Bank PJSC</td>
<td>1,804,800</td>
<td>2,712,456</td>
</tr>
<tr>
<td>Aldar Properties PJSC</td>
<td>26,995</td>
<td>30,032</td>
</tr>
<tr>
<td>Abu Dhabi National Takaful Company PSC</td>
<td>20,029</td>
<td>14,794</td>
</tr>
<tr>
<td>Emaar Development PJSC</td>
<td>30,870</td>
<td>27,300</td>
</tr>
<tr>
<td>Air Arabia PJSC</td>
<td>19,663</td>
<td>28,531</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,902,357</strong></td>
<td><strong>2,813,113</strong></td>
</tr>
</tbody>
</table>

All of the Group's financial investments comprise shares in publicly listed companies and, accordingly, the fair value of all of the Group's financial assets is determined in accordance with quoted market prices. See note 21 to the Financial Statements.

As at 31 March 2019, investments amounting to AED 90.2 million were held as security against Term Loan 2 and the Group’s Margin Trading Account.

Development work in progress

Development work in progress represents development and construction-related costs incurred on land being developed by the Group for sale in the ordinary course of business.

In 2016, 2017 and 2018 and for the three-month periods ended 31 March 2018 and 2019, development work in progress principally represented the cost incurred in respect of the concept and detailed design and other works for development of infrastructure over a land area of approximately 1.3 million square meters located in Ghantoot Al Jarf in connection with the Ghantoot Project.

In 2017, a plot of land located in Ghantoot Al Jarf, Abu Dhabi amounting to AED 753 million was transferred to the Group from a related party. A further AED 98.8 million was incurred on development and construction work relating to this plot in 2017.

In 2018, the Group sold 73,298 square meters of land in Ghantoot Al Jarf to Manazel Real Estate LLC for a consideration of AED 177.4 million (the cost of the properties sold amounted to AED 138.8 million, which includes the cost of the land and other related costs). A further AED 83.0 million was incurred on development and construction during 2018.

The movement during the year/period is as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the year ended 31 December</th>
<th>For the period ended 31 March</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>(AED in '000)</td>
<td></td>
</tr>
<tr>
<td>As at 1 January ...................................</td>
<td>–</td>
<td>135,850</td>
</tr>
<tr>
<td>Land transferred from a related party ..........</td>
<td>–</td>
<td>753,000</td>
</tr>
<tr>
<td>Additions during the year/period ..............</td>
<td>135,850</td>
<td>98,800</td>
</tr>
<tr>
<td>Cost of land sold during the year/period ......</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>As at 31 December/31 March.....................</td>
<td>135,850</td>
<td>987,650</td>
</tr>
</tbody>
</table>

Related party transactions

The Group’s principal related party transactions are with companies controlled by the Group’s ultimate owner, HH Sheikh Mansour Bin Zayed Al Nahyan. These transactions include investment properties transferred from the HH Sheikh Mansour Bin Zayed Al Nahyan, and companies controlled by him, as well as land transferred from...
other related parties. Further information on the Group’s related party transactions in 2016, 2017, 2018 and in the three-month period ended 31 March 2019 are set out in Note 18 to the Financial Statements.

Disclosures about Financial Risks

The Group is exposed to a number of financial risks, principally interest rate, liquidity, credit and currency risk, and takes steps to mitigate certain of these risks as described in note 20 to the Financial Statements.

Recent Developments

ESIC acquired EWIG in order to consolidate certain investments owned by HH Sheikh Mansour Bin Zayed Al Nahyan and act as the primary investment vehicle for his real estate assets, equity investments and other investment products. While the Financial Statements reflect the position of the Group (as described under “Important Information - Presentation of Certain Financial and Other Information – Basis of Preparation – Group Restructuring”) as at and for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 and as at and for the three-month period ended 31 March 2019 (including the unaudited comparative information for the three-month period ended 31 March 2018), investors should be aware that:

• in April 2019, a related party under common ownership transferred to EWIG a 50 per cent. interest in Burj District Development Ltd., a joint venture with Zuari Infraworld SJM Properties LLC. This joint venture is undertaking the Downtown project in Dubai, which comprises the development of a luxury residential tower in the Downtown area of Dubai, which will be a branded development in conjunction with the St. Regis and will have 181 residential units, comprising one-, two- and three-bedroom duplex apartments. See “-Business – Real Estate Investment - Downtown Project”;

• the Term Loans Under Transfer, which as at 31 March 2019, had an outstanding balance of AED 142.7 million are not reflected in Financial Statements since they are still in the process of being transferred to the Group (see “-Borrowings” and “-Security” above);

• in May 2019, 2.5 million shares in Reem Investments PJSC with a fair value of AED 38 million were transferred to the Group by a related party under common ownership;

• in May 2019, residential investment properties with a fair value of AED 27 million were transferred to the Group by a related party under common ownership;

• in June 2019, an unsecured bridge loan in the amount of U.S$ 100 million was provided by Standard Chartered Bank in order to finance investment opportunities. The bridge loan carries interest at 3 months EBOR plus 1 per cent., payable quarterly.

In addition, investment properties in Dubai and Abu Dhabi with a fair value of AED 118.1 million, land in Dubai Waterfront, Dubai and Saadiyat Island, Abu Dhabi with a fair value of AED 62 million and a commercial tower (comprising of 70 commercial units) with a fair value of AED 108 million are in the process of being transferred to the Group by a related party under common ownership, although as at the date of this Offering Circular, such transfers had not been completed.
OVERVIEW OF THE UNITED ARAB EMIRATES AND ABU DHABI

The UAE

The UAE is a federation of seven Emirates. Formerly known as the Trucial States, they were a British protectorate until they achieved independence in December 1971 and merged to form the United Arab Emirates. Each Emirate has a local government headed by the Ruler of the Emirate. The Government is headed by the President. The federal budget is principally funded by Abu Dhabi.

The federation is governed by the Supreme Council of the Rulers which consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the UAE.

According to data from OPEC, at 31 December 2017, the UAE had approximately 6.6 per cent. of the world's proven crude oil reserves (giving it the sixth largest oil reserves in the world) (source: OPEC Annual Statistical Bulletin 2018). Based on data from the IMF, real gross domestic product (GDP) growth in the UAE was 5.1 per cent. in 2015, 3.0 per cent. in 2016, 0.8 per cent. in 2017 and 1.7 per cent. in 2018 (source: World Economic Outlook (April 2019)). According to preliminary data produced by the FCSA, the hydrocarbon sector (mining and quarrying) accounted for 22.3 per cent. of the UAE's GDP in 2017 and crude oil, petroleum products and gas exports accounted for 15.1 per cent. of the total value of the UAE's exports of goods and services (including re-exports) in 2017.

On 19 September 2018, Moody's Investors Service Singapore Pte. Ltd. affirmed the UAE's credit rating of Aa2 (with a stable outlook). The principal reasons cited for this high investment grade rating were the assumption that the obligations of the Government will be fully supported by Abu Dhabi and Abu Dhabi's strong balance sheet. The UAE is not rated by any other rating agency.

The MSCI Emerging Markets Index classifies the UAE as an “emerging market” economy with 11 UAE companies included on the benchmark index.

Abu Dhabi

Abu Dhabi is the richest of the seven Emirates based on nominal GDP (source: FCSA and the SCAD) and is also the largest based on population. The city of Abu Dhabi is also the capital of the UAE.

Population

The populations of both the UAE and Abu Dhabi have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the Emirates have developed.

The table below illustrates this growth using official census data since 1975.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>Abu Dhabi population</td>
</tr>
<tr>
<td>Total UAE population</td>
</tr>
</tbody>
</table>

Sources: Official census data published by the FCSA.

The table below sets out the populations of UAE and Abu Dhabi in the years indicated.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>Abu Dhabi population</td>
</tr>
<tr>
<td>Total UAE population</td>
</tr>
</tbody>
</table>

Sources: Abu Dhabi data sourced from mid-year estimates published by the SCAD and UAE data sourced from data published by the FCSA.
Nominal GDP

According to the SCAD and based on preliminary estimates, Abu Dhabi’s nominal GDP per capita was approximately AED 334,000 in 2018, which makes it one of the highest in the Gulf region. The hydrocarbon sector (mining and quarrying) dominates Abu Dhabi’s economy and, according to preliminary estimates released by the SCAD, was the largest single sector, contributing 40.4 per cent. of nominal GDP in 2018.

The table below shows Abu Dhabi’s nominal GDP, its percentage growth change, the UAE’s nominal GDP and the percentage contribution of Abu Dhabi’s nominal GDP to the UAE’s nominal GDP for each of the years indicated.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2018*</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(AED billions, except for percentage)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abu Dhabi nominal GDP (current price)</td>
<td>931.0</td>
<td>813.6</td>
<td>760.4</td>
</tr>
<tr>
<td>Percentage change in Abu Dhabi nominal GDP</td>
<td>14.4</td>
<td>7.0</td>
<td>(2.3)</td>
</tr>
<tr>
<td>UAE nominal GDP (current prices)</td>
<td>1,589</td>
<td>1,405.0</td>
<td>1,311.2</td>
</tr>
<tr>
<td>Abu Dhabi as a percentage of UAE</td>
<td>58.6</td>
<td>57.9</td>
<td>58.0</td>
</tr>
</tbody>
</table>

Sources: SCAD (for Abu Dhabi nominal GDP) and IMF (for UAE nominal GDP).
* Preliminary estimates

Reflecting the fact that the hydrocarbon sector is the biggest contributor to Abu Dhabi’s nominal GDP, changes in international prices for hydrocarbon products significantly impact Abu Dhabi’s nominal GDP. Since 2014, when the annual average OPEC Reference Basket price per barrel was U.S.$96.29, prices fell sharply, to an annual average price of U.S.$40.76 per barrel in 2016. Since 2016, the OPEC Reference Basket price has recovered, with the annual average price being U.S.$69.78 per barrel in 2018. The monthly average OPEC Reference Basket price has fluctuated in 2019 between a low of U.S.$58.74 per barrel in January and a high of U.S.$70.78 in April. During 2015, Abu Dhabi’s nominal GDP fell by 18.9 per cent. from 2014. This fall principally reflected substantially lower oil prices in 2015 compared to 2014. In 2016, Abu Dhabi’s nominal GDP fell by 2.3 per cent. from 2015. In 2017 and 2018, Abu Dhabi’s nominal GDP grew by 7.0 per cent. in 2017 and by 14.4 per cent. in 2018.

According to the SCAD, outside the hydrocarbon sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2016, 2017 and (according to preliminary estimates published by the SCAD) 2018 have been: construction; financial and insurance sector; public administration and defence and compulsory social security; manufacturing; wholesale, retail trade and repair of motor vehicles and motorcycles; and real estate. Together these sectors accounted for 47.1 per cent. in 2016, 45.4 per cent. in 2017, and (according to preliminary estimates published by the SCAD), 41.1 per cent. of Abu Dhabi’s nominal GDP in 2018.

The following table shows Abu Dhabi’s nominal GDP by economic activity and by percentage contribution, as well as the year-on-year growth rate, for each of the years indicated:

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>6,706</td>
<td>6,454</td>
<td>5,932</td>
</tr>
<tr>
<td>Mining and quarrying (includes crude oil and natural gas)</td>
<td>375,935</td>
<td>277,067</td>
<td>241,148</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>62,000</td>
<td>54,500</td>
<td>49,842</td>
</tr>
<tr>
<td>Electricity, gas and water supply; waste management</td>
<td>35,560</td>
<td>35,154</td>
<td>30,524</td>
</tr>
<tr>
<td>Construction</td>
<td>85,841</td>
<td>84,845</td>
<td>85,306</td>
</tr>
<tr>
<td>Wholesale and retail trade; repair of motor vehicles and motorcycles</td>
<td>46,172</td>
<td>47,052</td>
<td>47,671</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>26,894</td>
<td>25,852</td>
<td>27,624</td>
</tr>
</tbody>
</table>
### Real GDP

According to the SCAD and based on preliminary estimates, Abu Dhabi's GDP at constant 2007 prices was approximately AED 797.3 billion in 2018, with the hydrocarbon sector (mining and quarrying) the largest single sector, contributing 49.0 per cent. of real GDP in 2018.

The table below shows Abu Dhabi's real GDP and its percentage growth change for each of the years indicated.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2018*</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abu Dhabi real GDP (constant 2007 prices)</td>
<td>797.3</td>
<td>782.3</td>
<td>789.7</td>
</tr>
<tr>
<td>Percentage change in Abu Dhabi real GDP</td>
<td>1.9</td>
<td>(0.9)</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Sources: SCAD.

* Preliminary estimates

### Reserves

According to ADNOC, Abu Dhabi has approximately 94.0 per cent. of the UAE's total oil reserves and, according to the IMF, Abu Dhabi produced 3.0 million barrels of oil per day in the year ended 31 December 2018. The non-associated Khuff natural gas reservoirs in Abu Dhabi beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest.

The table below shows Abu Dhabi's crude oil production, exports and average selling prices for each of the years indicated.

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil production (million b/d)</td>
<td>3.0</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Crude oil exports (million b/d)</td>
<td>75.4</td>
<td>58.1</td>
<td>2.4</td>
</tr>
<tr>
<td>Average selling price (U.S.$ per barrel)</td>
<td>71.9</td>
<td>54.4</td>
<td>42.7</td>
</tr>
</tbody>
</table>

Source: IMF.
Ratings

Abu Dhabi's long-term sovereign credit ratings were affirmed at AA long-term (with a stable outlook) and A-1+ short-term (with a stable outlook) by Standard & Poor (S&P) on 30 November 2018. S&P commented that the ratings are supported by Abu Dhabi's strong fiscal and external positions. S&P further commented that the exceptional strength of the Abu Dhabi government's net asset position provides a buffer to counteract the effect of oil price swings on economic growth, government revenues, the external account, and increasing geopolitical uncertainty in the Gulf region. On the other hand, S&P stated that these ratings are constrained by its assessment that Abu Dhabi's political institutions are at a nascent stage of development compared with those of non-regional peers in the same rating category. Additionally, limited monetary policy flexibility (given the UAE dirham's peg to the U.S. dollar), gaps and delays in the provision of macroeconomic, fiscal and external data and the underdeveloped local currency domestic bond market also weigh on S&P's ratings.

Abu Dhabi's long-term foreign and local currency issuer default ratings were affirmed at AA (with a stable outlook) and short-term foreign currency issuer default ratings at F1+ (with a stable outlook) by Fitch Ratings Limited (Fitch) on 6 November 2018. Fitch commented that Abu Dhabi's key credit strengths are its strong fiscal and external metrics and high GDP per capita, balanced by high dependence on hydrocarbons, below AA median governance and business environment scores (although these are improving and are the best in the Gulf Cooperation Council (GCC), high contingent liabilities from state-owned enterprises and the rest of the UAE (although these are manageable in the context of Abu Dhabi's fiscal resources) as well as elevated geopolitical risks compared to AA peers.

Abu Dhabi’s rating was affirmed at Aa2 (with a stable outlook) by Moody's on 26 March 2019. According to Moody’s, Abu Dhabi has very high fiscal strength, with very low government debt and vast sovereign wealth fund assets. According to Moody's, Abu Dhabi's credit profile is supported by its strong balance sheet, with estimated assets under management by the Abu Dhabi Investment Authority (ADIA) far exceeding total liabilities in the wider public sector. However, the rating is constrained by Abu Dhabi's high reliance on hydrocarbon revenue, as well as limited transparency over the size and composition of the Abu Dhabi government's financial assets, and the absence of timely, public fiscal data.

Government


Departments, authorities and councils are established by Emiri Decree and are subject to the authority of the Abu Dhabi Executive Council. Departments manage administration within the Emirate and each department manages a specific portfolio. Departments include, for example, the Department of Economy and Planning, the Department of Finance, the Department of Municipal Affairs, the Department of Transport and the Judicial Department. Authorities manage the Emirate's resources and strategies and include the Abu Dhabi Accountability Authority, the Abu Dhabi Food Control Authority, the Abu Dhabi Tourism and Culture Authority, the Abu Dhabi Water and Electricity Authority, the Executive Affairs Authority and the Health Authority. Councils act as controlling bodies for certain government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards and include the Civil Service Council, the Council for Economic Development, the Education Council, the Supreme Petroleum Council and the Urban Planning Council.

The Supreme Petroleum Council was established by Law No. (1) of 1988, and the Chairman of the Supreme Petroleum Council is H.H. Sheikh Khalifa bin Zayed Al Nahyan, Ruler of Abu Dhabi and President of the UAE. In accordance with Law No. (1) of 1988, the Supreme Petroleum Council is the highest authority responsible for petroleum affairs in Abu Dhabi and formulates and oversees Abu Dhabi's policies and objectives in all sectors of the petroleum industry. The Supreme Petroleum Council has 16 board members appointed by an Emiri Decree issued in March 2016.

The Abu Dhabi Government owns or has material shareholdings in a number of significant companies and institutions, including:

- **ADNOC**: ADNOC was established in 1971 and manages all aspects of Abu Dhabi's oil and gas industry.
- **ADIA**: ADIA was established in 1976 and is a vehicle through which the Abu Dhabi Government invests its surplus revenues.
**Abu Dhabi Investment Council (ADIC):** ADIC started its operations in 2007. ADIC is another investment arm of the Abu Dhabi Government and is also responsible for investing the Government's financial resources. In March 2018, the Ruler of Abu Dhabi issued a law restructuring ADIC, as a result of which ADIC is expected to become part of Mubadala Investment Company (MIC).

**Etihad Airways P.J.S.C. (Etihad):** Etihad was established in 2003 and is the national airline of the UAE and a key facilitator of the Abu Dhabi Government's tourism strategy.

**General Holding Corporation (Senaat):** Senaat was established in 1973. Senaat is an industrial holding company, mandated by the Abu Dhabi Government to create, optimise, promote and champion capital-intensive assets, with holdings in companies operating in metals manufacturing, oil and gas services contracting, food and beverage production and building materials manufacturing sectors.

**MIC:** MIC was established in 2017 and is the development and investment company leading the Abu Dhabi government's economic diversification strategy. MIC owns 100 per cent. of each of Mubadala Development Company (MDC) and International Petroleum Investment Company PJSC (IPIC). IPIC was established in 1984 with a mandate to invest in energy and energy-related assets globally. MDC was established in 2002 as a business development and investment company mandated by the Abu Dhabi government to act as a primary catalyst in the implementation of Abu Dhabi's development strategy in a commercial and profitable manner.

**Tourism and Development Investment Company (TDIC):** TDIC was established in 2005 and is mandated to implement the strategy of the Abu Dhabi Tourism and Culture Authority through tourism development and is charged with fulfilling Abu Dhabi's ambition to become a leading global tourist destination.

Each of these companies and institutions are wholly-owned by the Abu Dhabi government and one or more Abu Dhabi Executive Council is a board member of each of these companies and institutions.

**Abu Dhabi's Economic Strategy**

The Abu Dhabi government's economic development strategy is articulated in the Abu Dhabi Policy Agenda 2007 - 2008 (the Policy Agenda) and the 2030 Economic Vision.

The Policy Agenda establishes broad, long-term policy goals to drive economic, social and geopolitical/governance change in Abu Dhabi by establishing four priority areas of focus aimed at ensuring that the high-level guidelines for Abu Dhabi's socio-economic development are met:

- economic development;
- social and human resource development;
- infrastructure development and environmental sustainability; and
- optimisation of the role of the Abu Dhabi government in the future of the Emirate.

