

## IMPORTANT NOTICE

**THIS PROSPECTUS MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE OUTSIDE OF THE UNITED STATES.**

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THE ATTACHED DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE JOINT LEAD MANAGERS (AS DEFINED BELOW) AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT 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 THIS DOCUMENT 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.

THIS DOCUMENT IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THIS DOCUMENT AS A FINANCIAL PROMOTION IS ONLY BEING MADE TO THOSE PERSONS FALLING WITHIN ARTICLE 19(5) OR ARTICLE 49 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, OR TO OTHER PERSONS TO WHOM THIS DOCUMENT MAY OTHERWISE BE DISTRIBUTED WITHOUT CONTRAVENTION OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, OR ANY PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE MADE. 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: The attached document is delivered to you at your request and on the basis that you have confirmed to Al Hilal Bank P.J.S.C., Citigroup Global Markets Limited, Dubai Islamic Bank PJSC and Emirates NBD Capital Limited (together, the “Joint Lead Managers”), Dubai Investments Park Development Company LLC (“DIPDC”), Alpen Capital (ME) Limited (as financial adviser to DIPDC, the “Financial Adviser”) and DIP Sukuk Limited (the “Trustee”) that (i) you are located outside the United States; (ii) you consent to delivery by electronic transmission; (iii) you will not transmit the attached document (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 Joint Lead Managers; and (iv) 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.

This document has been made available 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 DIPDC, the Trustee, the Joint Lead Managers, the Financial Adviser nor any person who controls or is a director, officer, employee or agent of DIPDC, the Trustee, the Joint Lead Managers, the Financial Adviser nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version. By accessing this document, you consent to receiving it in electronic form. A hard copy of the document will be made available to you only upon request to the Joint Lead Managers.

You are reminded that the attached document has been delivered to you on the basis that you are a person into whose possession this document 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 this document, electronically or otherwise, to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

You are reminded that the information contained in this document is not complete and may be changed. Neither the Joint Lead Managers, the Financial Adviser nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with DIPDC, the Trustee or the offer. The Joint Lead Managers, the Financial Adviser and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Lead Managers, the Financial Adviser or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document.

The Joint Lead Managers and the Financial Adviser are acting exclusively for DIPDC and the Trustee and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than DIPDC and the Trustee for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

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 Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of DIPDC and the Trustee in such jurisdiction.

Recipients of the attached document who intend to subscribe for or purchase any securities to be issued are reminded that any subscription or purchase may only be made on the basis of the information contained in the final version of the attached document.

If you received this document by e-mail, you should not reply by e-mail to this communication. Any reply e-mail communications, including those you generate by using the “Reply” function on the e-mail software, will be ignored or rejected. Your receipt of the electronic transmission 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.

# PROSPECTUS



## DIP Sukuk Limited

(incorporated with limited liability under the laws of the Cayman Islands)

### U.S.\$300,000,000 Trust Certificates due 2019

The U.S.\$300,000,000 trust certificates due 2019 (the "Certificates") of DIP Sukuk Limited (in its capacity as issuer the "Issuer" and in its capacity as trustee, as applicable, the "Trustee") will be constituted by a declaration of trust (the "Declaration of Trust") dated 20 February 2014 (the "Issue Date") entered into between (among others) the Trustee, Dubai Investments Park Development Company LLC ("DIPDC") and Citibank N.A., London Branch as the delegate of the Trustee (the "Delegate"). The Certificates confer on the holders of the Certificates from time to time (the "Certificateholders") the right to receive certain payments (as more particularly described herein) arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the "Trust") over the Trust Assets (as defined herein) and the Trustee will hold such Trust Assets upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates (the "Conditions").

Periodic Distribution Amounts (as defined herein) shall be payable subject to and in accordance with the Conditions on the outstanding face amount of the Certificates from (and including) the Issue Date to (but excluding) 20 February 2019 (the "Scheduled Dissolution Date") at a rate of 4.291 per cent. per annum. Payments on the Certificates will be made free and clear of, and without deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Cayman Islands, the United Arab Emirates or the Emirate of Dubai or any authority therein or thereof having power to tax to the extent described under Condition 10.

The Certificates shall be redeemed on the Scheduled Dissolution Date but the Certificates may be redeemed before the Scheduled Dissolution Date (i) at the option of the Trustee in whole but not in part at their Dissolution Distribution Amount (as defined in the Conditions) in the event of certain changes affecting taxes of the Cayman Islands, the United Arab Emirates and/or the Emirate of Dubai; (ii) at the option of the relevant Certificateholder at the Dissolution Distribution Amount following a Relevant Event (each as defined in the Conditions); (iii) at the option of the Obligor at the Dissolution Distribution Amount on the Clean Up Call Right Dissolution Date (as defined in the Conditions); or (iv) following a Dissolution Event (as defined in the Conditions).

Each payment of a Periodic Distribution Amount will be made by the Trustee provided that DIPDC (as Service Agent) shall have paid amounts equal to such Periodic Distribution Amount pursuant to the terms of the Service Agency Agreement (as defined in the Conditions).

**The Certificates will be limited recourse obligations of the Trustee. An investment in the Certificates involves certain risks. For a discussion of these risks, see "Risk Factors". Potential investors should be aware that the Government of Dubai is not guaranteeing the obligations of DIPDC or the Trustee under, or in connection with, the Certificates.**

This Prospectus has been approved by the Central Bank of Ireland (the "Central Bank") as competent authority under Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State) (the "Prospectus Directive"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and European Union (EU) law pursuant to the Prospectus Directive. Such approval relates only to the Certificates which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the official list (the "Official List") and trading on its regulated market (the "Main Securities Market"). The Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) ("MiFID"). This Prospectus has been approved by the Dubai Financial Services Authority (the "DFSA") under the DFSA's Markets Rule 2.6 and is therefore an approved prospectus for the purposes of Article 14 of the DFSA's Markets Law 2012. Application has also been made to the DFSA for the Certificates to be admitted to the official list of securities maintained by the DFSA and to NASDAQ Dubai for such Certificates to be admitted to trading on NASDAQ Dubai. References in this Prospectus to Certificates being listed (and all related references) shall mean that such Certificates have been admitted to listing on the Official List and the official list of securities maintained by the DFSA and have been admitted to trading on the Main Securities Market and on NASDAQ Dubai.