Drawing on the Policy Agenda, the 2030 Economic Vision sets forth a roadmap for developing the Abu Dhabi government's strategy for economic development over the period to 2030. The 2030 Economic Vision identifies two underlying economic policy priorities: (a) the need to build a sustainable economy; and (b) the need to ensure that social and regional development is balanced to bring the benefits of economic growth and well-being to the entire population of the Emirate. For both of these economic policy priorities, a number of specific core economic objectives have been identified, including enhancing competitiveness, productivity and diversification; enlarging the enterprise base by encouraging entrepreneurs, small enterprises and foreign direct investment; and enabling the development of new national champion enterprises to act as economic anchors. In addition to the economic policy priorities and the core economic objectives, seven areas of specific economic focus have been identified, each having additional specific objectives that must be achieved in order for the government's stated economic vision to be realised. These are:

- building an open, efficient, effective and globally integrated business environment;
- adopting a disciplined fiscal policy that is responsive to economic cycles;
- establishing a resilient monetary and financial market environment with manageable levels of inflation;
- driving significant improvements in the labour market;
- developing a sufficient and resilient infrastructure capable of supporting the anticipated economic growth;
• developing a highly skilled and highly productive workforce; and
• enabling financial markets to become the key financiers of economic sectors and projects.

International Relations

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, H.H. Sheikh Zayed bin Sultan Al Nahyan.

The UAE participates in a number of multilateral aid-giving institutions, including the International Bank for Reconstruction and Development, the International Development Agency, the IMF and regional bodies like the Arab Bank for Economic Development in Africa, the Arab Gulf Fund for the United Nations, the Abu Dhabi-based Arab Monetary Fund, the Islamic Development Bank and the OPEC Fund for International Development. In addition, the UAE is a member of various other international organisations, including, among others, the Asia-Pacific Economic Co-operation, the GCC, the International Organisation for Industrial Development, the League of Arab States, OPEC, the Organisation of Arab Petroleum Exporting Countries, the Organisation of Islamic Countries, the United Nations, the World Health Organisation and the World Trade Organisation (the WTO). The UAE has also entered into a number of bilateral agreements with other countries (such as the UAE's bilateral agreement with the United States for peaceful nuclear cooperation which establishes the legal framework for commerce in civilian nuclear energy between the two countries).

The UAE generally enjoys good relations with the other states in the GCC. However, on 5 June 2017, the Kingdom of Saudi Arabia, the UAE and the Kingdom of Bahrain announced that they would be severing diplomatic relations with the State of Qatar, citing Qatar's alleged support for terrorism and the Qatari violation of a 2014 agreement with the other members of the GCC. The termination of diplomatic relations has included the withdrawal of ambassadors, the imposition of trade and travel bans and the closure of airspace, territorial waters and, in the case of Saudi Arabia only, the closure of its land border with Qatar.

Additionally, the UAE has an ongoing dispute with the Islamic Republic of Iran and continuing discussions with the Kingdom of Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by the Islamic Republic of Iran. The UAE believes that the islands should be returned to the Emirate of Sharjah and the Emirate of Ras al Khaimah (with the Emirate of Sharjah claiming sovereignty over Abu Musa and the Emirate of Ras al Khaimah claiming sovereignty over Greater and Lesser Tunb) and is seeking to resolve the dispute through negotiation.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified, agreement with the Kingdom of Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of the Kingdom of Saudi Arabia and the State of Qatar relating to a maritime corridor which the State of Qatar has purported to grant to the Kingdom of Saudi Arabia, from within the State of Qatar's own maritime waters, which crosses part of the route of the gas pipeline constructed by Dolphin Energy Limited. The UAE believes that this grant is in breach of existing agreements between the UAE and the State of Qatar and, in June 2009, the UAE's Ministry of Foreign Affairs stated this position in a letter to the United Nations Secretary General.

The UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in the Republic of Yemen which began in 2015 in response to requests for assistance from the Yemeni government. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State (also known as Daesh, ISIS or ISIL).

Abu Dhabi and Dubai Real Estate Overview

Abu Dhabi

Residential

According to JLL, in the first quarter of 2019, approximately 1,700 residential units were delivered, bringing the total number of residential units in Abu Dhabi to 259,000 units. A further 8,000 units are expected to be added by the end of 2019 and an additional 7,000 units are expected to be handed over in 2020, which would increase residential supply to 274,000 units.

JLL reports show that residential rents for apartments and villas in Abu Dhabi declined by 7 per cent. and 4 per cent., respectively, in 2016, by 12 per cent. and 9 per cent., respectively, in 2017, by 11 per cent. and 16 per cent., respectively, in 2018 and by 3 per cent. and 4 per cent., respectively, in the first quarter of 2019.

JLL reports show that residential sale prices for apartments and villas in Abu Dhabi declined by 11 per cent. and 11 per cent., respectively, in 2016, by 14 per cent. and 12 per cent., respectively, in 2017, by 14 per cent. and 15 per cent., respectively, in 2018 and by 4 per cent. and 1 per cent. in the first quarter of 2019.
**Commercial**

JLL reports show that approximately 24,000 square meters of gross leasable area were added to Abu Dhabi’s office space in the first quarter of 2019, with an additional 110,000 square meters of gross leasable area expected to be added by the end of 2019.

According to JLL, Abu Dhabi is a two-tiered office market, with strong demand for single owned Grade A office space, but little interest in secondary locations. JLL reports show that Grade A office rents in Abu Dhabi increased by 7 per cent. on an annual basis in 2015; that central business district rents in Abu Dhabi declined by 5 per cent. in 2016 and that Grade A rents in Abu Dhabi remained flat in 2017. In 2018, JLL reported that Grade A rents had fallen by 4.5 per cent. compared to 2017. JLL's 2019 report also indicates that the vacancy rate for both Grade A and Grade B buildings increased from 22 per cent. in the fourth quarter of 2018 to 25 per cent. in the first quarter of 2019.

**Dubai**

**Residential**

According to JLL, approximately 9,800 residential units were completed in the first quarter of 2019, bringing the total number of residential units in Dubai to 530,000 and with more than 50,000 units currently under construction and expected to be delivered by the end of 2019, residential supply is expected to reach 652,000 units by the end of 2021.

JLL reports show that residential rents for apartments and villas in Dubai declined by 6 per cent. and 8 per cent., respectively, in 2016, by 6.4 per cent. and 6.8 per cent., respectively, in 2017, by 11 per cent. and 8 per cent., respectively, in 2018 and by 1 per cent. and 1 per cent., respectively, in the first quarter of 2019.

JLL reports show that residential sale prices for apartments and villas in Dubai declined by 1 per cent. and 2 per cent., respectively, in 2016, by 4.2 per cent. and 2.4 per cent., respectively, in 2017, by 8 per cent. and 9 per cent., respectively, in 2018 and by 2 per cent. and 2 per cent., respectively, in the first quarter of 2019.

**Commercial**

According to JLL, one office building was completed in the first quarter of 2019, bringing total office stock to approximately 8.56 million square meters of gross leasable area and with 500,000 square meters of office space currently under construction and expected to enter the market by the end of 2019, office supply is expected to reach 9.24 million square meters by the end of 2021.

JLL reports show that office rents in Dubai remained flat in 2016; declined by 4 per cent. in 2017 and declined by 17 per cent. in 2018. In the first quarter of 2019, office rents in Dubai declined by 9 per cent. on a year on year basis. JLL’s 2019 report indicates that the office vacancy rate was 12 per cent. in the first quarter of 2019.
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 and/or collection from the registered office of the Trustee and the specified office of the Principal Paying Agent. Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this section.

**Master Purchase Agreement, as supplemented by each Supplemental Purchase Agreement**

The Master Purchase Agreement will be entered into on 15 July 2019 between the Trustee (in its capacity as purchaser, the **Purchaser**) and the Obligor (in its capacity as seller, the **Seller**) and will be governed by Abu Dhabi law. One or two Supplemental Purchase Agreement(s) (together with the Master Purchase Agreement, the **Purchase Agreement**) between the Purchaser and the Seller (or any of its Subsidiaries) will be entered into on the Issue Date of each Tranche. Such Purchase Agreement will be governed by:

(a) (in the case of such Eligible Assets located in Abu Dhabi) Abu Dhabi law, and to the extent applicable in Abu Dhabi, the federal laws of the UAE; and

(b) (in the case of such Eligible Assets located in Dubai) Dubai law, and to the extent applicable in Dubai, the federal laws of the UAE.

Pursuant to each Purchase Agreement, the Seller (or the relevant Subsidiary) will sell, transfer and assign to the Purchaser, and the Purchaser will purchase from the Seller (or the relevant Subsidiary) all of its rights, title, interests, benefits and entitlements in, to and under: (i) (on the issue date of the first Tranche of a Series) the relevant Initial Asset Portfolio and (ii) (on each date on which any additional Certificates are issued) the relevant Additional Assets.

**Service Agency Agreement**

The Service Agency Agreement will be entered into on 15 July 2019 between the Trustee and the Obligor (in its capacity as servicing agent, the **Servicing Agent**) and will be governed by English law.

Pursuant to the Service Agency Agreement, the Trustee will appoint the Servicing Agent to service the Wakala Portfolio relating to each Series. In particular, the Servicing Agent will, in relation to each Series, undertake to perform, amongst other things, the following services (the **Services**) on behalf of the Trustee, during the Wakala Ownership Period:

(a) it will service the Wakala Portfolio in accordance with the wakala services plan (the **Wakala Services Plan**) (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(s));

(b) if the Trustee issues an additional Tranche, it shall as soon as practicable after such issuance amend the Wakala Services Plan 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, at least 51 per cent. of the value of the Wakala Portfolio on such Issue Date is derived from Wakala Assets;

(d) it shall use its best endeavours to procure that, at all times after the Issue Date of the first Tranche of a Series, at least 33 per cent. of the value of the Wakala Portfolio is derived from Wakala Assets (the **Minimum Tangible Asset Requirement**);

(e) it shall use its best endeavours to service the Wakala Portfolio in accordance with the terms of the Service Agency Agreement and shall not take any action that results in the value of the Wakala Portfolio, at any time, falling below the aggregate face amount of the Certificates for the relevant Series then outstanding;

(f) it shall carry out all major maintenance and structural repair in respect of the Wakala Assets on account and on behalf of the Trustee and in so doing the Servicing 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 the 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 Servicing 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 with its covenants, undertakings or other obligations under the relevant Lease in accordance with applicable law and the terms of such Lease, in each case in respect of the Wakala Assets;

(h) it shall use all reasonable endeavours to renew existing Leases in respect of the Wakala Assets, or where Leases are not be renewed, use all reasonable endeavours to source new tenants;

(i) 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 Servicing Agent may appoint one or more agents to discharge these obligations on its behalf;

(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 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 pay on behalf of the Trustee any actual costs, expenses, losses and taxes which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio;

(l) it shall use all 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 as and when the same shall become due and shall record such Wakala Portfolio Revenues in the Collection Accounts in accordance with the terms of the Service Agency Agreement;

(m) it shall use all reasonable endeavours to ensure that the Wakala Portfolio Revenues are at least equal to the expected return to be generated by the Wakala Portfolio on a periodic basis;

(n) it shall maintain the Collection Accounts in accordance with the terms of the Service Agency Agreement;

(o) 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; and

(p) it shall carry out any incidental matters relating to any of the above.

The Servicing Agent will also undertake to the Trustee that, in relation to the Wakala Assets for each Series, the Servicing Agent will:

(a) be responsible for ensuring that the Wakala Assets are properly insured to the extent consistent with general industry practice by prudent owners of similar assets and, accordingly, shall effect such insurances in respect of the Wakala Assets (the **Insurances**), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event. The Servicing 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;

(b) promptly make a claim in respect of each loss relating to the Wakala Assets in accordance with the terms of the Insurances; and

(c) ensure that, in the event of a Total Loss Event occurring, unless the Wakala Assets have been replaced by the Obligor as set out below, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are paid in the Specified Currency directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event and that the relevant insurer(s) will be directed accordingly.

Pursuant to the Service Agency Agreement, by no later than the 29th day after the occurrence of a Total Loss Event, the Servicing Agent may procure the identification of available replacement Wakala Assets to which the Obligor (or any of its Subsidiaries) 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. Immediately following such identification, the Servicing Agent shall notify the Trustee of the same and the Trustee may, pursuant to and on the terms of one or more separate purchase agreements substantially in the form, **mutatis mutandis**, of a Supplemental Purchase Agreement, purchase all of the Obligor's (or the relevant Subsidiary's)
rights, title, interests, benefits and entitlements in, to and under such replacement Wakala Assets from the Obligor (or the relevant Subsidiary) at a purchase price to be paid by the Servicing 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 the transfer to the Obligor by the Trustee of any residual interest it may hold in the Wakala Assets (including any remaining rights in respect of any proceeds of the Insurances), in consideration for the sale, transfer and conveyance by the Obligor of all its rights, title, interests, benefits and entitlements in, to and under the replacement Wakala Assets to the Trustee.

The Servicing Agent will also undertake to the Trustee that, if at any time and for any reason, the Servicing Agent is not in compliance with its obligations relating to insurance as described in paragraph (a) above, it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof. The delivery of such notice to the Trustee and/or the Delegate in relation to non-compliance with its obligations relating to insurance shall constitute an Obligor Event.

If a Total Loss Event has occurred and if:

(a) the notice referred to above has not been delivered by the Servicing Agent to the Trustee and the Delegate prior to the occurrence of such Total Loss Event;
(b) the Wakala Assets have not been replaced as described above; and
(c) the amount (if any) paid into the Transaction Account pursuant to paragraph (c) above is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount paid into the Transaction Account being the Total Loss Shortfall Amount),

then the Servicing Agent undertakes to pay (in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred. Subject to paying such Total Loss Shortfall Amount, there will be no further claim against the Servicing Agent for failing to comply with its insurance obligations.

Wherever the Servicing Agent procures 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.

The Servicing 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 parties to the Service Agency Agreement will acknowledge and agree that the Servicing Agent shall have no investment agency responsibilities with respect to its appointment as servicing agent under the Service Agency Agreement and is not permitted to trade in the Wakala Assets.

The Servicing Agent shall be entitled to receive a fee for acting as Servicing Agent which will comprise a fixed fee of U.S.$100 (the receipt and adequacy of which will be acknowledged by the Servicing Agent under the Service Agency Agreement) and may also receive incentive payments as described below.

In the Service Agency Agreement, the Trustee and the Servicing Agent will agree that, in relation to each Series and provided no Dissolution Event or Potential Dissolution Event has occurred and is continuing:

(a) 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
(b) if, at any time, the Minimum Tangible Asset Requirement in respect of such Series is not satisfied or, upon any Wakala Asset ceasing to be an Eligible Asset, the Servicing Agent shall use its best endeavours to identify new Wakala Assets in replacement of the relevant 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.

In relation to each Series, the Servicing Agent will maintain the Collection Account and the Reserve Account in its books (each of which shall be denominated in the Specified Currency) in which all Wakala Portfolio Revenues will be recorded.

Amounts standing to the credit of the Collection Account relating to each Series will be applied by the Servicing Agent on each Wakala Distribution Determination Date (being the Payment Business Day immediately prior to the relevant Periodic Distribution Date under the Certificates of the relevant Series) in the following order of priority:
(a) **first**, in repayment to the Servicing Agent of any amounts advanced by it to the Trustee by way of a Liquidity Facility;

(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 Servicing Agent will pay into the relevant Transaction Account an amount equal to the lesser of the Required Amount payable on the immediately following Periodic Distribution Date and the balance of the Collection Account; and

(d) **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.

If, there is a shortfall on a Wakala Distribution Determination Date (after payment into the Transaction Account of the relevant amount as described above) between (i) the amount standing to the credit of the Transaction Account; and (ii) the Required Amount payable on the immediately following Periodic Distribution Date (the difference between such amounts being referred to as a **Shortfall**), amounts standing to the credit of the Reserve Account (if any) shall be applied by the Servicing Agent towards such Shortfall by payment of the same into the Transaction Account. If, following payment of amounts standing to the credit of the Reserve Account as described above, a Shortfall remains on any Wakala Distribution Determination Date, it 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 is repayable (i) from Wakala Portfolio Revenues, or (ii) on the relevant Dissolution Date (such funding in relation to a Series, a **Liquidity Facility**).

The Servicing 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 or upon the occurrence of a Dissolution Event or a Total Loss Event.

The Servicing Agent will agree 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. If there is any such withholding or deduction, the Servicing 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 Servicing Agent will undertake in the Service Agency Agreement that any payment obligations of the Servicing Agent under the Service Agency Agreement will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7(a) unsecured obligations of the Servicing Agent and shall (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 7(a), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Servicing Agent from time to time outstanding.

**Purchase Undertaking**

The Purchase Undertaking will be executed as a deed on 15 July 2019 by the Obligor in favour of the Trustee and the Delegate, and will be governed by English law.

In relation to each Series, the Obligor will irrevocably grant 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 such 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;
provided that (i) Certificateholder Put Right is specified as applicable in the 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 Right in accordance with the Conditions, to require the Obligor to purchase on the Certificateholder Put Right Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the applicable portion of the Wakala Assets at the Certificateholder Put Right Exercise Price specified in the relevant Exercise Notice;

(d) provided that (i) Change of Control Put Right is specified as applicable in the applicable Pricing Supplement; (ii) a Change of Control Event has occurred; and (iii) one or more Certificateholders have exercised the Change of Control Put Right in accordance with the Conditions, to require the Obligor to purchase on the Change of Control Put Right Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Change of Control Wakala Assets at the Change of Control Exercise Price specified in the relevant Exercise Notice; and

(e) to require the Obligor to assign, transfer and convey (or procure the assignment, transfer and conveyance by any of its Subsidiaries) to the Trustee on the substitution date all of the Obligor's (or the relevant Subsidiary's) rights, title, interests, benefits and entitlements in, to and under the new Wakala Assets against the assignment, transfer and/or conveyance to the Obligor (or the relevant Subsidiary) 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.

The Obligor will covenant and undertake in the Purchase Undertaking that if the relevant Exercise Price, Certificateholder Put Right Exercise Price or Change of Control Exercise Price, as the case may be, is not paid in accordance with the Purchase Undertaking for any reason whatsoever, 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 relevant Certificates to be redeemed on the Certificateholder Put Right Date or the Change of Control Put Right Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be. Following payment in full of an amount equal to the Exercise Price, the Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be, in accordance with the Purchase Undertaking, the Obligor will irrevocably undertake to enter, or procure the entry by any of its Subsidiaries, into one or two sale agreement(s), as the case may be, with the Trustee.

The Obligor will agree 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. If there is any such withholding or deduction, 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 will undertake in the Purchase Undertaking that any payment obligations of the Obligor under the Purchase Undertaking will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7(a)) unsecured obligations of the Obligor and shall (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 7(a)), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Obligor from time to time outstanding.

Sale and Substitution Undertaking

The Sale and Substitution Undertaking will be executed as a deed on 15 July 2019 by the Trustee in favour of the Obligor and will be governed by English law.

In relation to each Series, the Trustee will irrevocably grant 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 (or any of its Subsidiaries) 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 Right is specified as not applicable in each applicable Pricing Supplement), to require the Trustee to sell, assign, transfer and convey to the Obligor (or any of its Subsidiaries) on the Optional Dissolution Date all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the applicable portion of the Wakala Assets at the Optional Dissolution Exercise Price specified in the relevant Exercise Notice;

(c) following delivery of the cancelled Certificates to the Registrar for cancellation pursuant to Condition 9(i), to require the Trustee to assign, transfer and convey to the Obligor (or any of its Subsidiaries) 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

(d) to require the Trustee to assign, transfer and convey to the Obligor (or any of its Subsidiaries) 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 (or the relevant Subsidiary'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 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 Sale and Substitution Undertaking.