The Certificates are expected to be assigned a rating of "BB" by Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"). Standard & Poor's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). As such, Standard & Poor's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation. A rating is not a recommendation to buy, sell or hold the Certificates (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The United Arab Emirates has been assigned a rating of "Aa2" with a "stable outlook" by Moody's Investors Service Singapore Pte. Ltd. ("Moody's"). Moody's is not established in the European Union but the rating it has given to the United Arab Emirates (the "UAE") is endorsed by Moody's Investors Service Ltd, which is established in the European Union and is registered under the CRA Regulation.

The Certificates will be represented by interests in a global certificate in registered form (the "Global Certificate") deposited on or before the Issue Date with, and registered in the name of a nominee for a common depositary (the "Common Depositary") for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Definitive Certificates evidencing holdings of interests in the Certificates will be issued in exchange for interests in the Global Certificate only in certain limited circumstances described herein.

This Prospectus relates to an Exempt Offer in accordance with the Markets Rules (the "Markets Rules") of the DFSA. This Prospectus is intended for distribution only to persons of a type specified in the Markets Rules. It must not be delivered to, or relied on by, any other person. The DFSA does not accept any responsibility for the content of the information included in this Prospectus, including the accuracy or completeness of such information, nor has it determined whether the Certificates are *Shari'a* compliant. The liability for the content of this Prospectus lies with the Issuer and DIPDC. The DFSA has also not assessed the suitability of the Certificates to which this Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Certificates to which this Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

The Certificates may only be offered, sold or transferred in registered form in minimum face amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

#### Joint Lead Managers

Al Hilal Bank

Citi

Dubai Islamic Bank PJSC

Emirates NBD Capital

#### Financial Adviser

Alpen Capital

The date of this Prospectus is 18 February 2014

This Prospectus complies with the requirements in Part 2 of the Markets Law (DIFC Law No.1 of 2012) and Chapter 2 of the Markets Rules and comprises a prospectus for the purposes of the Prospectus Directive and is for the purpose of giving information with regard to the Trustee, DIPDC and the Certificates which, according to the particular nature of the Trustee, DIPDC and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and DIPDC.

The Trustee and DIPDC accept responsibility for the information contained in this Prospectus. To the best of the knowledge of each of the Trustee and DIPDC, each having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Trustee, DIPDC, the Joint Lead Managers or the Financial Adviser to subscribe or purchase, any of the Certificates. None of the Joint Lead Managers, the Trustee, the Delegate or DIPDC makes any representation to any investor in the Certificates regarding the legality of its investment under any applicable laws. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time.

The distribution of this Prospectus and the offering of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Trustee, DIPDC, the Joint Lead Managers and the Financial Adviser to inform themselves about and to observe any such restrictions. None of the Trustee, the Delegate, DIPDC, the Joint Lead Managers or the Financial Adviser represent that this Prospectus may be lawfully distributed, or that the Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Delegate, DIPDC, the Joint Lead Managers or the Financial Adviser which is intended to permit a public offering of the Certificates or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Certificates may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Persons into whose possession this Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of the Certificates.

For a description of further restrictions on offers and sales of Certificates and distribution of this Prospectus, see "*Subscription and Sale*".

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Trustee, the Delegate, DIPDC, the Joint Lead Managers or the Financial Adviser. Neither the delivery of this Prospectus 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 DIPDC since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Trustee or DIPDC since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Prospectus nor any other information supplied in connection with the issue of the Certificates (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Trustee, the Delegate, DIPDC, any of the Joint Lead Managers or the Financial Adviser that any recipient of this Prospectus or any other information supplied in connection with the issue of the Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates

should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and DIPDC. Furthermore, no comment is made or advice given by the Trustee, the Delegate, DIPDC, the Joint Lead Managers or the Financial Adviser in respect of taxation matters relating to any Certificates or the legality of the purchase of Certificates by an investor under applicable or similar laws. None of the Joint Lead Managers nor the Financial Adviser undertakes to review the financial condition or affairs of the Trustee or DIPDC during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Certificates of any information coming to the attention of any of the Joint Lead Managers or the Financial Adviser.

Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the 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.

No comment is made or advice given by the Trustee, DIPDC, the Delegate, the Joint Lead Managers, the Financial Adviser or the Paying Agents in respect of taxation matters relating to the 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 CERTIFICATES.**

To the fullest extent permitted by law, the Joint Lead Managers and the Financial Adviser accept no responsibility whatsoever for the contents of this Prospectus, or for any other statement made or purported to be made by a Joint Lead Manager or the Financial Adviser or on its behalf in connection with the Trustee, DIPDC or the issue and offering of the Certificates. Each Joint Lead Manager and the Financial Adviser 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 Prospectus or any such statement. No representation or warranty, expressed or implied, is made or given by or on behalf of the Joint Lead Managers or the Financial Adviser, nor any person who controls them or any director, officer, employee or agent of them, or affiliate of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus and such persons do not accept responsibility or liability for any such information or opinions.

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 and may not be offered or sold within the United States 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. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S under the Securities Act (“Regulation S”).

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Executive Committee of the Fatwa & Shariah Supervisory Board of Dubai Islamic Bank PJSC, the Sharia Committee of Dar Al Sharia and the Shariah Advisory Board of Citi Islamic Investment Bank E.C. 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.

### **Stabilisation**

In connection with the issue of the Certificates, Citigroup Global Markets Limited (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over-allot Certificates or effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager shall act as principal and not as agent of the Trustee or DIPDC. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the Issue Date and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Certificates. The Stabilising Manager (or persons acting on behalf of the Stabilising Manager) must conduct such stabilisation in accordance with all applicable laws and rules.

### **Cautionary Note Regarding Forward-Looking Statements**

This Prospectus contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward-looking statements often address DIPDC’s expected future business and financial performance, and often contain words such as “expect”, “anticipate”, “intend”, “may”, “plan”, “believe”, “seek” or “will”. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For DIPDC, particular uncertainties that could adversely affect its future results include:

- DIPDC’s ability to realise the benefits it expects from its existing operations;
- changes in the competitive environment in which DIPDC operates;
- DIPDC’s ability to maintain sufficient cash flow to fund its existing and future operations and its payment obligations under financing agreements;
- DIPDC’s exposure to natural disasters and risks resulting from potentially catastrophic events such as armed conflicts or other events disrupting business in its customers’ facilities;
- failure to comply with regulations such as environmental or safety standards applicable to DIPDC’s business; and
- changes in political, social, legal or economic conditions in the markets in the UAE or the GCC generally.

Although DIPDC believes that the expectations, estimates and projections reflected in DIPDC forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise including those which DIPDC has identified in this Prospectus, or if any of DIPDC’s underlying assumptions prove to be incomplete or inaccurate, DIPDC’s actual future results may be materially different than those expressed in its forward-looking statements.

The forward-looking statements in this Prospectus speak only as of the date of this Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”. Without prejudice to any requirements under applicable laws and regulations, DIPDC expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any forward-looking statement is based.

### **Presentation of Financial and Other Information**

DIPDC prepared its audited financial statements as at and for the year ended 31 December 2012 (the “2012 Financial Statements”) and as at and for the year ended 31 December 2011 (the “2011 Financial Statements”) and, together with the 2012 Financial Statements, the “Annual Financial Statements”) and its condensed interim financial information as at and for the six months ended 30 June 2013 (the “Interim Financial Statements” and, together with the Annual Financial Statements, the “Financial Statements”) in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. DIPDC has no subsidiaries and its Financial Statements are therefore unconsolidated.

The Annual Financial Statements have been audited by KPMG Lower Gulf Limited (“KPMG Lower Gulf”) who have issued unqualified reports thereon. The Interim Financial Statements have been reviewed by KPMG Lower Gulf in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” who have issued an unqualified review report thereon. Accordingly, KPMG Lower Gulf do not express an audit opinion in respect of the Interim Financial Statements.

AED 17.4 million which had been recorded as unearned rent in the statement of financial position as at 31 December 2011 in the 2011 Financial Statements was reclassified as long-term rent receivable in the 2012 Financial Statements, as indicated in the table below:

	<b>As at 31 December 2011</b>	
	<b>2012</b>	<b>2011</b>
	<b>Financial</b>	<b>Financial</b>
	<b>Statements</b>	<b>Statements</b>
	<i>(AED million)</i>	
Long-term rent receivable (asset) .....	112.4	94.9
Unearned rent (liability) .....	34.8	17.3

Accordingly, for the above line items only, the data included in this Prospectus as at 31 December 2011 is as presented in the 2012 Financial Statements and not as originally presented in the 2011 Financial Statements.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to:

- “AED” and “dirham” are to the lawful currency for the time being of the United Arab Emirates; and
- “U.S. dollars” and “U.S.\$” are to United States dollars, being the legal currency for the time being of the United States of America.

The dirham currently is, and since 22 November 1980, has been, pegged to the U.S. dollar at a fixed exchange rate of AED 3.6725 per U.S.\$1.00. Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

References in this Prospectus to:

- “2010” are to the 12 months ended 31 December 2010;
- “2011” are to the 12 months ended 31 December 2011;
- “2012” are to the 12 months ended 31 December 2012; and
- “billion” are to a thousand million.

#### ***Presentation of other Information***

In this Prospectus, references to:

- “Dubai” are to the Emirate of Dubai;
- “GCC” are to the Gulf Cooperation Council, which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE; and
- “UAE” are to the United Arab Emirates.

Certain financial and statistical amounts included in this Prospectus are approximations or have been subject to rounding adjustments. Accordingly, amounts shown as derivations or totals in certain tables may not be exact arithmetic derivatives or aggregations of the amounts that precede them.

The language of this Prospectus is English. Information contained in any website referred to herein does not form part of this Prospectus.

#### **Certain Publicly Available Information**

Certain statistical data and other information appearing in this Prospectus have been extracted from public sources identified in this Prospectus. None of the Joint Lead Managers, the Financial Adviser, the Trustee nor DIPDC accepts responsibility for the factual correctness of any such statistics or information but both the Trustee and DIPDC confirm that all such third party information has been accurately reproduced and, so far as the Trustee and DIPDC are aware and have been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **NOTICE TO UK RESIDENTS**

**The Certificates constitute “alternative finance investment bonds” within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 as amended by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010. This Prospectus 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 Prospectus and any other marketing materials relating to the Certificates is being addressed to, or directed at, 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 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. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Prospectus or any other marketing materials in relation to the Certificates.**

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

**Any individual intending to invest in the Certificates should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.**

#### **NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS**

No invitation may be made to any member of the public of the Cayman Islands to subscribe for the Certificates.