Master Murabaha Agreement

The Master Murabaha Agreement will be entered into on 15 July 2019 between the Trustee (in its capacity as seller, the Commodity Seller), the Obligor (in its capacity as buyer, the Commodity Buyer) and the Delegate and will be governed by English law.

Pursuant to the Master Murabaha Agreement, and in connection with each relevant Tranche of Certificates, the Commodity Seller may enter into a Commodity Murabaha Investment with the Commodity Buyer using a portion of the issue proceeds of the relevant Tranche as specified in the applicable Pricing Supplement (being no more than 49 per cent. of the aggregate face amount of the Certificates of that Tranche). In accordance with the Master Murabaha Agreement, on receipt of a duly completed Notice of Request to Purchase from the Commodity Buyer, the Commodity Seller (acting through the commodity agent) may purchase the relevant Commodities on the relevant Issue Date from a commodity supplier on a spot basis at the relevant Commodity Purchase Price.

Upon completion of the purchase of the Commodities by the Commodity Seller and the Commodity Seller gaining title thereto and (actual or constructive) possession thereof, the Commodity Seller may deliver to the Commodity Buyer a duly completed Offer Notice by no later than 1.00 p.m. (London time) (or such other time as may be agreed in writing by the Commodity Buyer and the Commodity Seller) on the relevant Issue Date.

Provided that the Commodity Buyer has delivered a duly completed Notice of Request to Purchase in accordance with the terms of the Master Murabaha Agreement, the Commodity Buyer will irrevocably undertake to accept the terms of, countersign and deliver to the Commodity Seller any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Commodity Seller having acted on the request of the Commodity Buyer set out in the Notice of Request to Purchase) purchase the relevant Commodities acquired by the Commodity Seller 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 Commodity Buyer and the Commodity Seller) on the relevant Issue Date.

As soon as the Commodity Buyer has accepted the Commodity Seller's offer by countersigning the relevant Offer Notice, a Murabaha Contract shall be created between the Commodity Seller and the Commodity Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement, the Commodity Seller shall sell and the Commodity Buyer shall buy the relevant Commodities and ownership of and all risks in and to the relevant Commodities shall immediately pass to and be vested in the Commodity Buyer, together with all rights and obligations relating thereto.

The Commodity Buyer will agree 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 Commodity Buyer will pay all additional amounts as will result in the receipt by the Commodity Seller of such net amounts as would have been receivable by it if no withholding or deduction had been made.
The Commodity Buyer will undertake in the Master Murabaha Agreement that any payment obligations of the Commodity Buyer under the Master Murabaha Agreement will be direct, unconditional, unsubordinated and (subject to the negative pledge provisions described in Condition 7(a)) unsecured obligations of the Commodity Buyer and shall (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 7(a)), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Commodity Buyer from time to time outstanding.

**Trust Deed**

The Master Trust Deed will be entered into on 15 July 2019 between the Trustee, the Obligor and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties shall be entered into on the Issue Date of each Tranche and shall also be governed by English law.

Upon issue of a Series of Certificates, the Master Trust Deed as supplemented by each relevant Supplemental Trust Deed shall together constitute the Trust declared by the Trustee in relation to such Series (the Master Trust Deed as supplemented by each relevant Supplemental Trust Deed for each Series being referred to herein as the Trust Deed).

The Trust Assets in respect of each Series shall comprise:

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

(b) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Wakala Portfolio;

(c) the rights, title, interest, benefits and entitlements, present and future of the Trustee in, to and under the Transaction Documents (excluding the Excluded Representations and the covenant given to the Trustee pursuant to clause 13.1 of the Master Trust Deed);

(d) all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.

Pursuant to the relevant Trust Deed, the Trustee will, in relation to each Series of Certificates, amongst other things, hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries pro rata according to the face amount of Certificates of that Series held by each Certificateholder and 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 relevant Trust Deed. Pursuant to the Master Trust Deed, the Trustee will irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed to:

(a) execute, deliver and perfect all documents; and

(b) 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 Transaction Documents) and discretions vested in the Trustee by the Trust Deed and the Certificates,

that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, (i) exercise all of the rights, powers, authorities and discretions of the Trustee under the Purchase Undertaking and any of the other Transaction Documents and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Conditions and the Trust Deed (together the Delegation of the Relevant Powers), provided that (i) no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of the Delegation; (ii) in no circumstances will such Delegation of the Relevant Powers result in the Delegate being sub-delegated; and (iii) such Delegation of the Relevant Powers shall not include any duty, power, trust, authority or discretion to dissolve the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate. The Trustee will undertake in the Master Trust Deed to ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of its powers pursuant to the Delegation.

The Delegation is to be made by the Trustee to the Delegate for the benefit of the Delegate and the Certificateholders, subject to the terms of the Conditions and the Trust Deed. Each of the Obligor and the Trustee will confirm in the Master Trust Deed that the Delegate may consult with or request and rely on (without liability to any person for so doing) the advice of any lawyer, valuer, banker, broker, accountant or other expert in exercising the rights, powers or actions delegated to it under the Master Trust Deed.
In addition to the Delegation of the Relevant Powers, certain powers, rights, authorities and discretions under the Master Trust Deed will be vested solely in the Delegate, including, amongst other things, the power to call and conduct meetings at the request of Certificateholders, to determine the occurrence of a Dissolution Event or a Potential Dissolution Event, to waive or authorise a breach of an obligation or determine that a Dissolution Event or Potential Dissolution Event shall not be treated as such, and the power to consent to certain types of amendments to any Transaction Document or the memorandum and articles of association of the Trustee, in each case as more particularly described in the Master Trust Deed.

The Obligor will covenant and undertake in the Master Trust Deed as follows:

(a) to comply with all provisions of the Conditions which are expressed to be applicable to it including, without limitation, the negative pledge provisions and the other covenants described in Condition 7;

(b) to comply with the terms of the Transaction Documents to which it is a party; and

(c) that it shall 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 will acknowledge in the Master Trust Deed 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.

The Obligor will also covenant and undertake in the Master Trust Deed that if the relevant Exercise Price, Certificateholder Put Right Exercise Price or Change of Control Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever, 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 relevant Certificates to be redeemed on the Certificateholder Put Right Date or the Change of Control Put Right Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price or the Change of Control Exercise Price, as the case may be.

The Obligor will also covenant and undertake in the Master Trust Deed 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 Obligor 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, the Obligor will covenant and undertake in the Master Trust Deed 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 (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding, retention 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.

If and to the extent the Trustee has exercised its rights under Condition 19 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 issued, declaring that the relevant Additional Assets transferred to the Trustee (in respect of the issuance of the additional Certificates), the Wakala Assets comprised in the Wakala Portfolio as in existence immediately prior to the creation and issue of such additional Certificates and, if applicable, each Commodity Murabaha Investment made pursuant to the Master Murabaha Agreement (and all rights arising under or with respect thereto) 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 Trust Deed.

**Agency Agreement**

The Agency Agreement will be entered into on 15 July 2019 in relation to the Certificates between, amongst others, the Trustee, the Obligor, the Delegate, the Principal Paying Agent and the Registrar. The Agency Agreement will govern the arrangements between the Trustee and the agents named therein for the issuance of Certificates and the making of payments in respect thereof. The Agency Agreement will be governed by English law.
Shari'a Compliance

Each Transaction Document to which it is a party provides that each of ESIC Sukuk Limited and Emirates Strategic Investments Company Sole Proprietorship L.L.C. 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.

For these purposes:

Certificateholder Put Right Exercise Price means, in relation to each Series, an amount equal to the aggregate of:

(a) the aggregate face amount of the relevant Certificates to be redeemed on the Certificateholder Put Right Date; plus

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the relevant Certificates; plus

(c) if all of the Certificates of a Series are being redeemed, to the extent not previously satisfied in accordance with the Service Agency Agreement, an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; plus

(d) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to Condition 5(b)(i)); plus

(e) without double counting, any other amounts payable in relation to the relevant Certificates as specified in the applicable Pricing Supplement; less

(f) the applicable portion of the aggregate amounts of Deferred Payment Price then outstanding (if any) on the Certificateholder Put Right Date;

Change of Control Exercise Price means, in relation to each Series, an amount equal to the aggregate of:

(a) the aggregate face amount of the relevant Certificates to be redeemed on the Change of Control Put Right Date; plus

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the relevant Certificates; plus

(c) if all of the Certificates of a Series are being redeemed, to the extent not previously satisfied in accordance with the Service Agency Agreement, an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; plus

(d) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to Condition 5(b)(i)); plus

(e) without double counting, any other amounts payable in relation to the relevant Certificates as specified in the applicable Pricing Supplement; less

(f) the applicable portion of the aggregate amounts of Deferred Payment Price then outstanding (if any) on the Change of Control Put Right Date;

Exercise Price means, in relation to each Series, an amount equal to the aggregate of:

(a) the aggregate face amount of the Certificates then outstanding on the relevant Dissolution Date; plus
(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

c) to the extent not previously satisfied in accordance with the Service Agency Agreement, an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; plus

d) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to Condition 5(b)(i)); plus

e) without double counting, any other amounts payable on redemption of the Certificates as specified in the applicable Pricing Supplement; less

(f) the aggregate amounts of Deferred Payment Price then outstanding (if any) on the relevant Dissolution Date;

Lease means a lease entered into with a third party in relation to a Wakala Asset;

Lessee means any lessee or other party to a Lease who has undertaken to make payments pursuant to the terms of such Lease;

Optional Dissolution Exercise Price means, in relation to each Series, an amount equal to the aggregate of:

(a) the aggregate face amount of the relevant Certificates to be redeemed on the Optional Dissolution Date; plus

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the relevant Certificates; plus

(c) if all of the Certificates of a Series are being redeemed, to the extent not previously satisfied in accordance with the Service Agency Agreement, an amount equal to the sum of any outstanding (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; plus

(d) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate pursuant to Condition 5(b)(i)); plus

(e) without double counting, any other amounts payable in relation to the relevant Certificates as specified in the applicable Pricing Supplement; less

(f) the applicable portion of the aggregate amounts of Deferred Payment Price then outstanding (if any) on the Optional Dissolution Date;

Wakala Distribution Period means, in relation to a Series, the period beginning on (and including) the Issue Date of the first Tranche of such Series and ending on (but excluding) the first Wakala Distribution Date and each successive period beginning on (and including) a Wakala Distribution Date and ending on (but excluding) the next succeeding Wakala Distribution Date, each such period also being a Periodic Distribution Period; and

Wakala Ownership Period means, in relation to each Series, the period commencing on the Issue Date of the first Tranche of such Series and ending on the date on which all of the Certificates of that Series are redeemed in full.
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 jurisdictions or elsewhere, nor does it address the considerations that are dependent on individual circumstances. 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 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.

Cayman Islands

The following is a discussion on certain Cayman Islands income 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.

Under existing Cayman Islands laws, payments on Certificates to be issued will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Certificates, nor will gains derived from the sale or redemption of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax. The Trustee has obtained an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (2018 revision) of the Cayman Islands, that for a period of 20 years from 5 July 2019 no law which is 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 includes 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 Law (2018 revision). Subject to as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. However, an instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. 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 U.S.$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

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 hydrocarbon 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, but these are not extensive in number.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, 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 a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of 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 payments are publicised in the U.S. Federal Register and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are 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 "Terms and Conditions of the Certificates" 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. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Certificates. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Certificates, no person will be required to pay additional amounts as a result of the withholding.

**The proposed financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common 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. The issuance and subscription of Certificates should, however, 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 the 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.
SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the Programme Agreement) dated 15 July 2019, agreed with the Trustee and the Obligor a basis upon which they or any of them may from time to time agree to purchase Certificates.

In accordance with the terms of the Programme Agreement, each of the Trustee and the Obligor has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Certificates under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Certificates have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Accordingly, the Certificates are being offered, sold or delivered only outside the United States in offshore transactions to non-U.S. persons in accordance with Regulation S. Until 40 days after the completion of the distribution of all Certificates of the Tranche of which such Certificates are a part, an offer, delivery or sale of Certificates within the United States or to, or for the account or benefit of, U.S. persons 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, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree, that, 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 all Certificates of the Tranche of which such Certificates are a part, as determined and certified to the Principal Paying Agent by the relevant Dealer (or, in the case of a Tranche of Certificates sold to or through more than one Dealer, by the relevant lead manager), within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act, and it will have sent to each dealer to which it sells Certificates during the distribution compliance period a confirmation or other notice setting out the restrictions on offers, delivery and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a Relevant Member State), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) 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 Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Certificates to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Obligor for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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 Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression: (i) an offer of Certificates to the public in relation to any Certificates in any Relevant 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 the Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and (ii) Prospectus Directive means Directive
2003/71/EC (as amended or superseded), and includes any relevant implementing measure in the Relevant Member State.

**United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Certificates which have a maturity of less than one year: (a) 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 (b) 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 any 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 apply to the Trustee and/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 United Kingdom.

**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 invitation or offer, 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 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 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 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).
Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of 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 resolution number 3-123-2017 dated 27 December 2017, as amended by the Board of the Capital Market Authority resolution number 3-45-2018 (the KSA Regulations), made through an authorised person licensed to carry out arranging activities by the Capital Market Authority and following a notification to the Capital Market Authority under Article 11 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of 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 made by it 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. 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 Capital Market Authority 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 offer or sale is otherwise in compliance with Article 15 of the KSA Regulations.

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, 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; 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 Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory 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.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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, except for Certificates which are "structured products" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the SFO), other than (i) to professional investors as defined in the 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 CWUMPO) or which do not constitute an offer to the public within the meaning of the CWUMPO; 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, in each case 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 of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any 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.
**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, 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) and Part I of Schedule 7 or Section 230(1)(b), read together with Schedule 8 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.

**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 and will not be registered as a prospectus with the Monetary Authority of Singapore. 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 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 such Certificates or cause such 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 such Certificates, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) under 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 (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) 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

(b) 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,

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:

(i) 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;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA;

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Offering Circular and neither the Trustee, the Obligor nor any of the other Dealers shall have any responsibility therefor.

None of the Trustee, the Obligor and the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.
GENERAL INFORMATION

Listing of the 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. 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 United Kingdom 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 15 July 2019. 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 representing the Certificates of such Tranche.

Authorisation

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 and performance of the Certificates and the entry into and performance of the Transaction Documents to which it is a party. The establishment of the Programme was authorised by a resolution of the board of directors of the Trustee dated 4 July 2019, and a resolution of the directors of the Obligor dated 7 July 2019.

Significant or Material Change

There has been no significant change in the financial or trading position, or material adverse change in the financial position or prospects, of the Trustee since the date of its incorporation.

Save as disclosed under the heading "Financial Review – Recent Developments" there has been no significant change in the financial or trading position of the Obligor or the Group since 31 March 2019.

There has been no material adverse change in the financial position or prospects of the Obligor or the Group since 31 March 2019.

Litigation

Neither the Trustee nor the Obligor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee or the Obligor is aware) in the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of the Trustee, the Obligor or the Group.

Clearing Systems

Certificates have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Tranche of Certificates will be set out in the applicable Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Pricing Supplement.

Third Party Information

Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and, as far as each of the Trustee and the Obligor is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

Documents Available

For the period of 12 months following the date of this Offering Circular, physical copies of the following documents will, when published, be available for inspection and/or collection from the registered office of the Trustee and the specified office of the Principal Paying Agent:

(a) each Pricing Supplement and the other Transaction Documents in relation to each Series (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);
(b) the constitutional documents of the Trustee and the Obligor;

(c) the consolidated financial statement of the Obligor as at and for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 and as at, and for the three months ended 31 March 2019, together with the audit report thereon and the notes thereto;

(d) the most recently published consolidated financial statements of the Obligor and interim condensed consolidated financial statements of the Obligor, in each case, together with any audit or review reports thereon and the notes thereto; and

(e) this Offering Circular together with any supplement to this Offering Circular or further Offering Circular.

Auditors

Ernst & Young Middle East (Abu Dhabi Branch), independent auditor, has audited, the consolidated financial statements of the Obligor as at, and for the years ended, 31 December 2018, 31 December 2017 and 31 December 2016 and as at, and for the three months ended, 31 March 2019 in accordance with the International Standards on Auditing, as stated in its report appearing 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.

Dealers transacting with the Obligor

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 for, the Obligor and its 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 financings) 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 and their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Trustee, the Obligor and their affiliates routinely hedge their credit exposure to the Trustee, the Obligor and their affiliates 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 any 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.
FINANCIAL INFORMATION

Consolidated financial statements of the Obligor as at and for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 and as at, and for the three months ended, 31 March 2019 together with the audit report thereon and notes thereto…………………………………………………………. F-2
Emirates Strategic Investments
Company – Sole Proprietorship L.L.C

CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTH PERIOD ENDED 31 MARCH 2019 AND
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
EMIRATES STRATEGIC INVESTMENTS COMPANY – SOLE PROPRIETORSHIP L.L.C

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Emirates Strategic Investments Company – Sole Proprietorship L.L.C (the “Company”) and its subsidiary (together, the “Group”), which comprise the consolidated statement of financial position as at 31 March 2019, 31 December 2018, 2017 and 2016 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three month period ended 31 March 2019 and years ended 31 December 2018, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 March 2019, 31 December 2018, 2017 and 2016 and its financial performance and its cash flows for the three month period ended 31 March 2019 and years ended 31 December 2018, 2017 and 2016 in accordance with International Financial Reporting Standards (“IFRSs”).

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Board of Directors for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the IFRSs, 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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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.
INDEPENDENT AUDITORS’ REPORT TO THE SHAREHOLDERS OF
EMIRATES STRATEGIC INVESTMENTS COMPANY – SOLE PROPRIETORSHIP L.L.C continued

Report on the Audit of the Consolidated Financial Statements continued

Auditor’s responsibilities for the audit of the consolidated financial statements continued
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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.

• 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 Company’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 Company’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 Company 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 the Board of Directors 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 AUDITORS’ REPORT TO THE SHAREHOLDERS OF
EMIRATES STRATEGIC INVESTMENTS COMPANY – SOLE PROPRIETORSHIP L.L.C continued

Report on the Audit of the Consolidated Financial Statements continued

Other matter
The consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the three month period ended 31 March 2018 were unaudited and are presented only for comparison purposes.

Signed by:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No 532

9 June 2019
Abu Dhabi
Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the period ended 31 March 2019 and years ended 31 December 2018, 2017 and 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000</td>
<td>2018 AED '000 (Unaudited)</td>
</tr>
<tr>
<td>REVENUE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from contracts with customers 4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rental revenue 11</td>
<td>33,960</td>
<td>23,735</td>
</tr>
<tr>
<td>Gain on sale of investment property 9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of results of joint ventures 9</td>
<td>18,467</td>
<td>30,217</td>
</tr>
<tr>
<td>Dividend income 8</td>
<td>132,054</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>1,264</td>
<td>1,343</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>185,745</td>
<td>55,295</td>
</tr>
</tbody>
</table>

| EXPENSES |                                   |                        |               |               |             |
| Property management costs 5 | (5,874) | (3,054) | (14,536) | (13,601) | (11,448) |
| Cost of properties sold 10 | - | - | (138,824) | - | - |
| General and administrative expenses 5 | (2,773) | (2,542) | (10,207) | (8,359) | (12,737) |
| Finance costs 5 | (637) | (368) | (1,491) | (1,619) | (1,629) |
| Depreciation 5 | (11,719) | (4,709) | (19,651) | (18,703) | (18,461) |
| Investment properties written off 11 | (717) | - | (155) | - | - |
| Reversal of provision for impairment relating to interest in joint ventures 9 | - | - | 51,438 | - | - |
| Reversal of provision for impairment relating to investment properties 11 | - | - | - | - | 14,533 |
| Provision for impairment of investment properties 11 | - | - | (10,722) | (3,777) | (609) |
| **Profit for the Period / Year** | 164,025 | 44,622 | 395,839 | 221,639 | 71,807 |

The attached notes 1 to 23 form part of these consolidated financial statements.
Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2019 and years ended 31 December 2018, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000</td>
<td>2018 AED '000 (Unaudited)</td>
</tr>
<tr>
<td>Profit for the period / year</td>
<td>164,025</td>
<td>44,622</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items not to be reclassified to profit or loss in subsequent periods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of investments carried at fair value through OCI</td>
<td>160,100</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD / YEAR</td>
<td>324,125</td>
<td>44,622</td>
</tr>
</tbody>
</table>

The attached notes 1 to 23 form part of these consolidated financial statements.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th>At 31 March 2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Notes</td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>6</td>
<td>12,351</td>
<td>7,510</td>
<td>26,637</td>
</tr>
<tr>
<td>Accounts receivable and prepayments</td>
<td>7</td>
<td>89,662</td>
<td>92,770</td>
<td>29,411</td>
</tr>
<tr>
<td>Investments</td>
<td>8</td>
<td>2,813,113</td>
<td>1,902,357</td>
<td>79</td>
</tr>
<tr>
<td>Interest in joint ventures</td>
<td>9</td>
<td>1,447,013</td>
<td>1,453,546</td>
<td>738,632</td>
</tr>
<tr>
<td>Development work in progress</td>
<td>10</td>
<td>931,826</td>
<td>931,826</td>
<td>987,650</td>
</tr>
<tr>
<td>Investment properties</td>
<td>11</td>
<td>2,322,592</td>
<td>854,192</td>
<td>735,173</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>12</td>
<td>6,289</td>
<td>6,439</td>
<td>5,665</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>7,622,846</td>
<td>5,248,640</td>
<td>2,523,247</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>13</td>
<td>351,852</td>
<td>334,750</td>
<td>290,824</td>
</tr>
<tr>
<td>Term loans</td>
<td>14</td>
<td>41,588</td>
<td>47,208</td>
<td>70,531</td>
</tr>
<tr>
<td>Deferred income</td>
<td>15</td>
<td>4,028</td>
<td>8,517</td>
<td>27,818</td>
</tr>
<tr>
<td>Employees’ end of service benefits</td>
<td>15</td>
<td>1,294</td>
<td>1,240</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>398,762</td>
<td>391,715</td>
<td>390,373</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>16</td>
<td>150</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shareholder’s contribution</td>
<td>16</td>
<td>-</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Group restructuring reserve</td>
<td>3</td>
<td>50</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>17</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>18</td>
<td>1,214,904</td>
<td>1,050,879</td>
<td>655,449</td>
</tr>
<tr>
<td>Shareholder’s account</td>
<td>18</td>
<td>5,355,980</td>
<td>3,312,946</td>
<td>1,477,125</td>
</tr>
<tr>
<td>Fair value reserve</td>
<td>23</td>
<td>652,900</td>
<td>492,800</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>7,224,084</td>
<td>4,856,925</td>
<td>2,132,874</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td></td>
<td>7,622,846</td>
<td>5,248,640</td>
<td>2,523,247</td>
</tr>
</tbody>
</table>

Chief Financial Officer

Chief Executive Officer

The attached notes 1 to 23 form part of these consolidated financial statements.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2019 and years ended 31 December 2018, 2017 and 2016

<table>
<thead>
<tr>
<th></th>
<th>Share capital AED '000</th>
<th>Shareholder’s contribution AED '000</th>
<th>Group restructuring reserve AED '000</th>
<th>Legal reserve AED '000</th>
<th>Revalued earnings AED '000</th>
<th>Shareholder’s account AED '000</th>
<th>Fair value reserve AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2016</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>240,865</td>
<td>871,837</td>
<td>-</td>
<td>1,113,002</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>71,807</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>71,807</td>
</tr>
<tr>
<td><strong>Net movement in shareholder’s account (note 18)</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(68,208)</td>
</tr>
<tr>
<td><strong>At 31 December 2016</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>312,672</td>
<td>803,569</td>
<td>-</td>
<td>1,116,541</td>
</tr>
<tr>
<td><strong>Effect of changes in accounting policy for IFRS 15 (note 2.3)</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>121,138</td>
<td>-</td>
<td>-</td>
<td>121,138</td>
</tr>
<tr>
<td><strong>At 1 January 2017 (adjusted)</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>433,818</td>
<td>803,569</td>
<td>-</td>
<td>1,257,699</td>
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<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>221,639</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>221,639</td>
</tr>
<tr>
<td><strong>Net movement in shareholder’s account (note 18)</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>673,556</td>
</tr>
<tr>
<td><strong>At 31 December 2017</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>655,449</td>
<td>1,477,125</td>
<td>-</td>
<td>2,132,874</td>
</tr>
<tr>
<td><strong>Effect of changes in accounting policy for IFRS 9 (note 2.3)</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>(409)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(409)</td>
</tr>
<tr>
<td><strong>At 1 January 2018 (adjusted)</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>655,040</td>
<td>1,477,125</td>
<td>-</td>
<td>2,132,665</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>395,839</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>395,839</td>
</tr>
<tr>
<td><strong>Net movement in shareholder’s account (note 18)</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,235,821</td>
</tr>
<tr>
<td><strong>At 31 December 2018</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>1,050,829</td>
<td>3,312,945</td>
<td>-</td>
<td>4,363,774</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Share capital AED '000</th>
<th>Shareholder’s contribution AED '000</th>
<th>Group restructuring reserve AED '000</th>
<th>Legal reserve AED '000</th>
<th>Revalued earnings AED '000</th>
<th>Shareholder’s account AED '000</th>
<th>Fair value reserve AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2018</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>655,449</td>
<td>1,477,125</td>
<td>-</td>
<td>2,132,874</td>
</tr>
<tr>
<td><strong>Effect of changes in accounting policy for IFRS 15 (note 2.3)</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(409)</td>
<td>-</td>
<td>-</td>
<td>(409)</td>
</tr>
<tr>
<td><strong>At 1 January 2018 (adjusted)</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>655,040</td>
<td>1,477,125</td>
<td>-</td>
<td>2,132,665</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>44,622</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44,622</td>
</tr>
<tr>
<td><strong>Net movement in shareholder’s account (note 18)</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,296,930</td>
</tr>
<tr>
<td><strong>At 31 March 2018 (unaudited)</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>699,557</td>
<td>2,774,025</td>
<td>-</td>
<td>3,473,582</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Share capital AED '000</th>
<th>Shareholder’s contribution AED '000</th>
<th>Group restructuring reserve AED '000</th>
<th>Legal reserve AED '000</th>
<th>Revalued earnings AED '000</th>
<th>Shareholder’s account AED '000</th>
<th>Fair value reserve AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 1 January 2019 (audited)</strong></td>
<td></td>
<td>-</td>
<td>200</td>
<td>100</td>
<td>1,090,879</td>
<td>3,312,946</td>
<td>-</td>
<td>4,853,825</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>164,025</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>160,100</td>
</tr>
<tr>
<td><strong>Issuance of share capital (note 3 and 18)</strong></td>
<td></td>
<td>150</td>
<td>(200)</td>
<td>50</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>324,125</td>
</tr>
<tr>
<td><strong>Net movement in shareholder’s account (note 18)</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,043,034</td>
</tr>
<tr>
<td><strong>At 31 March 2019</strong></td>
<td></td>
<td>150</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,234,684</td>
</tr>
</tbody>
</table>

The attached notes 1 to 23 form part of these consolidated financial statements.
Emirates Strategic Investments Company – Sole Proprietorship L.L.C

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2019 and years ended 31 December 2018, 2017 and 2016

<table>
<thead>
<tr>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000</td>
</tr>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Profit for the period/ year</td>
<td>164,025</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>5 (11,719)</td>
</tr>
<tr>
<td>Dividend income</td>
<td>8 (132,854)</td>
</tr>
<tr>
<td>Share of results of joint ventures</td>
<td>9 (18,467)</td>
</tr>
<tr>
<td>Reversal of provision for impairment relating to interest in joint ventures</td>
<td>9 -</td>
</tr>
<tr>
<td>Investment properties written off</td>
<td>11 717</td>
</tr>
<tr>
<td>Reversal of impairment relating to investment properties</td>
<td>11 -</td>
</tr>
<tr>
<td>Provision for impairment of investment properties</td>
<td>11 -</td>
</tr>
<tr>
<td>Allowance for expected credit loss / provision for doubtful debts</td>
<td>7 112</td>
</tr>
<tr>
<td>Gain on disposal of property and equipment</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs</td>
<td>5 637</td>
</tr>
<tr>
<td>Properties under construction written off</td>
<td>11 -</td>
</tr>
<tr>
<td>Provision for employees' end of service benefits</td>
<td>15 54</td>
</tr>
<tr>
<td>Interest income</td>
<td>(4)</td>
</tr>
<tr>
<td></td>
<td>26,739</td>
</tr>
</tbody>
</table>

Working capital changes:

- Accounts receivable and prepayments: 2,996 (9,028) (64,165) (16,964) (6,886)
- Development work in progress: - 55,824 (98,800) (135,850)
- Accounts payable and accruals: (16,090) 32,791 (122,218) 129,360 140,970
- Deferred income: (4,489) (21,272) (19,301) 1,237 (3,136)
- Cash generated from operations: 9,156 21,951 19,180 97,520 84,707
- Employees' end of service benefits paid: 15 (637) (368) (212) (162) (66)
- Finance costs paid: (4,491) (1,619) (1,629)
- Net cash generated from operating activities: 8,519 21,583 17,477 95,748 83,012

**INVESTING ACTIVITIES**
- Purchases of property and equipment: 12 (159) (495) (1,897) (674) (511)
- Distribution received from joint ventures: 9 25,000 - 188,611 -
- Cash contribution to a joint venture: 9 - - (105,000) -
- Dividend received from quoted investments: 132,054 - 7 1,020 -
- Disposal of property and equipment: 12 - - - -
- Addition to investment properties: 11 (9,715) 2 - -
- Interest received: 4 - - - -
- Net cash flows from (used in) investing activities: 147,184 (493) 81,733 (1,258) (997)

**FINANCING ACTIVITIES**
- Term loan received: (5,620) (4,094) (23,323) (6,776) (5,130)
- Term loan repaid: - - - - -
- Other movement in shareholder's account: (145,242) (15,070) (95,014) (79,444) (95,568)
- Net cash used in financing activities: (150,862) (19,074) (118,337) (144,708) (100,698)

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**
- 4,841 2,016 (19,127) 49,782 (18,683)

**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR**
- 7,510 26,637 26,637 (23,145) (4,462)

The attached notes 1 to 23 form part of these consolidated financial statements.
Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 ACTIVITIES

Emirates Strategic Investments Company – Sole Proprietorship L.L.C (the “Company”) is a limited liability company incorporated on 5 February 2019 and is registered in the Emirate of Abu Dhabi. The Company is owned by Liwa Holdings (the “Parent Company”) which is ultimately owned by His Highness Sheikh Mansour Bin Zayed Al Nahyan (the “Ultimate Beneficial Owner”). The principal activities of the Company are real estate and commercial enterprise investment, development, institution and management.

These consolidated financial statements include the financial performance and position of the Company and its subsidiary (together, the “Group”) and the Group’s interest in its joint ventures.

The registered office of the Company is at P O Box 161, Abu Dhabi, United Arab Emirates.

These consolidated financial statements were authorised for issue by the Board of Directors on 9 June 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

2.1 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost basis, modified to include the measurement at fair value of investments carried at fair value through other comprehensive income.

The consolidated financial statements have been presented in United Arab Emirates Dirhams (“AED”). Each entity in the Group determines its own functional currency based on a determination of the currency of primary economic environment in which the entities operate. All financial information presented in AED has been rounded to the nearest thousand except otherwise stated.

Group restructuring
During 2019, the Group was restructured to create a new holding company, Emirates Strategic Investments Company – Sole Proprietorship L.L.C to hold ownership interest in East and West International Group – Sole Proprietorship L.L.C (“EWIG”). The Company was incorporated on 5 February 2019 and on 28 March 2019, shares of EWIG were transferred to the Company. This transaction falls outside the scope of IFRS 3 - Business Combinations as EWIG and the Company are under common control of the Ultimate Beneficial Owner. Accordingly, the pooling of interests method is applied and the consolidated financial statements of the Group are presented as a continuation of the existing group. Consequently, the comparative information as at and for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 presented in these consolidated financial statements is the results and financial position of EWIG as the group restructuring was only effected in March 2019. Refer to note 3 for further details.

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (IASB).

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiary (together, the “Group”). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.1 BASIS OF PREPARATION continued

Basis of consolidation continued
Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The consolidated financial statements comprise the financial statements of the Company and those of its following subsidiary:

<table>
<thead>
<tr>
<th>Name of subsidiary</th>
<th>Ownership</th>
<th>Country of Incorporation</th>
<th>Principal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>East and West International Group – Sole Proprietorship L.L.C.</td>
<td>100%</td>
<td>U.A.E</td>
<td>Real estate business including real estate management, land and real estate purchase and sale service</td>
</tr>
</tbody>
</table>

The Group has not consolidated certain entities, legally owned by the Group, as the beneficial ownership of those entities are assigned to other group companies. These entities comprise Dusit Thani LLC, Deco Design Intern. LLC, Yas Horse Racing LLC, and East & West Tousiim Investment LLC which are legally owned by the Group.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied certain standards, interpretations and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2016, 1 January 2017, 1 January 2018 and 1 January 2019. The Group has also opted for the early adoption of IFRS 15 ‘Revenue from contracts with customers’ with effect from 1 January 2017, resulting in a change in the policy of the Group in relation to revenue recognition on contracts with customers. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has also adopted IFRS 9 ‘Financial Instruments’ from the effective date i-e 1 January 2018 resulting in a change in the policies of the Group in relation to financial instruments.

The application of these new standards, interpretation and amendment, other than IFRS 15 and IFRS 9, did not have a material impact on the consolidated financial statements.

Following are the new and amended IFRS effective as of each period/ year presented:

i) Standards effective 1 January 2016

New and amended standards and interpretations
- IFRS 14 Regulatory Deferral Accounts;
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants;
- Amendments to IAS 27: Equity Method in Separate Financial Statements;
- Amendments to IAS 1 Disclosure Initiative; and
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception.

Annual improvements 2012-2014 cycle
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 7 Financial Instruments: Disclosure;
- IAS 19 Employee Benefits; and
- IAS 34 Interim Financial Reporting;

ii) Standards effective 1 January 2017

New and amended standards and interpretations
- Amendments to IAS 7 Separate statement of cash flows: Disclosure Initiative; and
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised losses

Annual improvements 2014-2016 cycle
- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of Scope of disclosure requirements in IFRS 12
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

iii) Standards effective 1 January 2018

New and amended standards and interpretations
- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from contracts with customers (early adopted effective 1 January 2017);
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations;
- Amendments to IAS 40 Transfers of Investment Property;
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice; and
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters.

iv) Standards effective 1 January 2019

New and amended standards and interpretations
- IFRS 16 Leases;
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments;
- Amendments to IFRS 9 Prepayment Features with Negative Compensation;
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement; and
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

Annual improvements 2015-2017 cycle
- IFRS 3 Business Combinations
- IFRS 11 Joint Arrangements
- IAS 12 Income Taxes
- IAS 23 Borrowing Costs

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
In 2017, the Group early adopted IFRS 15 using the modified retrospective method of adoption. Modified retrospective application requires the recognition of the cumulative impact of adoption of IFRS 15 on all open contracts as at 1 January 2017 in equity. The details of adjustments to opening retained earnings and other account balances as at 1 January 2017 are presented below:

Consolidated statement of financial position

<table>
<thead>
<tr>
<th></th>
<th>31 December 2016 AED’000</th>
<th>Adjustments AED’000</th>
<th>1 January 2017 AED’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest in a joint venture</td>
<td>453,834</td>
<td>121,138</td>
<td>574,972</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>312,672</td>
<td>121,138</td>
<td>433,810</td>
</tr>
</tbody>
</table>
Emirates Strategic Investments Company – Sole Proprietorship L.L.C

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue recognition continued
The below table represents impact on revenue and net profit for the year, had the earlier policy for revenue recognition been continued during the year ended 31 December 2017:

<table>
<thead>
<tr>
<th></th>
<th>As per IFRS 15 AED’000</th>
<th>As per the old policy AED’000</th>
<th>Impact due to the change AED’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated statement of comprehensive income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year ended 31 December 2017:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of result from interest in a joint venture</td>
<td>163,660</td>
<td>-</td>
<td>163,660</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>221,639</td>
<td>57,979</td>
<td>163,660</td>
</tr>
</tbody>
</table>

There is no material impact on the consolidated statement of cash flows.

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

Step 1 Identify 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.

Step 2 Identify 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.

Step 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.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates 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.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The Group’s performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.

b) The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

c) The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Sale of land
Revenue from sale of land is recognised at the point in time when control of the asset is transferred to the customer, generally on the signing of binding sales purchase agreements subject to release of mortgage, charges or encumbrances, if any.

Dividend income
Dividend income is recognised in the consolidated statement of profit or loss on the date on which the Group’s right to receive payment is established.
2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Leases – Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Business combinations
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognized less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Business combinations continued

Acquisition of interest in entities under common control
Acquisition of interest in entities that are under common control of the Ultimate Beneficial Owner which lack commercial substance and are based on a decision by the Ultimate Beneficial Owner are accounted for in accordance with the pooling of interest method of accounting using predecessor values method. The consolidated financial statements of the combined entities are presented as if the business had been combined from the date when the combining entities were first brought under common control. The assets and liabilities are accounted for at carrying amounts previously recorded in the books of the transferor. The components of equity of the acquired entities are added to the same components within the Group's equity. Any transaction cost paid for acquisition is recognised directly in equity.

Acquisition of interest in entities that are under common control of the Ultimate Beneficial Owner which have commercial substance are accounted for using the acquisition method.

Cash and cash equivalents
Cash and cash equivalents comprise of cash in hand, bank balances and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of bank overdrafts.

Interest in joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over a subsidiary.

The Group's investments in its joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Interest in joint ventures continued
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognises the loss in the consolidated statement of profit or loss.

Upon loss of the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

Deferred income
Deferred rental income
Deferred rental income represents advance rentals received for commercial and residential apartments rented out by the Group during the year and are recognised on a time apportionment basis.

Investment properties
Investment properties are measured initially at cost, less accumulated depreciation and any impairment in value. Land is not depreciated.

Depreciation is provided on a straight line basis over the estimated useful life of the investment properties.

The estimated useful life of investment properties is as follows:

<table>
<thead>
<tr>
<th>Buildings</th>
<th>25 years</th>
</tr>
</thead>
</table>

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

The carrying value of investment properties are reviewed for impairment, when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the investment property. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the investment property's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the investment property does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the investment property in prior years. Such reversal is recognized in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Development work in progress
Development work in progress consists of property being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including direct staff cost. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Properties under construction are initially stated at cost and upon completion are transferred to the appropriate category of property and equipment, as applicable and thereafter depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, equipment and computers</td>
<td>5 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>4-5 years</td>
</tr>
<tr>
<td>Building</td>
<td>25 years</td>
</tr>
<tr>
<td>Decoration and renovation</td>
<td>5 years</td>
</tr>
</tbody>
</table>

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of profit or loss as the expense is incurred.