#### **NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN**

In relation to investors in the Kingdom of Bahrain, securities issued in connection with this Prospectus and related offering documents may only be offered in registered form to existing account holders 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 other currency or such other amount as the CBB may determine.

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Prospectus 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 Prospectus 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 Bahrain. The CBB has not reviewed, approved or registered this Prospectus 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 Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Prospectus. No offer of securities will be made to the public in the Kingdom of Bahrain and this Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

#### **NOTICE TO RESIDENTS OF THE STATE OF QATAR**

This Prospectus does not and is not intended to constitute an offer, sale or delivery of the Certificates under the laws of the State of Qatar and has not been and will not be reviewed or approved by the Qatar Financial Markets Authority, Qatar Financial Centre Regulatory Authority or the Qatar Central Bank 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 Exchange.

#### **NOTICE TO RESIDENTS OF MALAYSIA**

The Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase the Certificates in Malaysia may be made, directly or indirectly, and this Prospectus 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 Schedule 6 or Section 229(1)(b), Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Issuer, Trustee or DIPDC and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus.



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## RISK FACTORS

*The purchase of the Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Prospectus.*

*Each of the Trustee and DIPDC believes that the factors described below represent the principal risks inherent in investing in the Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate and/or the inability of DIPDC to pay any amounts under the Transaction Documents may occur for other reasons and neither the Trustee nor DIPDC represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or DIPDC or which the Trustee or DIPDC currently deems immaterial, that may impact any investment in the Certificates.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. Words and expressions defined in “Structure Diagram and Cash Flows” and “Terms and Conditions of the Certificates” shall have the same meanings in this section.*

### **Factors that may affect the Trustee’s ability to fulfil its obligations under the Certificates**

#### **The Trustee has no material assets and will depend on receipt of payments from DIPDC to make payments to Certificateholders**

The Trustee is a newly formed entity and has no operating history. The Trustee will not engage in any business activity other than the issuance of the Certificates, the acquisition of the Trust Assets as described herein, acting in its capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee’s only material assets, which will be held on trust for Certificateholders, will be the Trust Assets, which include its right to receive payments under the relevant Transaction Documents. The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee of all amounts due from DIPDC under the Transaction Documents. Therefore the Trustee is subject to all the risks to which DIPDC is subject to the extent that such risks could negatively affect DIPDC’s ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party. See “—Risks relating to DIPDC” below for a further description of these risks.

### **Risks relating to DIPDC**

#### **DIPDC’s right to use the land comprising the Dubai Investments Park, and to generate revenues therefrom, is conditional and may be subject to termination, amendment or challenge in certain limited circumstances outside its control**

DIPDC has a leasehold interest in the land comprising the Dubai Investments Park (the “DIP”) expiring on 1 February 2098. This leasehold interest is registered with the Dubai Land Department and is constituted by a lease granted under a lease contract of governmental land dated 1 February 1999 entered into between the Government of Dubai (the “Government”) and Dubai Investments P.J.S.C. (“Dubai Investments”), as amended by an amendment agreement dated 1 March 2003 between the Government and Dubai Investments (the “Headlease”), the rights and obligations under which have been assigned by Dubai Investments to DIPDC pursuant to an assignment agreement dated 8 October 2003 entered into between Dubai Investments and DIPDC, as amended by an amendment and restatement agreement dated 22 January 2008 entered into between Dubai Investments and DIPDC (the “Assignment”). See “Summary of the Government Lease” for further details.

Under applicable UAE law, in order for an assignment of obligations to be effective against the beneficiary of such obligations, the beneficiary must have consented to the assignment. Neither Dubai Investments nor DIPDC has, to date, sought the formal consent of the Government to the assignment of the obligations pursuant to the Assignment, nor is such formal consent proposed to be sought in the future. Whilst the Government has not formally consented to the assignment of the obligations pursuant to the Assignment, the Government is aware of, and has not to date objected to, the fact that DIPDC currently occupies and conducts its business in the DIP and that the obligations of Dubai Investments under the Headlease, including the obligation to pay rent, are being performed by DIPDC (and not Dubai Investments).

In the absence of the formal consent referred to above, there therefore remains a risk that the Government or any other interested third party may be able to challenge the effectiveness of the Assignment. If any such challenge were to be successful, this would invalidate DIPDC's right to occupy and operate its business in the DIP.

Even if the Assignment is determined to be effective to transfer the rights and obligations under the Headlease to DIPDC, DIPDC's rights thereunder remain conditional on its compliance with the terms thereof, see "*Summary of the Government Lease*" for a description of the circumstances in which termination of the Headlease may occur. Furthermore, even if the Assignment is determined to be effective to transfer the rights and obligations under the Headlease to DIPDC, there remains a residual risk that references to Dubai Investments in the Headlease cannot all be construed as references to DIPDC, and therefore that the Government may be entitled to terminate the Headlease if Dubai Investments is dissolved for any reason. See "*Summary of the Government Lease*" for further details.

In the event of termination of the Headlease by the Government pursuant to its terms, the Government shall be entitled to enter and reclaim the land comprising the DIP. If any attempt by the Government to terminate the Headlease and reclaim the land comprising the DIP was successful, this would invalidate DIP's right to occupy and operate its business in the DIP.

Under applicable UAE law, the Government is not currently entitled to terminate the Headlease or amend its terms (such as, for example, to increase the rent payable by DIPDC and/or to amend the basis of the determination thereof) in circumstances not contemplated by the provisions thereof. However, there remains a risk that the Government may amend the law or enact a new law to permit such unilateral action by the Government, and DIPDC may be adversely affected as a result.

If any of the circumstances described above were to occur, this would have a significant adverse effect on DIPDC's ability to make payments under the Transaction Documents to which it is a party.