Value Added Tax ("VAT")
Expenses and assets are recognised net of the amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Impairment of non-financial assets
The carrying amounts of the Group’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (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 AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

International Accounting Standard Board (IASB) published its final version of IFRS 9 Financial Instruments in July 2014 which replaces IAS 39 Financial instruments: Recognition and Measurement. The Group has adopted IFRS 9 Financial Instruments and the related consequential amendments to the other IFRSs with modified retrospective approach of transition with effect from 1 January 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairment for financial assets and general hedge accounting. Details of these new requirements as well as their impact on the Group’s consolidated financial statements are described below:

The Group has applied the requirements of IFRS 9 to financial instruments that have not been derecognised as at the initial application date i.e. 1 January 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Management reviewed and assessed the Group’s existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that equity investments, previously classified as available for sale investments, shall be measured and classified at fair value through OCI under IFRS 9.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Group’s financial assets and liabilities as at 1 January 2018.

<table>
<thead>
<tr>
<th>Original measurement category as per IAS 39</th>
<th>New measurement category under IFRS 9</th>
<th>Original carrying amount under IAS 39 AED ’000</th>
<th>Re-measurements AED ’000</th>
<th>New carrying amount under IFRS 9 AED ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank balances and cash Amortised cost</td>
<td>Amortised cost</td>
<td>26,637</td>
<td>(409)</td>
<td>26,228</td>
</tr>
<tr>
<td>Trade receivables Amortised cost</td>
<td>Amortised cost</td>
<td>4,808</td>
<td></td>
<td>4,808</td>
</tr>
<tr>
<td>Due from related parties, retention and other receivables Amortised cost</td>
<td>Amortised cost</td>
<td>24,190</td>
<td></td>
<td>24,190</td>
</tr>
<tr>
<td>Investments Available for sale FVTOCI</td>
<td>Amortised cost</td>
<td>79</td>
<td></td>
<td>79</td>
</tr>
<tr>
<td>Trade and sub-contractor payables Amortised cost</td>
<td>Amortised cost</td>
<td>(4,985)</td>
<td></td>
<td>(4,985)</td>
</tr>
<tr>
<td>Retention payables Amortised cost</td>
<td>Amortised cost</td>
<td>(173)</td>
<td></td>
<td>(173)</td>
</tr>
<tr>
<td>Due to related parties Amortised cost</td>
<td>Amortised cost</td>
<td>(281,159)</td>
<td></td>
<td>(281,159)</td>
</tr>
<tr>
<td>Interest payable Amortised cost</td>
<td>Amortised cost</td>
<td>(137)</td>
<td></td>
<td>(137)</td>
</tr>
<tr>
<td>Term loan Amortised cost</td>
<td>Amortised cost</td>
<td>(70,531)</td>
<td></td>
<td>(70,531)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>(301,271)</td>
<td>(409)</td>
<td>(301,680)</td>
</tr>
</tbody>
</table>

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition as financial assets at fair value through profit or loss, fair value through OCI or amortised cost. All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.
2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

i) Financial assets continued

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI ("FVTOCI")
- Amortised cost

Except for equity investments, the Group’s financial assets are classified as amortised cost.

Financial assets designated at fair value through OCI (equity investment)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group classified its equity investments as investments carried at fair value through OCI. These equity investments previously classified as available for sale investments as per IAS 39.

Financial assets at amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment of financial assets
The adoption of IFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all financial instruments not held at fair value through profit or loss.

The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on all classes of financial assets, other than those that are measured as fair value through profit or loss and equity instruments classified and measured as FVOCI. The financial assets subject to impairment requirements of IFRS 9 include: i) bank balances, ii) debt investments subsequently measured at amortised cost or at FVOCI, iii) lease receivables, iv) contract assets and v) loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Impairment of financial assets continued

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 month ECL. IFRS 9 provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, and contract assets in certain circumstances.

On the date of initial application, management reviewed and assessed the Group’s existing financial assets for impairment in accordance with IFRS 9 and recorded an impact of AED 409 thousand in the retained earnings in consolidated statement of financial position as of 1 January 2018 with respect to the allowance for expected credit loss relating to its trade receivables. Set out below is the reconciliation of the closing impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

<table>
<thead>
<tr>
<th>Allowance for impairment under</th>
<th>IFRS 9</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IAS 39 as at 31 December 2017</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>AED '000</td>
</tr>
<tr>
<td></td>
<td>7,599</td>
</tr>
</tbody>
</table>

Measurement of ECL

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighing of multiple future economic scenarios, discounted at the asset’s original effective interest rate (“EIR”).

ECLs are recognised in two stages:

Stage 1
For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

Stage 2 and Stage 3
For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at fair value through profit and loss i.e. trade receivables.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Impairment of financial assets continued

Simplified approach
The Group applies a simplified approach for calculating ECLs on its trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has developed a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The key inputs into the measurement of ECLs are the term structures of the following variables:

- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD);
- Definition of default; and
- Expected life.

These parameters are derived from the Group’s internally developed statistical models and other historical data and are explained in detail in note 2.4.

i) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and subcontractor payables, retention payable, due to related parties, other payables and term loan.

Subsequent measurement
The measurement of financial liabilities depends on their classification. The category of financial liabilities most relevant to the Group is loans and borrowings.

Loans and borrowings
After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs (under net finance costs) in the consolidated statement of profit or loss.

Derecognition
A financial liability is derecognised 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) Equity instruments

An equity instrument (share capital and shareholders’ account) is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Write-off
Financial assets

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Group’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the consolidated statement of profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Policies under IAS 39, Financial Instruments: Recognition and Measurement (Years ended 31 December 2017 and 2016)

Financial instruments

(a) Non-derivative financial assets
Non-derivative financial assets comprise trade and other receivables, due from related parties and bank balances and cash.

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into loans and receivables and available-for-sale financial assets.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Loans and receivables comprise cash and cash equivalents and receivables.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value based on quoted market prices at the reporting date, where available, and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale debt instruments, are recognized directly in equity. In the absence of quoted market prices, such assets are measured at cost, less impairment. When an investment is derecognized, the gain or loss accumulated in the equity is reclassified to profit or loss.

(b) Non-derivative financial liabilities
Non-derivative financial liabilities comprise other payables and due to related parties.

All financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.
Policies under IAS 39, Financial Instruments: Recognition and Measurement (Years ended 31 December 2017 and 2016) continued

Impairment of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of profit or loss.

Impairment determined as follows:
(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of profit or loss;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;

For available for sale equity investments, reversal of impairment losses are recorded as increases in cumulative changes in fair value through equity.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Employees’ end of service benefits
The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees’ final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Fair value measurement
The Group measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Significant accounting judgements

In the process of applying the Group’s accounting policies, management has made the following significant judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of investments as joint ventures

The Group has determined that it has joint control over the following investees:

<table>
<thead>
<tr>
<th>Name of investees</th>
<th>At 31 March</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marina Capitol LLC</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Business Bay Capitol LLC</td>
<td>70%</td>
<td>70%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Joint control is assessed on the basis that decisions about relevant activities are taken jointly with other venturers. Although the Group owns more than 50% of the ownership interest in the above entities, management has concluded that the Group does not have control since significant decisions relating to the relevant activities of the investees require the unanimous approval of all shareholders.

The above investees are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the companies themselves. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, as described in note 9 to the consolidated financial statements, the above investees have been classified as joint ventures of the Group.

Initial recognition of investment in shares

The Group’s policy is to recognise investments in financial instruments on their trade date. The Group has applied significant judgement with respect to the trade date of shares purchased from a related party, being the date of the ‘Sale Purchase Agreement’ signed with the related party on 15 January 2019. The legal formalities for the transfer of shares, deemed not to be substantive, at the Stock Exchange were completed on 28 March 2019.

Classification of long-term receivables from joint ventures

The Group applies significant judgement with respect to the classification of long-term receivables from its joint ventures as equity contributions. In determining the classification, the Group has considered the terms of repayment under the respective joint venture agreements under which the receivables are subordinate to other characters in the order of repayment, subject to the completion of certain project milestones and the unanimous approval of the shareholders of the joint venture.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

(b) Significant estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment losses and non-collectability of receivables
The adoption of IFRS 9 requires management to make significant estimates for the calculation of expected credit losses (ECL). The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology
Key concepts in IFRS 9 that have the most significant impact and require a high level of judgement, as considered by the Group while determining the impact assessment, are:

Probability of Default (PD)
The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial asset has not been previously derecognised.

Loss Given Default (LGD)
The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cashflows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default (EAD)
The Exposure at Default is an estimate of the exposure at a future date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Definition of default
The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes.

The Group considers a receivable in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Expected life
When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES continued

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

Useful lives of property and equipment and investment properties
Management determines the estimated useful lives of its property and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment of properties
The Group carries both its investment properties and owner-occupied properties under the cost model. The carrying values of properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. This requires an estimation of the recoverable amount of properties. The recoverable amount is the higher of it’s a) fair value less costs to sell; and b) value in use.

The recoverable amount of properties, determined as the fair value less costs to sell, is determined by an independent professional valuer. The valuation techniques adopted comprise the Income Valuation Method and the Sales Comparison Method. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors “RICS” Valuation Standards.

The determination of the recoverable amount of properties requires the use of estimates such as future cash flows from assets (such as lettings, tenants’ profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the consolidated statement of financial position date. In arriving at their estimates of market values as at 31 December 2018, the valuers have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparables.

2.5 FUTURE CHANGES IN ACCOUNTING POLICIES - STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s consolidated financial statements are disclosed below:

- IFRS 17 Insurance Contracts;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; and
- IFRIC Interpretation 23 Uncertainty over Income tax treatments.

Annual improvements
- IFRS 3 Business Combination – Business combination achieved in stages
- IFRS 11 Joint Arrangements – Remeasurement of previously held interest
- IAS 12 Income Taxes – Income tax consequences of dividend
- IAS 23 Borrowing Cost – Treatment of Borrowing made to develop qualifying asset as general borrowing

Management intends to adopt these standards and amendments, if applicable, when they become effective. Based on its assessment, management believes that application of these standards and amendments will not have a significant impact on the consolidated financial statements.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3  BUSINESS COMBINATION

On 28 March 2019, the Company became the holding company of East and West International Group – Sole Proprietorship L.L.C (“EWIG”). This transaction falls outside the scope of IFRS 3 - Business Combinations as EWIG and the Company are under common control of the Ultimate Beneficial Owner. Accordingly, the pooling of interests method is applied and the consolidated financial statements of the Group are presented as a continuation of the existing group showing combined entities’ results and financial positions as if they had always been combined. The following accounting treatment was applied:

a)  the assets and liabilities of EWIG were recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value, adjusted for the impact of:
- recognition of development work in progress and amount due to a related party amounting to AED 135,850 thousand in the year ended 31 December 2016 and derecognition of the same amount in the year ended 31 December 2017; and
- recognition of share of loss of a joint venture amounting to AED 4,469 thousand in the year ended 31 December 2016; and

b)  the difference between the share capital of the subsidiary and the shares issued in exchange of the shares of that subsidiary amounting to AED 150,000 has been recorded under “Group restructuring reserve” in equity.

\[
\text{AED'000} \\
\begin{array}{l}
\text{Share capital of the subsidiary} & 200 \\
\text{Shares issued in exchange of the shares of the subsidiary} & (150) \\
\text{Difference recognised under “Group restructuring reserve” in equity} & 50 \\
\end{array}
\]

4  REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1  Type of revenue

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000</td>
<td>2018 AED '000</td>
</tr>
<tr>
<td></td>
<td>(Unaudited)</td>
<td></td>
</tr>
<tr>
<td>Sale of land</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2  Timing of revenue recognition

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000</td>
<td>2018 AED '000</td>
</tr>
<tr>
<td></td>
<td>(Unaudited)</td>
<td></td>
</tr>
<tr>
<td>Goods transferred at a point in time</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3  Geographical markets

All revenue is generated from the United Arab Emirates.
5 EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000</td>
<td>2018 AED '000 (Unaudited)</td>
</tr>
<tr>
<td>Property management costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and electricity</td>
<td>1,630</td>
<td>925</td>
</tr>
<tr>
<td>Maintenance</td>
<td>2,631</td>
<td>1,178</td>
</tr>
<tr>
<td>Security charges</td>
<td>537</td>
<td>357</td>
</tr>
<tr>
<td>Others</td>
<td>1,076</td>
<td>594</td>
</tr>
<tr>
<td></td>
<td>5,874</td>
<td>3,054</td>
</tr>
<tr>
<td>General and administrative expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff costs</td>
<td>2,975</td>
<td>1,692</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>129</td>
<td>115</td>
</tr>
<tr>
<td>Allowance for credit losses / provision for doubtful debts (note 7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>112</td>
<td>384</td>
</tr>
<tr>
<td></td>
<td>457</td>
<td>351</td>
</tr>
<tr>
<td></td>
<td>2,773</td>
<td>2,542</td>
</tr>
<tr>
<td>Finance costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest charges on term loans</td>
<td>673</td>
<td>1,043</td>
</tr>
<tr>
<td>Interest charges on margin trading account (note 13)</td>
<td>248</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Less: interest expense charged to a related party (note 14)</td>
<td>-296</td>
<td>-683</td>
</tr>
<tr>
<td></td>
<td>637</td>
<td>368</td>
</tr>
<tr>
<td>Depreciation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- on investment properties (note 11)</td>
<td>11,410</td>
<td>4,472</td>
</tr>
<tr>
<td>- on property and equipment (note 12)</td>
<td>309</td>
<td>237</td>
</tr>
<tr>
<td></td>
<td>11,719</td>
<td>4,709</td>
</tr>
</tbody>
</table>

6 BANK BALANCES AND CASH

Cash and cash equivalents in the consolidated statement of cash flows consist of the following consolidated statement of financial position amounts:

<table>
<thead>
<tr>
<th></th>
<th>At 31 March</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000</td>
<td>2018 AED '000 (Unaudited)</td>
</tr>
<tr>
<td>Cash in hand</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Bank balances - current accounts</td>
<td>12,336</td>
<td>28,650</td>
</tr>
<tr>
<td></td>
<td>12,351</td>
<td>28,653</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>12,351</td>
<td>28,653</td>
</tr>
</tbody>
</table>
6  BANK BALANCES AND CASH continued

The following significant non-cash items have been excluded from the consolidated statement of cash flows:

<table>
<thead>
<tr>
<th>Notes</th>
<th>2019 AED '000</th>
<th>2018 AED '000</th>
<th>2018 AED '000 (Unaudited)</th>
<th>2017 AED '000</th>
<th>2016 AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of property and</td>
<td>12</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>equipment from related party</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution of investment property from</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>30,681</td>
<td>-</td>
</tr>
<tr>
<td>a joint venture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of investment properties from a related party</td>
<td>11</td>
<td>1,437,620</td>
<td>-</td>
<td>-</td>
<td>27,300</td>
</tr>
<tr>
<td>Transfer of investment property under construction from a related party under common control</td>
<td>11</td>
<td>33,192</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of land and buildings to a related party</td>
<td>11</td>
<td>-</td>
<td>-</td>
<td>30,040</td>
<td>-</td>
</tr>
<tr>
<td>Land transferred from a related party</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>753,000</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of quoted equities from related parties</td>
<td>18</td>
<td>750,656</td>
<td>1,312,000</td>
<td>1,389,676</td>
<td>-</td>
</tr>
<tr>
<td>Changes in fair value of investments carried at FVTOCI</td>
<td>161,490</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfer of investment from a related party under common directorship</td>
<td>18</td>
<td>-</td>
<td>-</td>
<td>571,200</td>
<td>-</td>
</tr>
</tbody>
</table>

7  ACCOUNTS RECEIVABLE AND PREPAYMENTS

<table>
<thead>
<tr>
<th></th>
<th>At 31 March 2019</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
<th>At 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>Trade receivables, net</td>
<td>6,835</td>
<td>10,840</td>
<td>4,808</td>
<td>4,667</td>
</tr>
<tr>
<td>Due from related parties (note 18)</td>
<td>79,656</td>
<td>80,008</td>
<td>23,386</td>
<td>6,828</td>
</tr>
<tr>
<td>Prepayments</td>
<td>228</td>
<td>452</td>
<td>413</td>
<td>670</td>
</tr>
<tr>
<td>Retention receivable</td>
<td>51</td>
<td>51</td>
<td>490</td>
<td>590</td>
</tr>
<tr>
<td>Other receivables</td>
<td>2,892</td>
<td>1,419</td>
<td>314</td>
<td>131</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89,662</strong></td>
<td><strong>92,770</strong></td>
<td><strong>29,411</strong></td>
<td><strong>12,886</strong></td>
</tr>
</tbody>
</table>

The Group recognises lifetime expected credit loss (ECL) for trade receivables using the simplified approach.

At 31 March 2019, trade receivables of AED 8,517 thousand, (31 December 2018: AED 8,405 thousand, 31 December 2017: AED 7,599 thousand and 31 December 2016: AED 7,657 thousand) were impaired and provided for. Movements in the allowance for expected credit losses (2017 and 2016: allowance for doubtful debts) were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March 2019</th>
<th>Year ended 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>At the beginning of the period/ year</td>
<td>8,405</td>
<td>7,599</td>
</tr>
<tr>
<td>Impact of adoption of IFRS 9 (note 2.3)</td>
<td>-</td>
<td>409</td>
</tr>
<tr>
<td>Allowance for expected credit losses/ provision for doubtful debts (note 5)</td>
<td>112</td>
<td>397</td>
</tr>
<tr>
<td>Written off during the period/ year</td>
<td>-</td>
<td>(497)</td>
</tr>
<tr>
<td>At the end of the period/ year</td>
<td><strong>8,517</strong></td>
<td><strong>8,405</strong></td>
</tr>
</tbody>
</table>
7 ACCOUNTS RECEIVABLE AND PREPAYMENTS continued

Below is the information about the credit risk exposure on the Group’s trade receivables:

<table>
<thead>
<tr>
<th></th>
<th>Total (\text{AED '000})</th>
<th>Current (\text{AED '000})</th>
<th>30-60 days (\text{AED '000})</th>
<th>61-90 days (\text{AED '000})</th>
<th>91-120 days (\text{AED '000})</th>
<th>More than 180 days (\text{AED '000})</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At 31 March 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected credit loss rate</td>
<td>3.72%</td>
<td>4.92%</td>
<td>8.70%</td>
<td>18.10%</td>
<td>93.41%</td>
<td></td>
</tr>
<tr>
<td>Estimated total gross carrying amount at default</td>
<td>15,352</td>
<td>2,672</td>
<td>1,603</td>
<td>1,395</td>
<td>1,096</td>
<td>8,586</td>
</tr>
<tr>
<td>Expected credit loss</td>
<td>8,517</td>
<td>99</td>
<td>79</td>
<td>121</td>
<td>198</td>
<td>8,020</td>
</tr>
<tr>
<td><strong>At 31 December 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected credit loss rate</td>
<td>3.44%</td>
<td>4.57%</td>
<td>8.45%</td>
<td>18.16%</td>
<td>95.61%</td>
<td></td>
</tr>
<tr>
<td>Estimated total gross carrying amount at default</td>
<td>19,245</td>
<td>3,578</td>
<td>6,298</td>
<td>1,084</td>
<td>25</td>
<td>8,260</td>
</tr>
<tr>
<td>Expected credit loss</td>
<td>8,405</td>
<td>123</td>
<td>288</td>
<td>92</td>
<td>5</td>
<td>7,897</td>
</tr>
</tbody>
</table>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

As at 31 December 2017 and 2016, the ageing of unimpaired trade receivables was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Neither past due nor impaired (\text{AED '000})</th>
<th>&lt; 30 days (\text{AED '000})</th>
<th>31 - 60 days (\text{AED '000})</th>
<th>&gt; 60 days (\text{AED '000})</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td>4,808</td>
<td>1,904</td>
<td>1,410</td>
<td>1,494</td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td>4,667</td>
<td>1,633</td>
<td>571</td>
<td>2,463</td>
</tr>
</tbody>
</table>

8 INVESTMENTS

<table>
<thead>
<tr>
<th>Investments carried at fair value through other comprehensive income</th>
<th>(\text{AED '000})</th>
<th>At 31 March 2019</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quoted equities – United Arab Emirates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Abu Dhabi Bank</td>
<td>2,712,456</td>
<td>1,804,800</td>
<td></td>
</tr>
<tr>
<td>Aldar Properties</td>
<td>30,832</td>
<td>26,995</td>
<td></td>
</tr>
<tr>
<td>Abu Dhabi National Takaful Company</td>
<td>14,794</td>
<td>20,029</td>
<td></td>
</tr>
<tr>
<td>Emaar Development</td>
<td>27,300</td>
<td>30,870</td>
<td></td>
</tr>
<tr>
<td>Air Arabia</td>
<td>28,531</td>
<td>19,663</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,813,113</strong></td>
<td><strong>1,902,357</strong></td>
<td><strong>79</strong></td>
</tr>
</tbody>
</table>

Available for sale investments

<table>
<thead>
<tr>
<th>Unquoted equities – United Arab Emirates</th>
<th>(\text{AED '000})</th>
<th>At 31 March 2019</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

During the three month period ended 31 March 2019, the Group has purchased 50.45 million shares of First Abu Dhabi Bank for a consideration of AED 14.66 per share from a related party under common control to be settled by the shareholder on behalf of the Group (note 18).
8 INVESTMENTS continued

During the three month period ended 31 March 2019, the Company has received dividends amounting to AED 132,054 thousand (three month period ended 31 March 2018 - unaudited: Nil) from First Abu Dhabi Bank.

In 2018, the Group has purchased quoted equities from certain related parties under common ownership/directorship (note 18) at fair value on acquisition date including the purchase of 128 million shares of First Abu Dhabi Bank for a consideration of AED 10.25 per share to be settled by the shareholder on behalf of the Group (note 18).

At 31 December 2018, the Group revoked assignment of beneficial interest of certain investments amounting to AED 97,408 thousand previously assigned by the Group to a related party under common control. Consequently, these investments have been recognised by the Group in the consolidated financial statements at 31 December 2018.

At 31 March 2019, investments amounting to AED 90,174 thousand (31 December 2018: AED 97,408 thousand) were held as security against term loans from a local commercial bank and credit facilities availed from a broker (note 14).

9 INTEREST IN JOINT VENTURES

<table>
<thead>
<tr>
<th>At 31 March</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>Marina Capitol LLC</td>
<td>794,289</td>
</tr>
<tr>
<td>Business Bay Capitol LLC</td>
<td>652,724</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,447,013</strong></td>
</tr>
</tbody>
</table>

The movement in interest in joint ventures during the period/year is as follows:

<table>
<thead>
<tr>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>At the beginning of the period/year</td>
<td>1,453,546</td>
</tr>
<tr>
<td>Impact of early adoption of IFRS 15</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of investment from a related party under common directorship (note 18)</td>
<td>-</td>
</tr>
<tr>
<td>Cash contribution</td>
<td>-</td>
</tr>
<tr>
<td>Share of results for the period/year</td>
<td>18,467</td>
</tr>
<tr>
<td>Distribution received (i)</td>
<td>(25,000)</td>
</tr>
<tr>
<td>Reversal of provision for impairment</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables adjusted during the period/year</td>
<td>-</td>
</tr>
<tr>
<td>At the end of the period/year</td>
<td><strong>1,447,013</strong></td>
</tr>
</tbody>
</table>

(i) In 2018, the Group received dividend from MCL in the form of units in the residences at Marina Gate 1, Dubai Marina amounting to AED 30,681 thousand.

Marina Capitol LLC

During 2013, the Group along with a joint venture partner, The Cosmopolitan Limited, established a joint venture, Marina Capitol LLC ("MCL" or "JV 1"), for the construction of hotel, residential and office towers in Dubai Marina. The legal formalities regarding construction of towers were finalised in 2014 and the construction activity had commenced in 2015.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 INTEREST IN JOINT VENTURES continued

Marina Capitol LLC continued
The Group, as per the joint venture agreement, contributed 80% of the share capital amounting to AED 29 thousand and transferred three plots of land to MCL for a consideration of AED 623,350 thousand receivable from MCL which has been recognised as net investment in the joint venture by the Group in accordance with the terms of the joint venture agreement.

<table>
<thead>
<tr>
<th>At 31 March</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AED '000</strong></td>
<td></td>
</tr>
<tr>
<td>Net investment in the joint venture</td>
<td>810,851</td>
</tr>
<tr>
<td>Less: provision for impairment</td>
<td>(16,562)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>794,289</td>
</tr>
</tbody>
</table>

The movement of interest in MCL is as follows:

<table>
<thead>
<tr>
<th>Three month period ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March</td>
</tr>
<tr>
<td><strong>AED '000</strong></td>
<td>2019</td>
</tr>
<tr>
<td>At the beginning of the period/year</td>
<td>776,254</td>
</tr>
<tr>
<td>Share of results for the period/year</td>
<td>18,035</td>
</tr>
<tr>
<td>Distribution received (i)</td>
<td>-</td>
</tr>
<tr>
<td>Reversal of provision for impairment (ii)</td>
<td>-</td>
</tr>
<tr>
<td>Other receivables adjusted during the period/year</td>
<td>-</td>
</tr>
<tr>
<td>Impact of adoption of IFRS 15</td>
<td>-</td>
</tr>
<tr>
<td>At the end of the period/year</td>
<td>794,289</td>
</tr>
</tbody>
</table>

(i) This included dividend received from MCL in the form of units in the residences at Marina Gate 1, Dubai Marina amounting to AED 30,681 thousand.

(ii) In 2018, management reassessed the provision for impairment against its interest in MCL and recorded a reversal of provision amounting to AED 51,438 thousand as it recovered an amount of AED 188,681 thousand against its receivable upon land transferred to MCL in previous years.

<table>
<thead>
<tr>
<th>Three month period ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March</td>
</tr>
<tr>
<td><strong>AED '000</strong></td>
<td>2019</td>
</tr>
<tr>
<td>Revenue</td>
<td>94,102</td>
</tr>
<tr>
<td>Other income</td>
<td>1,762</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(58,584)</td>
</tr>
<tr>
<td>Selling, administrative and other expenses</td>
<td>(7,321)</td>
</tr>
<tr>
<td>Profit</td>
<td>30,059</td>
</tr>
<tr>
<td>Group’s share of profit</td>
<td>18,035</td>
</tr>
</tbody>
</table>

Statement of comprehensive income:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>94,102</td>
<td>130,385</td>
<td>825,875</td>
<td>719,143</td>
</tr>
<tr>
<td>Other income</td>
<td>1,762</td>
<td>2,693</td>
<td>11,400</td>
<td>6,342</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(58,584)</td>
<td>(74,316)</td>
<td>(462,543)</td>
<td>(416,727)</td>
</tr>
<tr>
<td>Selling, administrative and other expenses</td>
<td>(7,321)</td>
<td>(8,399)</td>
<td>(29,857)</td>
<td>(35,991)</td>
</tr>
<tr>
<td>Profit</td>
<td>30,059</td>
<td>50,363</td>
<td>344,875</td>
<td>272,767</td>
</tr>
<tr>
<td>Group’s share of profit</td>
<td>18,035</td>
<td>30,217</td>
<td>206,925</td>
<td>163,660</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9  INTEREST IN JOINT VENTURES continued

Marina Capitol LLC continued
The Group did not record its share of profit of MCL for the year ended 31 December 2016 as MCL’s revenues and profits were driven by the early adoption of IFRS 15 and the Group had not adopted IFRS 15 until 1 January 2017. However, the Group has recorded its share of selling, administrative and other expenses and other income amounting to AED 4,460 thousand during the year ended 31 December 2016.

The cumulative impact of the Group's share of profit of MCL before 1 January 2017 has been reflected in the adjustment to retained earnings as at 1 January 2017 upon adoption of IFRS 15.

<table>
<thead>
<tr>
<th>Statement of financial position:</th>
<th>At 31 March</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018 AED '000</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>73,401</td>
<td>49,174</td>
</tr>
<tr>
<td>Current assets</td>
<td>1,444,140</td>
<td>1,443,611</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(418,307)</td>
<td>(427,608)</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>(334,260)</td>
<td>(330,203)</td>
</tr>
<tr>
<td>Net assets</td>
<td>765,034</td>
<td>734,974</td>
</tr>
</tbody>
</table>

| Group's share of net assets     | 459,019    | 440,984       | 280,338       | (4,460)       |

<table>
<thead>
<tr>
<th>Reconciliation to the carrying amount:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Group's share of net assets</td>
<td>459,019</td>
</tr>
</tbody>
</table>

Add: shareholder liabilities recorded by MCL and other adjustments
- Loan from shareholder              | 437,274 | 434,739       | 623,350       | 623,350       |
- Elimination of the Group's share of gain on contribution of land to MCL | (102,000) | (102,000)     | (102,000)     | (102,000)     |
- Provision for impairment of investment | (16,562) | (16,562)     | (68,000)      | (68,000)      |
- Dividend payable                   | 15,599   | 15,599        | -             | -             |
- Other payables to shareholder      | 3,494    | 3,494         | 4,944         | 4,944         |

Interest in MCL at the end of the period/year | 794,289 | 776,254       | 738,622       | 453,824       |

Business Bay Capitol LLC
Business Bay Capitol Limited ("BBCL" or "JV 2") was incorporated under the laws of British Virgin Islands ("BVI") on 27 June 2017. The BBCL was a joint venture between United International Representation of Companies LLC ("UIRC"), a related party under common directorship (note 18), and The Cosmopolitan Limited, a free zone company with limited liability under the provisions of Jebel Ali Free Zone Companies Regulations. BBCL is engaged in the business of construction of hotel, residential and office towers in Business Bay Dubai.

On 20 December 2018, UIRC transferred its 70% interest in BBCL to the Group at book value to be settled by the shareholder as an equity contribution. The Group further contributed cash amounting to AED 105,000 thousand to BBCL in accordance with the terms of the joint venture agreement.

The acquisition has been accounted for on a provisional basis as allowed in the IFRSs. The carrying amount may be subsequently adjusted within the measurement period of twelve months allowed under IFRSs.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9       INTEREST IN JOINT VENTURES continued

**Business Bay Capitol LLC continued**
The movement of interest in BBCL is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March 2019</td>
<td>31 December 2018</td>
</tr>
<tr>
<td>AED '000</td>
<td>AED '000</td>
<td></td>
</tr>
<tr>
<td>At the beginning of the period/ year</td>
<td>677,292</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of investment from</td>
<td>-</td>
<td>571,200</td>
</tr>
<tr>
<td>a related party under common directorship (note 18)</td>
<td>-</td>
<td>105,000</td>
</tr>
<tr>
<td>Cash contribution</td>
<td>(25,000)</td>
<td>-</td>
</tr>
<tr>
<td>Cash distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of profit</td>
<td>432</td>
<td>1,092</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the end of the period/ year</td>
<td>652,724</td>
<td>677,292</td>
</tr>
</tbody>
</table>

The summarised financial information of BBCL is presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended</th>
<th>Year ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March 2019</td>
<td>31 December 2018</td>
</tr>
<tr>
<td>AED '000</td>
<td>AED '000</td>
<td></td>
</tr>
<tr>
<td><strong>Statement of comprehensive income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>618</td>
<td>1,681</td>
</tr>
<tr>
<td>Administrative and other expenses</td>
<td>(1)</td>
<td>(121)</td>
</tr>
<tr>
<td>Profit</td>
<td>617</td>
<td>1,560</td>
</tr>
<tr>
<td>Group's share of profit</td>
<td>432</td>
<td>1,092</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>At 31 March 2019</strong></td>
<td>1,667</td>
<td>1,248</td>
</tr>
<tr>
<td>AED '000</td>
<td>AED '000</td>
<td></td>
</tr>
<tr>
<td><strong>Statement of financial position:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>900,320</td>
<td>925,566</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(653)</td>
<td>(108,318)</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>(898,000)</td>
<td>(816,000)</td>
</tr>
<tr>
<td>Net assets</td>
<td>1,667</td>
<td>1,248</td>
</tr>
<tr>
<td>Group's share of net assets</td>
<td>1,167</td>
<td>874</td>
</tr>
</tbody>
</table>

**Reconciliation to the carrying amount:**

|                          | 1,167                    | 874        |

Add: shareholder liabilities recorded by BBCL and other adjustments
- Loan from shareholder 651,200 676,200
- Other payables to shareholder 357 218

Interest in BBCL at the end of the period/ year 652,724 677,292
Development work in progress represents development and construction-related costs incurred on properties being constructed by the Group for sale in the ordinary course of business.

The movement in development work in progress during the year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>At the beginning of the period/ year</td>
<td>931,826</td>
<td>987,650</td>
</tr>
<tr>
<td>Land transferred from a related party</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additions during the period/ year</td>
<td>-</td>
<td>83,000</td>
</tr>
<tr>
<td>Cost of land sold</td>
<td>-</td>
<td>(138,824)</td>
</tr>
<tr>
<td>At the end of the period/ year</td>
<td>931,826</td>
<td>931,826</td>
</tr>
</tbody>
</table>

Development work in progress represents the cost incurred in respect of the Ghantoot Development Project on land located in Ghantoot Al Jarf, Abu Dhabi for development of infrastructure over a land area of approximately 1.3 million square meters (the "Project").

In 2017, the land located in Ghantoot Al Jarf, Abu Dhabi amounting to AED 753,000 thousand was transferred to the Group from a related party under common directorship for the purpose of this Project. The purchase consideration was agreed to be settled by the shareholder on behalf of the Group as an equity contribution. The Group recognised the land on the basis of sale and purchase agreement dated 30 June 2017. The legal title to the land was transferred to the Group on 24 April 2019.

Additions to development work in progress represent the cost of design and consultancy work carried out by a related party under common directorship under a project management contract (the "Contract") dated 4 September 2016 in respect of the Project. Additions in 2016 represent advance billing in respect of the Project.

During 2018, the Group sold a plot of land of 73,298 square meter out of the total area of approximately 1.3 million square meters for a consideration of AED 177,381 thousand to a related party under common directorship. Legal formalities relating to the transfer of title to the land to the related party is in progress at the date of approval of these consolidated financial statements.
## INVESTMENT PROPERTIES

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings AED '000</th>
<th>Properties under construction AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 March 2019:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>1,023,109</td>
<td>147,791</td>
<td>1,170,900</td>
</tr>
<tr>
<td>Transfer of properties from related parties (iv)</td>
<td>1,437,620</td>
<td>-</td>
<td>1,437,620</td>
</tr>
<tr>
<td>Transfer of property under construction (v)</td>
<td>-</td>
<td>33,192</td>
<td>33,192</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>9,715</td>
<td>9,715</td>
</tr>
<tr>
<td>Write-off</td>
<td>(2,151)</td>
<td>-</td>
<td>(2,151)</td>
</tr>
<tr>
<td>At 31 March</td>
<td>2,458,578</td>
<td>190,698</td>
<td>2,649,276</td>
</tr>
<tr>
<td>Depreciation and impairment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>316,708</td>
<td>-</td>
<td>316,708</td>
</tr>
<tr>
<td>Depreciation charge for the period</td>
<td>11,410</td>
<td>-</td>
<td>11,410</td>
</tr>
<tr>
<td>Relating to write-off</td>
<td>(1,434)</td>
<td>-</td>
<td>(1,434)</td>
</tr>
<tr>
<td>At 31 March</td>
<td>326,684</td>
<td>-</td>
<td>326,684</td>
</tr>
<tr>
<td>Net carrying amount:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 March 2019</td>
<td>2,131,894</td>
<td>190,698</td>
<td>2,322,592</td>
</tr>
<tr>
<td><strong>31 December 2018:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>1,031,884</td>
<td>155</td>
<td>1,032,039</td>
</tr>
<tr>
<td>Transfer of property units from a joint venture (note 9)</td>
<td>30,681</td>
<td>-</td>
<td>30,681</td>
</tr>
<tr>
<td>Transfer of properties under construction (v)</td>
<td>-</td>
<td>147,791</td>
<td>147,791</td>
</tr>
<tr>
<td>Write off</td>
<td>-</td>
<td>(155)</td>
<td>(155)</td>
</tr>
<tr>
<td>Transfer of land and buildings to a related party (vi)</td>
<td>(39,456)</td>
<td>-</td>
<td>(39,456)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>1,023,109</td>
<td>147,791</td>
<td>1,170,900</td>
</tr>
<tr>
<td>Depreciation and impairment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>296,866</td>
<td>-</td>
<td>296,866</td>
</tr>
<tr>
<td>Depreciation charge for the year</td>
<td>18,535</td>
<td>-</td>
<td>18,535</td>
</tr>
<tr>
<td>Provision for impairment (viii)</td>
<td>10,722</td>
<td>-</td>
<td>10,722</td>
</tr>
<tr>
<td>Relating to transfer of land and buildings</td>
<td>(9,415)</td>
<td>-</td>
<td>(9,415)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>316,708</td>
<td>-</td>
<td>316,708</td>
</tr>
<tr>
<td>Net carrying amount:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>706,401</td>
<td>147,791</td>
<td>854,192</td>
</tr>
<tr>
<td><strong>31 December 2017:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>1,031,288</td>
<td>155</td>
<td>1,031,443</td>
</tr>
<tr>
<td>Additions</td>
<td>596</td>
<td>-</td>
<td>596</td>
</tr>
<tr>
<td>At 31 December</td>
<td>1,031,884</td>
<td>155</td>
<td>1,032,039</td>
</tr>
<tr>
<td>Depreciation and impairment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>275,221</td>
<td>-</td>
<td>275,221</td>
</tr>
<tr>
<td>Depreciation charge for the year</td>
<td>17,868</td>
<td>-</td>
<td>17,868</td>
</tr>
<tr>
<td>Provision for impairment (viii)</td>
<td>3,777</td>
<td>-</td>
<td>3,777</td>
</tr>
<tr>
<td>At 31 December</td>
<td>296,866</td>
<td>-</td>
<td>296,866</td>
</tr>
<tr>
<td>Net carrying amount:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>735,018</td>
<td>155</td>
<td>735,173</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 INVESTMENT PROPERTIES continued

<table>
<thead>
<tr>
<th></th>
<th>Land and buildings AED '000</th>
<th>Properties under construction AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2016: Cost: At 1 January</td>
<td>1,003,379</td>
<td>155</td>
<td>1,003,534</td>
</tr>
<tr>
<td></td>
<td>609</td>
<td>-</td>
<td>609</td>
</tr>
<tr>
<td></td>
<td>27,300</td>
<td>-</td>
<td>27,300</td>
</tr>
<tr>
<td></td>
<td>1,031,288</td>
<td>155</td>
<td>1,031,443</td>
</tr>
<tr>
<td>Depreciation and impairment: At 1 January</td>
<td>271,518</td>
<td>-</td>
<td>271,518</td>
</tr>
<tr>
<td></td>
<td>17,627</td>
<td>-</td>
<td>17,627</td>
</tr>
<tr>
<td></td>
<td>609</td>
<td>-</td>
<td>609</td>
</tr>
<tr>
<td></td>
<td>(14,533)</td>
<td>-</td>
<td>(14,533)</td>
</tr>
<tr>
<td></td>
<td>275,221</td>
<td>-</td>
<td>275,221</td>
</tr>
<tr>
<td>Net carrying amount: At 31 December 2016</td>
<td>756,067</td>
<td>155</td>
<td>756,222</td>
</tr>
</tbody>
</table>

(i) As at 31 March 2019, the legal title to investment properties amounting to AED 648,354 thousand is held in the name of the Ultimate Beneficial Owner who has assigned the related risks and rewards and beneficial interest to the Group.