**DIPDC is currently involved in an on-going dispute with a single customer in relation to the sale of a usufruct right in a plot of land located in DIP**

There is an on-going dispute between DIPDC and a single customer in respect of four post-dated cheques, amounting to approximately AED 210.1 million, which were issued by the customer to DIPDC but which were not honoured by the customer. Such cheques represent the final four instalments of the purchase price payable by the customer to DIPDC in respect of the sale in 2005 by DIPDC to the customer of a 90-year usufruct right in a plot of land located in DIP, the first eight instalments (amounting to approximately AED 373.5 million in aggregate) having been paid by the customer in full. The dispute also extends to outstanding service charges payable by the customer, amounting to approximately AED 7.8 million, relating to services provided by DIPDC in respect of the plot of land. On 19 February 2013, the Dubai Court of First Instance issued a judgment in favour of DIPDC for payment of approximately AED 217.9 million (comprising the outstanding purchase price and the outstanding service charges), together with accrued interest and costs. The customer has filed an appeal with the Dubai Court of Appeal and proceedings are currently on-going.

Separately, but in relation to the sale of the same usufruct right referred to above, on 6 May 2013 the customer submitted an application (the "Application") to the Dubai Court of First Instance that was referred to the Centre for Amicable Settlement of Disputes (the "Centre"). In the Application, the customer alleged that DIPDC had breached its contractual obligations to the customer under the agreement between DIPDC

and the customer, as a result of which the customer had suffered substantial losses, being significantly in excess of the purchase price for the usufruct right in the land in question.

As requested by the customer, an independent engineering expert was appointed by the Centre on 15 July 2013 to assess the damages payable to the customer. In August 2013 and September 2013, respectively, the independent engineering expert submitted his reports to the Centre which stated that, in the independent engineering expert's opinion, DIPDC had not breached the agreement entered into with the customer and that the customer had no entitlement to claim any damages from DIPDC.

As the parties were not able to settle the matter amicably through the Centre, the Centre referred the matter back to the Dubai courts where the customer has restated the claims outlined above and has requested that the Dubai Court of First Instance re-appoint the independent engineering expert to reassess the quantum of damages suffered by the customer. On 26 January 2014, DIPDC separately made a counter-claim against the customer for damages suffered by DIPDC as a result of alleged breaches by the customer of its obligations under the relevant agreement. See “*Business Description – Litigation*” for further information.

Based upon formal legal advice that it has received and certain independent expert reports, DIPDC believes that the customer's claims are entirely without merit and that DIPDC has meritorious defences to each of the customer's claims. DIPDC considers the customer's claims to be frivolous and a delaying tactic employed by the customer as a result of the judgment issued by the Dubai Court of First Instance against the customer.

However, potential Certificateholders should be aware that, notwithstanding the foregoing, there can be no assurance that the customer's claims would not be successful and, if they were successful there can be no assurance that the quantum of damages payable by DIPDC as a result will not be substantial. If this were to be the case, this would have a material adverse effect on DIPDC's business, prospects, results of operation and financial condition and would be likely to affect DIPDC's ability to make payments under the Transaction Documents to which it is a party.

**DIPDC's revenue is dependent upon DIP's occupancy levels and rental rates, both of which could be adversely affected by an economic downturn in the UAE**

The success of DIPDC and its ability to make payments under the Transaction Documents is dependent on the level of revenue generated within Dubai Investments Park (“DIP”). Such revenue is driven by the supply of, and demand for, available space which is suitable for industrial, residential and commercial tenants, as well as other factors, such as the perceived desirability of DIP by tenants as a business location. A decrease in demand for space in DIP, whether for industrial, commercial or residential use, could in the future adversely affect occupancy levels in DIP. Occupancy rates may also be affected if lease terms expire and are not renewed or plots are repossessed following tenant defaults. In such circumstances, DIPDC's rental and other revenue could be adversely affected.

Prospective investors should also consider that the area comprising DIP cannot be increased beyond its current boundaries. This means that the expansion of DIP is limited to the development of a limited number of undeveloped properties or the redevelopment of existing developed properties in DIP. Demand for space in DIP in the future may be adversely affected by, among other things, competitive factors (see “— *DIPDC may be subject to competition from other similar business and industrial parks in the UAE*”); a downturn in the global, regional or local economy; circumstances which cause the UAE or Dubai to be perceived as a less desirable place to do business (see “— *Risk factors relating to the UAE and the Middle East*”); a decline in the level of services provided to tenants in DIP and a change in the environmental condition of DIP (see “— *DIP is subject to environmental regulations*”). A decline in the overall level of rental and other revenue generated from DIP could adversely affect DIPDC's ability to make payments under the Transaction Documents.

**Late payment or non-payment of rent could lead to a reduction in revenue received by DIPDC**

Rental payments by tenants in DIP are typically made annually in advance depending on the type of lease and the individual tenant. As the financial stability of tenants may change over time, it is possible that rental payments owing to DIPDC will not be paid on the due date or at all. A significant aggregation of such late

and/or non-payments could have an adverse effect on DIPDC's ability to fulfil its payment obligations under the Transaction Documents. Although prolonged failure by a tenant to pay the rent due would usually result in the eviction of such tenant, there may be a delay following the departure of an evicted tenant before a replacement tenant can be found, during which period the relevant land or other space will remain unoccupied. DIPDC may need to expend significant time and money attracting replacement tenants, particularly in the event of a significant economic downturn and there is no certainty that any plot could be re-let at the same or a higher rental rate. See "*— DIPDC's revenue is dependent upon DIP's occupancy levels and rental rates, both of which could be adversely affected by an economic downturn in the UAE*".