Subsequent to 31 March 2019, the legal title to properties amounting to AED 634,887 thousand has been transferred in the name of the Group. Legal formalities relating to the transfer of title to properties amounting to AED 13,467 thousand is in progress at the date of approval of these consolidated financial statements.

(ii) At 31 March 2019, the fair value of investment properties determined based on valuation performed by an independent professional valuers amounted to AED 2,706,140 thousand (31 December 2018: AED 1,234,620 thousand, 31 December 2017: AED 1,180,200 thousand and 31 December 2016: AED 1,201,300 thousand).

(iii) At 31 March 2019, an investment property amounting to AED 61,545 thousand (31 December 2018: AED 62,178 thousand, 31 December 2017: AED 65,285 thousand and 31 December 2016: AED 68,401 thousand) was held as security against term loan from a local commercial bank (note 14).

At 31 March 2019, investment properties amounting to AED 539,129 thousand (31 December 2018: AED 224,741 thousand, 31 December 2017: AED 76,950 thousand and 31 December 2016: AED 76,950 thousand) were held as security against term loan obtained by related parties under common control.

(iv) During the three month period ended 31 March 2019, certain properties were transferred to the Group from related parties under common control/ directorship for a consideration of AED 1,437,620 thousand to be settled by the shareholder on behalf of the Group as an equity contribution (31 December 2018: Nil, 31 December 2017: Nil, 31 December 2016: AED 27,300 thousand) (note 18).

Subsequent to 31 March 2019, the legal title to properties amounting to AED 569,031 thousand has been transferred in the name of the Group. Legal formalities relating to the transfer of title to properties amounting to AED 352,229 thousand is in progress at the date of approval of these consolidated financial statements.

During the three month period ended 31 March 2019, a property under development was transferred to the Group from a related party under common control for a consideration of AED 33,192 thousand to be settled by the shareholder on behalf of the Group as an equity contribution. In 2018, two properties under development were transferred to the Group from a related party under common control (note 18) for a consideration of AED 147,791 thousand.
In 2018, the Group transferred Al Barsha land and Arabia office building to a related party under common ownership for a consideration of AED 30,041 thousand. The purchase consideration was agreed to be settled by the shareholder on behalf of the related party.

In 2018, the Group sold Al Reef land carried at nominal value of AED 1 to a related party under common directorship for a consideration of AED 66,352 thousand.

During the three month period ended 31 March 2019, the Group entered into SPAs for the purchase of properties amounting to AED 62,000 thousand from a related party under common directorship. The Group has not recognised the properties in the consolidated financial statements as the ownership has not been transferred in the name of the Group at the date of approval of these consolidated financial statements.

Movements in the provision for impairment were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the beginning of the period/ year</td>
<td>15,260</td>
<td>4,538</td>
</tr>
<tr>
<td>Reversal during the year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At the end of the period/ year</td>
<td>15,260</td>
<td>15,260</td>
</tr>
</tbody>
</table>

Management recorded provision for impairment relating to the following investment properties based on management’s best estimate of the recoverable amount of the property using market information and valuation conducted by an external valuer:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hills Abu Dhabi</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Maqta Building</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Al Safiya Building</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Management recorded provision for impairment relating to the following investment properties based on management’s best estimate of the recoverable amount of the property using market information and valuation conducted by an external valuer:
11 INVESTMENT PROPERTIES continued

(viii) Movements in the provision for impairment were as follows: continued

As at 31 March / December, provision for impairment of investment properties relates to the following properties:

<table>
<thead>
<tr>
<th></th>
<th>At 31 March</th>
<th></th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000</td>
<td>2018 AED '000</td>
<td>2017 AED '000</td>
</tr>
<tr>
<td>Hills Abu Dhabi</td>
<td>3,662</td>
<td>3,662</td>
<td>3,662</td>
</tr>
<tr>
<td>Murooz Complex</td>
<td>152</td>
<td>152</td>
<td>152</td>
</tr>
<tr>
<td>Maqta Building</td>
<td>1,324</td>
<td>1,324</td>
<td>-</td>
</tr>
<tr>
<td>Al Safiya Building</td>
<td>10,122</td>
<td>10,122</td>
<td>724</td>
</tr>
<tr>
<td></td>
<td><strong>15,260</strong></td>
<td><strong>15,260</strong></td>
<td><strong>4,538</strong></td>
</tr>
</tbody>
</table>

(ix) Gross profit arising from investment properties is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 AED '000 (Unaudited)</td>
<td>2018 AED '000</td>
</tr>
<tr>
<td>Rental income generated from investment properties</td>
<td>33,960</td>
<td>23,735</td>
</tr>
<tr>
<td>Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income</td>
<td>(5,874)</td>
<td>(3,054)</td>
</tr>
<tr>
<td>Gross profit arising from investment properties, excluding provision for / reversal of impairment</td>
<td><strong>28,086</strong></td>
<td><strong>20,681</strong></td>
</tr>
</tbody>
</table>

(x) The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements other than the properties disclosed in note 11(iii). Fair value disclosures for investment properties are presented in note 21.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PROPERTY AND EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>Decoration and renovation AED '000</th>
<th>Furniture, equipment and computers AED '000</th>
<th>Motor vehicles AED '000</th>
<th>Buildings AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
</table>

**31 March 2019**

**Cost:**
- At 1 January: 3,851, 6,409, 636, 3,587, 14,483
- Additions: -159
- At 31 March: 3,851, 6,568, 636, 3,587, 14,642

**Depreciation:**
- At 1 January: 3,402, 4,059, 404, 179, 8,044
- Charge for the period: 73, 170, 28, 38, 309
- At 31 March: 3,475, 4,229, 432, 217, 8,353

**Net carrying amount:**
- At 31 March 2019: 376, 2,339, 204, 3,370, 6,289

**31 December 2018**

**Cost:**
- At 1 January: 3,851, 4,609, 936, 3,587, 12,983
- Additions: 1,807, 90, -1,897
- Disposal: -7, (390), -397
- At 31 December: 3,851, 6,409, 636, 3,587, 14,483

**Depreciation:**
- At 1 January: 3,063, 3,526, 693, 36, 7,318
- Charge for the year: 339, 533, 101, 143, 1,116
- Relating to disposal: -7, (390), -390
- At 31 December: 3,402, 4,059, 404, 179, 8,044

**Net carrying amount:**
- At 31 December 2018: 449, 2,350, 232, 3,408, 6,439

**31 December 2017**

**Cost:**
- At 1 January: 3,851, 3,995, 995, -8,841
- Additions: 614, 60, -674
- Transfer from a related party (i): -119, -3,587, 3,587
- Disposal: -119, -119
- At 31 December: 3,851, 4,609, 936, 3,587, 12,983

**Depreciation:**
- At 1 January: 2,692, 3,186, 724, -6,602
- Charge for the year: 371, 340, 88, 36, 835
- Relating to disposal: -119, -119
- At 31 December: 3,063, 3,526, 693, 36, 7,318

**Net carrying amount:**
- At 31 December 2017: 788, 1,083, 243, 3,551, 5,665

---

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12 PROPERTY AND EQUIPMENT continued

<table>
<thead>
<tr>
<th></th>
<th>Decoration and renovation AED '000</th>
<th>Furniture, equipment and computers AED '000</th>
<th>Motor vehicles AED '000</th>
<th>Buildings AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>31 December 2016</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January</td>
<td>3,817</td>
<td>3,758</td>
<td>1,174</td>
<td>-</td>
<td>8,749</td>
</tr>
<tr>
<td>Additions</td>
<td>58</td>
<td>237</td>
<td>206</td>
<td>-</td>
<td>511</td>
</tr>
<tr>
<td>Disposal</td>
<td>(34)</td>
<td>(385)</td>
<td>(385)</td>
<td>(385)</td>
<td>(419)</td>
</tr>
<tr>
<td><strong>At 31 December</strong></td>
<td>3,851</td>
<td>3,995</td>
<td>998</td>
<td>-</td>
<td>8,841</td>
</tr>
</tbody>
</table>

Depreciation:

|                           |                                    |                                             |                         |                   |                 |
| At 1 January              | 2,314                              | 2,851                                       | 988                     | -                 | 6,153           |
| Charge for the year       | 378                                | 335                                         | 121                     | -                 | 834             |
| Relating to disposal      |                                    |                                             | (385)                   |                   | (385)           |
| **At 31 December**        | 2,692                              | 3,186                                       | 724                     | -                 | 6,602           |

Net carrying amount:

|                           |                                    |                                             |                         |                   |                 |
| At 31 December 2016       | 1,159                              | 809                                         | 271                     | -                 | 2,239           |

(i) In 2017, three office units in Westbury Tower located in Business Bay, Dubai were transferred to the Group from a related party under common directorship for a consideration of AED 3,587 thousand which will be used for office purposes.

13 ACCOUNTS PAYABLE AND ACCRUALS

<table>
<thead>
<tr>
<th></th>
<th>31 March</th>
<th></th>
<th>31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>Trade and sub-contractor payables</td>
<td>4,510</td>
<td>2,202</td>
<td>4,985</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>173</td>
<td>173</td>
<td>173</td>
</tr>
<tr>
<td>Due to related parties (note 18)</td>
<td>315,438</td>
<td>306,539</td>
<td>281,159</td>
</tr>
<tr>
<td>Maintenance deposits</td>
<td>6,883</td>
<td>4,685</td>
<td>4,247</td>
</tr>
<tr>
<td>Accrued expenses and provisions</td>
<td>1,287</td>
<td>765</td>
<td>260</td>
</tr>
<tr>
<td>Other payables (i)</td>
<td>22,561</td>
<td>20,386</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>351,852</strong></td>
<td><strong>334,750</strong></td>
<td><strong>290,824</strong></td>
</tr>
</tbody>
</table>

(i) Other payables include AED 20,050 thousand (31 December 2018: AED 19,802 thousand) in respect of an investment account maintained with a brokerage house carrying interest at 5% per annum.
14 TERM LOAN

The outstanding term loans balances at the period/year end are as follows:

<table>
<thead>
<tr>
<th></th>
<th>At 31 March 2019</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
<th>At 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>Loan 1 (i)</td>
<td>25,588</td>
<td>25,208</td>
<td>30,531</td>
<td>35,795</td>
</tr>
<tr>
<td>Loan 2 (ii)</td>
<td>16,000</td>
<td>22,000</td>
<td>40,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>41,588</strong></td>
<td><strong>47,208</strong></td>
<td><strong>70,531</strong></td>
<td><strong>35,795</strong></td>
</tr>
</tbody>
</table>

(i) The loan is obtained from a local commercial bank carrying interest at 3 months EBOR plus 3% (31 December 2018, 2017 and 2016: 3 months EBOR plus 3%) repayable in full by 30 September 2021. The loan was obtained in the name of the Ultimate Beneficial Owner to finance construction of a building on a plot of land owned by the Group. The Group makes repayments of principal and interest to the bank directly. The loan is secured by the same plot of land which is mortgaged with the commercial bank (note 11).

(ii) The loan is obtained from a local commercial bank carrying interest at 3 months EBOR plus 3.5% (31 December 2018 and 2017: 3 months EBOR plus 3.5%) repayable in full by 30 November 2019. The loan is secured by the pledge of the Group’s investments in shares (note 8). The loan proceeds were distributed to a related party under common ownership on behalf of the shareholder and accordingly, related interest expense is recharged to the related party.

<table>
<thead>
<tr>
<th></th>
<th>At 31 March 2019</th>
<th>At 31 December 2018</th>
<th>At 31 December 2017</th>
<th>At 31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>Current</td>
<td>22,776</td>
<td>28,776</td>
<td>24,776</td>
<td>6,776</td>
</tr>
<tr>
<td>Non-current</td>
<td>18,812</td>
<td>18,432</td>
<td>45,755</td>
<td>29,019</td>
</tr>
<tr>
<td></td>
<td><strong>41,588</strong></td>
<td><strong>47,208</strong></td>
<td><strong>70,531</strong></td>
<td><strong>35,795</strong></td>
</tr>
</tbody>
</table>

15 EMPLOYEES’ END OF SERVICE BENEFITS

The Group provides for employees’ end of service benefits in respect of its UAE expatriate employees in accordance with the employees’ contracts of employment. The movements in the provision recognised in the consolidated statement of financial position are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>At 1 January</td>
<td>1,240</td>
<td>1,200</td>
</tr>
<tr>
<td>Provided during the period/ year</td>
<td>54</td>
<td>252</td>
</tr>
<tr>
<td>End of service benefits paid</td>
<td>-</td>
<td>(212)</td>
</tr>
<tr>
<td>At 31 December</td>
<td><strong>1,294</strong></td>
<td><strong>1,240</strong></td>
</tr>
</tbody>
</table>
16 SHARE CAPITAL AND SHAREHOLDER’S CONTRIBUTION

Share capital

<table>
<thead>
<tr>
<th>At 31 March</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED '000</td>
<td>AED '000</td>
</tr>
</tbody>
</table>

100 shares of AED 1,500 each

150

On 28 March 2019, Das Holding LLC and United Holding Group LLC, assigned their 100% ownership in a subsidiary, East and West International Group, to the Company. In return, the Company issued 100 shares of AED 1,500 each to Liwa Holdings. Liwa Holdings, Das Holding LLC and United Holding LLC are under common ownership of the Ultimate Beneficial Owner.

Shareholder’s contribution of AED 200,000 as of 1 January 2016, 1 January 2017, 1 January 2018, and 1 January 2019, represents contribution from shareholder in lieu of capital which upon reorganisation of the Group in 2019 is transferred to share capital.

17 LEGAL RESERVE

As required by the UAE Federal Law No. (2) of 2015, and the Company’s Article of Association, 10% of the profit for the year is required to be transferred to a legal reserve until such reserve equals 50% of the issued share capital. The Company has discontinued such annual transfers as the reserve totals 50% of the issued share capital.

18 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties and entities that provide key management personnel services to the Group. Pricing policies and terms of these transactions are approved by the Group’s management.

(i) Amounts due from related parties disclosed in note 7 comprise:

<table>
<thead>
<tr>
<th>At 31 March</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED '000</td>
<td>AED '000</td>
</tr>
</tbody>
</table>

Due from related parties:

- Entities under common directorship
  - 2019: 66,352
  - 2018: 66,704
  - 2017: 19,418
  - 2016: 3,603

- Entities under common ownership
  - 2019: 13,304
  - 2018: 13,304
  - 2017: 3,968
  - 2016: 3,225

Total: 79,656

The expected credit losses (ECL) on balances due from related parties are not assessed as material because the Loss Given Default (LGD) on balances receivable from entities under common ownership/directorship is minimal as the balances are guaranteed by the Ultimate Beneficial Owner.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 RELATED PARTY BALANCES AND TRANSACTIONS continued

i) Amounts due to related parties disclosed in note 13 comprise:

<table>
<thead>
<tr>
<th></th>
<th>At 31 March 2019 AED '000</th>
<th>At 31 December 2018 AED '000</th>
<th>2017 AED '000</th>
<th>2016 AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to related parties:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entities under common directorship</td>
<td>166,171</td>
<td>151,571</td>
<td>274,665</td>
<td>142,726</td>
</tr>
<tr>
<td>Entities under common ownership</td>
<td>150,267</td>
<td>154,968</td>
<td>6,494</td>
<td>5,293</td>
</tr>
<tr>
<td>Total</td>
<td>316,438</td>
<td>306,539</td>
<td>281,159</td>
<td>148,019</td>
</tr>
</tbody>
</table>

(ii) Shareholder’s account representing amounts due to the shareholder is interest free and unsecured. No terms of repayment have been specified for the shareholder’s account and it is subject to terms of repayments as resolved by the Board of Directors. The movement in shareholder’s account during the period/year was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three month period ended 31 March 2019 AED '000</th>
<th>Year ended 31 December 2018 AED '000</th>
<th>2017 AED '000</th>
<th>2016 AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the beginning of the period/year</td>
<td>3,312,946</td>
<td>1,477,125</td>
<td>803,569</td>
<td>871,837</td>
</tr>
<tr>
<td>Land transferred from a related party (note 10) (iii)</td>
<td>-</td>
<td>-</td>
<td>753,000</td>
<td></td>
</tr>
<tr>
<td>Investment properties transferred from related parties (note 11)</td>
<td>1,457,620</td>
<td>-</td>
<td>-</td>
<td>27,300</td>
</tr>
<tr>
<td>Shares purchased by the Group from a related party (note 8)</td>
<td>750,656</td>
<td>1,389,676</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of investment properties to related party (note 11)</td>
<td>-</td>
<td>(30,041)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer of investment property under construction from a related party under common control (note 11)</td>
<td>33,192</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other movements (note 9)</td>
<td>(178,434)</td>
<td>(95,014)</td>
<td>(79,444)</td>
<td>(95,568)</td>
</tr>
<tr>
<td>At the end of the period/year</td>
<td>5,385,980</td>
<td>3,312,946</td>
<td>1,477,125</td>
<td>803,569</td>
</tr>
</tbody>
</table>

(iii) In 2017, the land located in Ghantoot Al Jarf, Abu Dhabi amounting to AED 753,000 thousand was transferred to the Group from a related party under common directorship. The shareholder had agreed to settle the purchase consideration on behalf of the Group.

(iv) Transactions with related parties that are included in the consolidated statement of profit or loss relate to property management cost amounting to AED 3,746 thousand (31 March 2018: unaudited: AED 1,813 thousand, 31 December 2018: AED 8,104 thousand, 31 December 2017: AED 6,561 thousand and 31 December 2016: AED 5,675 thousand).
18 RELATED PARTY BALANCES AND TRANSACTIONS continued

Compensation of key management personnel:
The remuneration of directors and other key management personnel during the year were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019 (AED '000)</th>
<th>2018 (AED '000)</th>
<th>2017 (AED '000)</th>
<th>2016 (AED '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term benefits</td>
<td>189</td>
<td>135</td>
<td>410</td>
<td>552</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>21</td>
<td>5</td>
<td>13</td>
<td>21</td>
</tr>
</tbody>
</table>

19 MATURITY PROFILE

The maturity profile of assets and liabilities at 31 March 2019 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Within 12 months of reporting date</th>
<th>After 12 months of reporting date</th>
<th>AED '000</th>
<th>AED '000</th>
<th>AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>12,351</td>
<td>12,351</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and prepayments</td>
<td>89,662</td>
<td>89,662</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>2,813,113</td>
<td>-</td>
<td>2,813,113</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest in joint ventures</td>
<td>1,447,013</td>
<td>-</td>
<td>1,447,013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development work in progress</td>
<td>931,826</td>
<td>-</td>
<td>931,826</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>2,322,592</td>
<td>-</td>
<td>2,322,592</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>6,289</td>
<td>-</td>
<td>6,289</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>7,622,846</td>
<td>102,013</td>
<td>7,520,833</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>351,852</td>
<td>351,852</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>41,588</td>
<td>22,776</td>
<td>18,812</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income</td>
<td>4,028</td>
<td>4,028</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees' end of service benefits</td>
<td>1,294</td>
<td>-</td>
<td>1,294</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>398,762</td>
<td>378,656</td>
<td>20,106</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19  MATURITY PROFILE continued

The maturity profile of assets and liabilities at 31 December 2018 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amounts expected to be recovered or settled</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Within 12 months of reporting date</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td></td>
<td>After 12 months of reporting date</td>
<td>AED '000</td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>7,510</td>
<td>7,510</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and prepayments</td>
<td>92,770</td>
<td>92,770</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>1,902,357</td>
<td></td>
<td>1,902,357</td>
</tr>
<tr>
<td>Interest in joint ventures</td>
<td>1,453,546</td>
<td></td>
<td>1,453,546</td>
</tr>
<tr>
<td>Development work in progress</td>
<td>931,826</td>
<td></td>
<td>931,826</td>
</tr>
<tr>
<td>Investment properties</td>
<td>854,192</td>
<td></td>
<td>854,192</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>6,439</td>
<td></td>
<td>6,439</td>
</tr>
<tr>
<td>Total assets</td>
<td>5,248,640</td>
<td>100,280</td>
<td>5,148,360</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>334,750</td>
<td>334,750</td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>47,208</td>
<td>28,776</td>
<td>18,432</td>
</tr>
<tr>
<td>Deferred income</td>
<td>8,517</td>
<td>8,517</td>
<td></td>
</tr>
<tr>
<td>Employees’ end of service benefits</td>
<td>1,240</td>
<td></td>
<td>1,240</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>391,715</td>
<td>372,043</td>
<td>19,672</td>
</tr>
</tbody>
</table>

The maturity profile of the assets and liabilities at 31 December 2017 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amounts expected to be recovered or settled</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Within 12 months of reporting date</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td></td>
<td>After 12 months of reporting date</td>
<td>AED '000</td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>26,637</td>
<td>26,637</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable and prepayments</td>
<td>29,411</td>
<td>29,411</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>79</td>
<td></td>
<td>79</td>
</tr>
<tr>
<td>Interest in joint venture</td>
<td>738,632</td>
<td>111,481</td>
<td>627,151</td>
</tr>
<tr>
<td>Development work in progress</td>
<td>987,650</td>
<td></td>
<td>987,650</td>
</tr>
<tr>
<td>Investment properties</td>
<td>735,173</td>
<td></td>
<td>735,173</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>5,665</td>
<td></td>
<td>5,665</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,523,247</td>
<td>167,529</td>
<td>2,355,718</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>290,824</td>
<td>290,824</td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>70,531</td>
<td>24,776</td>
<td>45,755</td>
</tr>
<tr>
<td>Deferred income</td>
<td>27,818</td>
<td>27,818</td>
<td></td>
</tr>
<tr>
<td>Employees’ end of service benefits</td>
<td>1,200</td>
<td></td>
<td>1,200</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>390,373</td>
<td>343,418</td>
<td>46,955</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 MATURITY PROFILE continued

The maturity profile of the assets and liabilities at 31 December 2016 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amounts expected to be recovered or settled</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total AED '000</td>
<td>Within 12 months of reporting date AED '000</td>
<td>After 12 months of reporting date AED '000</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank balances and cash</td>
<td>16,718</td>
<td>16,718</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable and prepayments</td>
<td>12,886</td>
<td>12,886</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>79</td>
<td>-</td>
<td>79</td>
</tr>
<tr>
<td>Interest in a joint venture</td>
<td>453,834</td>
<td>-</td>
<td>453,834</td>
</tr>
<tr>
<td>Development work in progress</td>
<td>135,850</td>
<td>-</td>
<td>135,850</td>
</tr>
<tr>
<td>Investment properties</td>
<td>756,222</td>
<td>-</td>
<td>756,222</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>2,239</td>
<td>-</td>
<td>2,239</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,377,828</td>
<td>29,604</td>
<td>1,348,224</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>39,863</td>
<td>39,863</td>
<td>-</td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>157,877</td>
<td>157,877</td>
<td>-</td>
</tr>
<tr>
<td>Deferred income</td>
<td>26,581</td>
<td>26,581</td>
<td>-</td>
</tr>
<tr>
<td>Term loans</td>
<td>35,795</td>
<td>6,776</td>
<td>29,019</td>
</tr>
<tr>
<td>Employees' end of service benefits</td>
<td>1,171</td>
<td>-</td>
<td>1,171</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>261,287</td>
<td>231,097</td>
<td>30,190</td>
</tr>
</tbody>
</table>

20 FINANCIAL RISK MANAGEMENT

The Group’s principal financial liabilities comprise term loans, trade and subcontractor payables, retentions payable, amounts due to related parties and certain other payables. The main purpose of these financial liabilities is to raise finance for the Group’s operations. The Group has various financial assets such as investments carried at fair value through other comprehensive income, investments in joint ventures, trade receivables, due from related parties, cash and bank balances and certain other receivables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are interest rate risk, liquidity risk, currency risk, equity price risk and credit risk. The Group’s policies for management of these risks are summarised below.
FINANCIAL RISK MANAGEMENT continued

Interest rate risk
The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group’s profit for three months / one year, based on floating rate financial assets and financial liabilities held at 31 March 2019, 31 December 2018, 31 December 2017 and 31 December 2016.

There is no impact on the Group’s equity.

<table>
<thead>
<tr>
<th>Three month period ended 31 March 2019</th>
<th>Effect on profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>+100 increase in basis points</td>
<td>(416)</td>
</tr>
<tr>
<td>-100 decrease in basis points</td>
<td>416</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended 31 December 2018</th>
<th>Effect on profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>+100 increase in basis points</td>
<td>(472)</td>
</tr>
<tr>
<td>-100 decrease in basis points</td>
<td>472</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended 31 December 2017</th>
<th>Effect on profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>+100 increase in basis points</td>
<td>(705)</td>
</tr>
<tr>
<td>-100 decrease in basis points</td>
<td>705</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended 31 December 2016</th>
<th>Effect on profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>+100 increase in basis points</td>
<td>(757)</td>
</tr>
<tr>
<td>-100 decrease in basis points</td>
<td>757</td>
</tr>
</tbody>
</table>

Liquidity risk
The Group limits its liquidity risk by ensuring adequate funds from the Ultimate Beneficial Owner and bank facilities are available.

The table below summarises the maturities of the Group’s undiscounted financial liabilities at 31 December 2018, 2017 and 2016, based on contractual payment dates and current market interest rates.

<table>
<thead>
<tr>
<th></th>
<th>On demand</th>
<th>Up to 1 year</th>
<th>1 to 5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>31 March 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and sub-contractor payables</td>
<td>-</td>
<td>4,510</td>
<td>-</td>
<td>-</td>
<td>4,510</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>-</td>
<td>173</td>
<td>-</td>
<td>-</td>
<td>173</td>
</tr>
<tr>
<td>Interest payable</td>
<td>-</td>
<td>137</td>
<td>-</td>
<td>-</td>
<td>137</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>-</td>
<td>316,438</td>
<td>-</td>
<td>-</td>
<td>316,438</td>
</tr>
<tr>
<td>Other payables</td>
<td>-</td>
<td>22,561</td>
<td>-</td>
<td>-</td>
<td>22,561</td>
</tr>
<tr>
<td>Term loans</td>
<td>-</td>
<td>23,736</td>
<td>20,791</td>
<td>-</td>
<td>44,527</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>367,555</td>
<td>20,791</td>
<td>-</td>
<td>388,346</td>
</tr>
<tr>
<td>31 December 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and sub-contractor payables</td>
<td>-</td>
<td>2,202</td>
<td>-</td>
<td>-</td>
<td>2,202</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>-</td>
<td>173</td>
<td>-</td>
<td>-</td>
<td>173</td>
</tr>
<tr>
<td>Interest payable</td>
<td>-</td>
<td>140</td>
<td>-</td>
<td>-</td>
<td>140</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>-</td>
<td>306,539</td>
<td>-</td>
<td>-</td>
<td>306,539</td>
</tr>
<tr>
<td>Other payables</td>
<td>-</td>
<td>20,386</td>
<td>-</td>
<td>-</td>
<td>20,386</td>
</tr>
<tr>
<td>Term loans</td>
<td>-</td>
<td>30,087</td>
<td>20,348</td>
<td>-</td>
<td>50,435</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>359,527</td>
<td>20,348</td>
<td>-</td>
<td>379,875</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

<table>
<thead>
<tr>
<th></th>
<th>On demand</th>
<th>Up to 1 year</th>
<th>1 to 5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
<td>AED '000</td>
</tr>
<tr>
<td>31 December 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and sub-contractor payables</td>
<td>-</td>
<td>4,985</td>
<td>-</td>
<td>-</td>
<td>4,985</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>-</td>
<td>173</td>
<td>-</td>
<td>-</td>
<td>173</td>
</tr>
<tr>
<td>Interest payable</td>
<td>-</td>
<td>137</td>
<td>-</td>
<td>-</td>
<td>137</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>-</td>
<td>281,159</td>
<td>-</td>
<td>-</td>
<td>281,159</td>
</tr>
<tr>
<td>Term loans</td>
<td>-</td>
<td>27,107</td>
<td>48,714</td>
<td>-</td>
<td>75,821</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>313,561</td>
<td>48,714</td>
<td>-</td>
<td>362,275</td>
</tr>
<tr>
<td>31 December 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and sub-contractor payables</td>
<td>-</td>
<td>6,776</td>
<td>-</td>
<td>-</td>
<td>6,776</td>
</tr>
<tr>
<td>Retentions payable</td>
<td>-</td>
<td>173</td>
<td>-</td>
<td>-</td>
<td>173</td>
</tr>
<tr>
<td>Interest payable</td>
<td>-</td>
<td>154</td>
<td>-</td>
<td>-</td>
<td>154</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>-</td>
<td>148,019</td>
<td>-</td>
<td>-</td>
<td>148,019</td>
</tr>
<tr>
<td>Term loans</td>
<td>-</td>
<td>8,372</td>
<td>27,104</td>
<td>6,735</td>
<td>42,211</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>39,863</td>
<td></td>
<td></td>
<td>-</td>
<td>39,863</td>
</tr>
<tr>
<td>Total</td>
<td>39,863</td>
<td>163,494</td>
<td>27,104</td>
<td>6,735</td>
<td>237,196</td>
</tr>
</tbody>
</table>

Credit risk

The Group’s credit risk principally arises from accounts receivable, receivable from a joint venture and amounts due from related parties. The Group’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as disclosed in notes 7, 9 and 18.

Receivables are constantly monitored in order to manage the credit risk.

The Group’s exposure to other financial assets which comprise cash and cash equivalents arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks.

Currency risk

Foreign currency risk comprises of transaction and statement of financial position risk. Transaction risk relates to the Group’s cash flow being adversely affected by a change in the exchange rates of foreign currencies against UAE Dirham. Statement of financial position risk relates to the risk of the Group’s monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into UAE Dirham, as a result of currency movements.

Foreign currency risk is limited since a significant proportion of the Group’s transactions, monetary assets and liabilities are in UAE Dirham or US Dollar. As the UAE Dirham is pegged to the US Dollar, transactions and balances in US Dollar are not considered to represent significant currency risk.
20 FINANCIAL RISK MANAGEMENT continued

Capital management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Group has not met. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders or inject share capital. No changes were made in the objectives, policies or processes during the three month period ended 31 March 2019 and the years ended 31 December 2018, 31 December 2017 and 31 December 2016. Capital comprises share capital, shareholder contribution, group restructuring reserve, legal reserve, retained earnings, fair value reserve and shareholders’ account and is measured at AED 7,224,084 thousand as at 31 March 2019 (31 December 2018: AED 4,856,925 thousand, 31 December 2017: AED 2,132,874 thousand and 31 December 2016: AED 1,116,541 thousand).

21 FAIR VALUE MEASUREMENT

While the Group prepares its consolidated financial statements under the historical cost convention, in the opinion of management, the estimated carrying values and fair values of financial assets and liabilities that are not carried at fair value in the consolidated financial statements are not materially different.

The following table shows the analysis of assets measured and disclosed at fair value by level of the fair value hierarchy for the period ended 31 March 2019:

<table>
<thead>
<tr>
<th>Date of valuation</th>
<th>Level 1 AED '000</th>
<th>Level 2 AED '000</th>
<th>Level 3 AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets for which fair value is disclosed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>31 March 2019</td>
<td>————</td>
<td>————</td>
<td>2,706,140</td>
</tr>
<tr>
<td>Assets measured at fair value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments carried at fair value through other comprehensive income</td>
<td>31 March 2019</td>
<td>2,813,113</td>
<td>————</td>
<td>————</td>
</tr>
</tbody>
</table>

The following table shows the analysis of assets measured and disclosed at fair value by level of the fair value hierarchy for the year ended 31 December 2018:

<table>
<thead>
<tr>
<th>Date of valuation</th>
<th>Level 1 AED '000</th>
<th>Level 2 AED '000</th>
<th>Level 3 AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets for which fair value is disclosed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>31 December 2018</td>
<td>————</td>
<td>————</td>
<td>1,234,620</td>
</tr>
<tr>
<td>Investments carried at fair value through other comprehensive income</td>
<td>31 December 2018</td>
<td>1,902,357</td>
<td>————</td>
<td>————</td>
</tr>
</tbody>
</table>

The following table shows the analysis of assets disclosed at fair value by level of the fair value hierarchy for the year ended 31 December 2017:

<table>
<thead>
<tr>
<th>Date of valuation</th>
<th>Level 1 AED '000</th>
<th>Level 2 AED '000</th>
<th>Level 3 AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets for which fair value is disclosed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>31 December 2017</td>
<td>————</td>
<td>————</td>
<td>1,180,200</td>
</tr>
</tbody>
</table>
21 FAIR VALUE MEASUREMENT continued

The following table shows the analysis of assets disclosed at fair value by level of the fair value hierarchy for the year ended 31 December 2016:

<table>
<thead>
<tr>
<th>Date of valuation</th>
<th>Level 1 AED '000</th>
<th>Level 2 AED '000</th>
<th>Level 3 AED '000</th>
<th>Total AED '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2016</td>
<td></td>
<td></td>
<td>1,201,300</td>
<td>1,201,300</td>
</tr>
</tbody>
</table>

The following is a description of the determination of fair value for assets for which fair values are disclosed using valuation techniques. These incorporate the Group’s estimate of assumptions that a market participant would make when valuing the assets.

**Investment properties**
Investment properties classified under Level 3 have been valued using income method of valuation.

**Investments carried at fair value through other comprehensive income**
Investment classified under Level 1 have been valued using active market prices of the quoted equities on reporting date.

**Transfers between categories**
During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements (2018, 2017 and 2016: None).

22 CAPITAL COMMITMENTS

<table>
<thead>
<tr>
<th>At 31 March 2019 AED '000</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 AED '000</td>
</tr>
<tr>
<td>Committed and contracted</td>
<td>99,137</td>
</tr>
</tbody>
</table>

Capital commitments represent the remaining cost to be incurred on the Project under the Contract with a related party under common directorship dated 4 September 2016 and the remaining cost to be incurred on investment properties under construction.

23 FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of investments carried at fair value through OCI until the investments are derecognised or impaired.
THE TRUSTEE
ESIC Sukuk Limited
c/o MaplesFS Limited
P.O. Box 1093
Queensgate House
Grand Cayman
KY1-1102
Cayman Islands

THE OBLIGOR
Emirates Strategic Investments Company Sole Proprietorship L.L.C.
4th Floor, Dusit Thani Complex
Al Muroor Street
P.O. Box 161
Abu Dhabi
United Arab Emirates

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

PRINCIPAL PAYING AGENT AND TRANSFER AGENT
Citibank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR
Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt
Germany

AUDITORS TO THE OBLIGOR
Ernst & Young Middle East (Abu Dhabi Branch)
P.O. Box 136
27th Floor, Nation Tower 2
Abu Dhabi Corniche
Abu Dhabi
United Arab Emirates
LEGAL ADVISERS

To the Trustee
as to Cayman Islands law

Maples and Calder (Dubai) LLP
Level 14, Burj Daman
Dubai International Financial Centre
P.O. Box 119980
Dubai
United Arab Emirates

To the Obligor as to English law and UAE law

Simmons & Simmons Middle East LLP
Level 7, Building 10, The Gate Village,
Dubai International Financial Centre
P.O. Box 506688
Dubai
United Arab Emirates

To the Arrangers and Dealers as to English law and UAE law

Allen & Overy LLP
11th Floor
Burj Daman Building
Happiness Street
Dubai International Financial Centre
P.O. Box 506678
Dubai
United Arab Emirates

To the Delegate as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom
<table>
<thead>
<tr>
<th>ARRANGERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Abu Dhabi Bank PJSC</strong></td>
</tr>
<tr>
<td>FAB Building</td>
</tr>
<tr>
<td>Khalifa Business Park – Al Qurm District</td>
</tr>
<tr>
<td>P.O. Box 6316</td>
</tr>
<tr>
<td>Abu Dhabi</td>
</tr>
<tr>
<td>United Arab Emirates</td>
</tr>
<tr>
<td><strong>Standard Chartered Bank</strong></td>
</tr>
<tr>
<td>P.O. Box 999</td>
</tr>
<tr>
<td>Dubai</td>
</tr>
<tr>
<td>United Arab Emirates</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEALERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Arab Banking Corporation (B.S.C.)</strong></td>
</tr>
<tr>
<td>ABC Tower</td>
</tr>
<tr>
<td>Diplomatic Area</td>
</tr>
<tr>
<td>P.O. Box 5698 Manama</td>
</tr>
<tr>
<td>Kingdom of Bahrain</td>
</tr>
<tr>
<td><strong>Dubai Islamic Bank PJSC</strong></td>
</tr>
<tr>
<td>P.O. Box 1080</td>
</tr>
<tr>
<td>Dubai</td>
</tr>
<tr>
<td>United Arab Emirates</td>
</tr>
<tr>
<td><strong>Emirates NBD Bank PJSC</strong></td>
</tr>
<tr>
<td>P.O. Box 777</td>
</tr>
<tr>
<td>Dubai</td>
</tr>
<tr>
<td>United Arab Emirates</td>
</tr>
<tr>
<td><strong>First Abu Dhabi Bank PJSC</strong></td>
</tr>
<tr>
<td>FAB Building</td>
</tr>
<tr>
<td>Khalifa Business Park – Al Qurm District</td>
</tr>
<tr>
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</tr>
<tr>
<td>Abu Dhabi</td>
</tr>
<tr>
<td>United Arab Emirates</td>
</tr>
<tr>
<td><strong>Standard Chartered Bank</strong></td>
</tr>
<tr>
<td>P.O. Box 999</td>
</tr>
<tr>
<td>Dubai</td>
</tr>
<tr>
<td>United Arab Emirates</td>
</tr>
</tbody>
</table>