Certain tenants in DIP were materially adversely affected by the economic downturn in 2009 with the result that they delayed construction on their plots and, in some cases, defaulted on rental payments due. As a result, DIPDC's revenue was affected to the extent that undeveloped plots generate less revenue than developed plots and its cash flow and profitability were also impacted as tenant defaults give rise to increased lease receivables and, in some cases, impairment provisions in respect of those receivables. As at 30 June 2013, DIPDC had lease receivables from more than 200 tenants which, in aggregate, amounted to AED 542.7 million, of which AED 270.9 million, or 49.9 per cent., was more than 365 days overdue. Whilst DIPDC continues to take all steps which it deems appropriate in the circumstances to maximise its recovery of lease receivables, there can be no assurance that all or part of such lease receivables will be paid by the respective tenants in the near future or at all.

Any future economic downturn in the region could have similar effects on DIPDC and could adversely affect its ability to make payments under the Transaction Documents. In addition, an economic downturn could depress market rental rates which could have an adverse effect on DIPDC's ability to increase, or even maintain, rental rates when they are reviewed in accordance with the terms of outstanding leases.

Any of the foregoing factors would reduce DIPDC's cash flow and could have a material adverse effect on its business, prospects, results of operations and financial condition and its ability to make payments under the Transaction Documents.

#### **DIPDC may be subject to competition from other similar business and industrial parks in the UAE**

There are several existing and proposed business and industrial parks in the UAE, including certain parks which are under development or are being expanded. These parks include the Jebel Ali Free Zone and Dubai Industrial City in Dubai and a number of parks and free zones in the Emirates of Abu Dhabi, Sharjah and Ras Al Khaimah.

DIP is currently almost fully let and the vast majority of its leases have original lease terms of 30 years. There is currently also significant demand for space of the type offered by DIP. However, future business and industrial park developments could reduce this demand and may increase competition for tenants if available space exceeds demand for that space. In such a situation, there is likely to be increased pressure to keep rental rates competitive which may adversely affect DIPDC's revenue and cash flow. In addition, DIPDC's tenants may terminate their leases in accordance with the terms of their lease agreements or may breach the terms of their lease agreements and, in any such case, DIPDC would need to find replacement tenants which entails additional risks as described under "*— Late payment or non-payment of rent could lead to a reduction in revenue received by DIPDC*". There can be no assurance that any existing or future business and industrial parks in the UAE will not offer incentives or other facilities that are more attractive than those offered by DIP, resulting in DIPDC experiencing difficulty in securing such replacement tenants. Any significant loss of tenants would be likely to have an adverse effect on DIPDC's revenue, profitability, cash flows and its ability to make payments under the Transaction Documents.

#### **DIPDC's strategy of enhancing its revenue and cash flow may be hindered by its inability to increase rental rates in the near term**

Since DIP is nearly fully let, DIPDC is focusing on enhancing its revenue and cash flow in a number of ways, including through rent reviews under existing leases. The vast majority of DIPDC's lease agreements provide for rent reviews on a five yearly basis. Under these agreements, any increase in rent pursuant to the first five

year review is capped at 20 per cent. Subsequent rent reviews permit DIPDC to change the rental rate by reference to prevailing market rental rates.

A number of DIPDC's lease agreements currently have rental rates which it believes are well below market rates. This is principally due to the increase of market rental rates in Dubai since DIP was first developed at which time much lower rental rates were initially agreed with tenants and due to the restriction on increasing rental rates to higher market rental rates as a result of the 20 per cent. cap.

As existing leases reach their 10-year anniversary, DIPDC intends to seek increases in the rental rates payable that are closer to market rental rates. However, it may not be possible or commercially sensible for DIPDC to seek to apply a market rental rate to the lease in a number of cases where rents are currently significantly below market rates.

As a result, it may take more than one subsequent rent review before many of DIPDC's tenants are paying market rates and, to this extent, DIPDC's strategy of enhancing its revenue and cash flow may be hindered.

### **If DIPDC fails to maintain DIP, its competitive position could be adversely affected**

The development of DIP is substantially complete. As a result, although DIPDC incurred significant capital expenditure in past years as it developed DIP, its future capital expenditure is expected to be limited to development of any additional features needed to ensure that the facilities within DIP remain competitive with those of other similar locations. In addition, DIPDC expects to incur additional annual expenditure in maintaining DIP which, for the next five years, is expected to be between AED 75.0 million and AED 100.0 million per annum. All such expenditure is expected to be financed principally out of operating cash flow, although, if external financing is required, there is a risk that such financing may not be available to DIPDC upon commercially attractive terms or at all.

To the extent that DIPDC fails to maintain adequately the common facilities within DIP or other similar locations are developed with features that DIPDC is unable to match, the competitive advantages of DIP may be eroded which could result in loss of tenants and reduced revenue.

### **Other financings entered into by DIPDC could have an adverse impact on its business and cash flows**

DIPDC's current and future financing agreements may contain restrictions that limit its flexibility in operating its business, including its ability to engage in specified types of transactions. For example, one of DIPDC's current financing agreements includes the following provisions:

- maintaining financial ratios that could restrict its ability to carry on its business efficiently;
- incurring or guaranteeing additional financial indebtedness;
- granting security or creating any security interests over its assets or securing financing facilities; and/or
- consolidating, merging or selling or otherwise disposing of any of its assets.

In addition, certain of DIPDC's current financing agreements contain cross-default clauses and future financings entered into by it may also contain such clauses. A cross-default clause typically provides that a default under one of DIPDC's other financing agreements will also constitute an event of default under the financing agreement which contains the cross-default clause. A breach of such provisions under DIPDC's financing agreements may allow the holders of outstanding securities to take action to accelerate the maturity of the securities or allow the lenders to declare all amounts outstanding under the relevant facility to be immediately due and payable and terminate all commitments to extend further financing. There can be no assurance that DIPDC's cash flow will be sufficient to meet its payment obligations under such financing agreements or that DIPDC would be able to obtain alternative financing or, if it were, that the alternative financing would be on terms favourable or acceptable to DIPDC. Accordingly, any such breach or inability to obtain alternative financing on acceptable terms could have an adverse impact on DIPDC's business and cash flows and its ability to make payments under the Transaction Documents.

## **Natural disasters and catastrophic events over which DIPDC has no control**

DIPDC's business operations and development projects could be adversely affected or disrupted by natural disasters such as earthquakes, fire, storms or flooding or other potentially catastrophic events, such as major accidents, diseases, armed conflicts and terrorist attacks. Although constructed, operated, maintained and insured to protect against certain of these occurrences affecting DIP, DIP's facilities may not be adequately protected in all circumstances and DIPDC is not insured against any losses which may result from any natural disasters or other catastrophic events that impact any of the major facilities that are proximate to it. DIP is strategically located close to Jebel Ali Port, Al Maktoum International Airport and major road links to other emirates in the UAE. These, and other planned facilities (such as a major railway link), are an important driver of tenant demand for space in DIP. The occurrence of any natural disaster or catastrophic event affecting DIP or facilities proximate to it could result in the disruption of services provided by DIPDC to its customers, the loss of DIPDC's capital investments and the destruction of infrastructure that would require reconstruction by DIPDC. Certain of these events could also result in the suspension of rental payments by affected tenants and a decrease in tenant demand for space in DIP, which could adversely affect DIPDC's revenue and cash flow. Further, the consequences of such occurrences could be exacerbated if the losses involve risks for which DIPDC is uninsured (see "*No assurance can be given as to insurance coverage*"). As a result, there can be no assurance that any such event will not adversely affect DIPDC's revenue from DIP and, accordingly, amounts available to make payments due under the Transaction Documents.

## **DIP is subject to environmental regulations**

There are provisions under UAE federal law regarding environmental protection and development which impose liability on owners/developers if they cause harm to the environment. In addition, there are other provisions in the UAE Civil Code pursuant to which a party may be liable for environmental harm caused to another party. As a result, DIPDC has potential environmental liability as a quasi "land owner" and developer under the provisions of UAE federal law and the UAE Civil Code. Any environmental liability arising in relation to any property occupied by tenants in DIP is the primary responsibility of the tenant. Nevertheless, if significant such liabilities are incurred by tenants, they could result in the bankruptcy or other default by the responsible tenant which could, in turn, give rise to additional costs for DIPDC (given that Dubai Investments has, in the Headlease with the Government, assumed responsibility for compliance in DIP with all applicable environmental laws and regulations and DIPDC has assumed this liability by virtue of the Assignment entered into with Dubai Investments), loss of revenue and a potential adverse impact on the reputation of DIP.

## **DIPDC must comply with safety standards in DIP**

DIPDC is subject to safety standards in accordance with applicable laws and regulations in the UAE. If DIPDC fails to comply with the relevant standards, it may have to pay penalties or compensation which would have an adverse effect on its revenue from DIP and on its reputation. In addition, any amendments to the existing laws and regulations relating to environmental and safety standards may impose more burdensome requirements on DIPDC, and its compliance with such laws or regulations may require DIPDC to incur significant capital expenditure or other obligations or liabilities, which could have an adverse effect on DIPDC's revenue generated from DIP and its ability to make payments due under the Transaction Documents.

## **No assurance can be given as to insurance coverage**

DIPDC uses insurance products to mitigate the effects of some, but not all, unexpected events. However, there can be no assurance that such insurance will be adequate to cover all losses or exposure to liability or that it will be available at reasonable prices and on reasonable commercial terms. There are also certain types of losses (such as those arising from wars, sabotage, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that may not be insured against because of the perceived low threat posed or because they are either generally uninsurable or insuring them is not economically viable. In addition, insurance that is in place may not be sufficient to cover all losses stemming from a catastrophic

event (for example, as a result of deductibles or exclusions in the policy or because of a failure to comply with all the terms of the policy). The occurrence of an unexpected event not fully covered by insurance could have a material adverse effect on DIPDC's business, results of operations and financial condition and its ability to make payments due under the Transaction Documents.

### **DIPDC is dependent upon key personnel**

DIPDC's revenue from DIP depends, in part, on DIPDC's ability to continue to attract, retain and motivate qualified and skilled personnel. DIPDC relies on its senior management for the implementation of its strategy and its day-to-day operations in operating DIP.

There is intense competition in the UAE for skilled personnel, especially at the senior management level, due to a disproportionately low number of available qualified and/or experienced individuals compared to current demand. If DIPDC is unable to retain key members of its senior management and/or hire new qualified personnel in a timely manner, this could have an adverse effect on the operation of DIP by DIPDC. The loss of any member of the senior management team may result in: (i) a loss of organisational focus; (ii) poor execution of operations; and (iii) an inability to identify and execute potential strategic initiatives. These adverse results could, among other things, reduce potential revenue and expose DIPDC to downturns in the market in which it operates, all of which could adversely affect its business, results of operations, financial condition and prospects and its ability to make payments due under the Transaction Documents.

### **Dubai Investments' interests may, in certain circumstances, be different from the interests of the Certificateholders**

DIPDC is a wholly-owned subsidiary of Dubai Investments. As DIPDC's shareholder, Dubai Investments is in a position to control the outcome of actions requiring shareholder's approval and also has the ability to approve the election of all the members of DIPDC's Board of Directors and thus influence decisions by that body.

In particular, Dubai Investments is in a position to control the amount of dividend declared by DIPDC and there are no restrictions in DIPDC's financing agreements which restrict the amount of dividend that DIPDC can pay to its shareholder. In each of 2011 and 2012, DIPDC declared dividends of AED 250.0 million and AED 300.0 million, equal to 56.3 per cent. and 77.2 per cent. of its annual profit, respectively. The resources available to DIPDC to operate its business, including to meet its liabilities (such as those under the Transaction Documents to which it is a party) as they fall due, will be reduced if and to the extent dividends and other payments are made to its shareholder and other related parties. Although in the past, DIPDC has, with Dubai Investments' agreement, paid an agreed rate of interest to Dubai Investments in return for the deferment of dividend payments for a period, there can be no assurance that this arrangement will continue.

DIPDC is also party to a number of transactions with Dubai Investments and its other group companies, has receivables owing from Dubai Investments' group companies (amounting to AED 119.0 million in aggregate as at 30 June 2013) and shares a number of services with Dubai Investments, see "*Financial Review — Related Party Transactions*" and "*Business Description — Organisational Structure*".

Potential Certificateholders should note that the interests of Dubai Investments may differ from those of DIPDC's creditors (including the Certificateholders) and, in any case where those interests conflict, Certificateholders may be disadvantaged.

### **Dubai Investments does not guarantee DIPDC's obligations under the Transaction Documents**

DIPDC's obligations under the Transaction Documents are not guaranteed by Dubai Investments and holders of Certificates will have no recourse to Dubai Investments under the Transaction Documents. There is no restriction on Dubai Investments guaranteeing other obligations of DIPDC and any such guarantee given in relation to other financing arrangements entered into by DIPDC could adversely affect the price of the Certificates in the secondary market.



## **DIPDC's rating is in part dependent on its shareholder**

DIPDC has a long-term corporate rating of BB with stable outlook from Standard & Poor's Credit Market Services Europe Limited ("S&P"). S&P has confirmed, in its July 2013 research update relating to DIPDC, that the rating reflects S&P's overall assessment of DIPDC and Dubai Investments. It notes that Dubai Investments carries markedly higher financial leverage than DIPDC on a standalone basis and notes that DIPDC's rating is therefore constrained by S&P's assessment of the credit standing of Dubai Investments.

As a result, potential Certificateholders should note that DIPDC's rating may change in the future as a result of changes in the financial condition of Dubai Investments which are not within DIPDC's control. Any negative changes in DIPDC's rating in the future could adversely affect the price of the Certificates in the secondary market and make it more difficult or more expensive for DIPDC to raise financing, which could adversely affect DIPDC's financial condition and results of operations.

## **Risk factors relating to the UAE and the Middle East**

### **Financial, political and general economic conditions may affect DIPDC's revenue**

DIPDC's revenue is derived from DIP, which is located in Dubai in the UAE and accordingly DIPDC's results of operations and prospects may be affected by financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally. While the UAE is currently seen as a relatively stable political environment, certain other jurisdictions in the Middle East are not and there is no guarantee that the UAE will continue to be stable in the future. In particular, since early 2011 there has been political unrest in a range of countries in the Middle East and North Africa region, including Algeria, the Kingdom of Bahrain, Egypt, the Hashemite Kingdom of Jordan, Libya, the Sultanate of Oman, Syria, Tunisia and the Republic of Yemen. This unrest has ranged from public demonstrations to prolonged and, in the case of Syria, continuing armed conflict and has given rise to increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war, terrorism, civil unrest or hostilities nor the impact of such occurrences, and no assurance can be given that DIPDC would be able to sustain its current levels of income and profitability if further adverse political events or circumstances were to occur. Any such occurrences could have a material adverse effect on DIPDC's business, financial condition and results of operations and this could therefore affect its ability to perform its obligations in respect of the Transaction Documents.

The economies of Dubai and the UAE, like those of many emerging markets, have been characterised by significant government involvement through direct ownership of enterprises and extensive regulation of market conditions, including foreign investment, foreign trade and financial services. Whilst Dubai and the UAE have enjoyed significant economic growth and relative political stability in recent years, there can be no assurance that such growth or stability will continue. Moreover, while the Government's policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained. A general downturn or instability in certain sectors of the UAE or the regional economy could have a material adverse effect on DIPDC's business, financial condition and results of operations and on its ability to perform its obligations in respect of the Transaction Documents.

Investors should also note that DIPDC's business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East region because of inter-relationships within the global financial markets. Since early 2008, global credit markets, particularly in the United States and Europe, have experienced difficult conditions of varying intensity. These challenging market conditions have resulted at times in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in credit markets. In addition, since late 2008, markets in the UAE and a number of other countries in the Middle East region have been significantly adversely affected. DIPDC could be adversely affected in the future by any deterioration of general economic conditions in the markets in which its customers operate, as well as by international trading market conditions and/or related factors.

### **The UAE's economy is dependent on revenue from oil and gas**

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. Despite the UAE being viewed as being less vulnerable than some of its GCC neighbours, due to the growth in the non-oil sector and the sizeable wealth of the Government of Abu Dhabi, fluctuations in energy prices have an important bearing on economic growth and on the level of trade in the UAE. A deterioration in economic growth within the UAE and/or in trade could have an adverse effect on DIPDC's business, financial condition and results of operations and could therefore affect its ability to perform its obligations in respect of the Transaction Documents.

### **No assurance can be given as to the impact of a change in law, regulation or policy**

DIPDC's business is subject to Dubai law, the federal laws of the UAE and administrative practice in effect from time to time. No assurance can be given as to the impact of any change to these laws or administrative practice after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect DIPDC's ability to make scheduled payments under the Transaction Documents.

In addition, the Government published in 2007 a 10-year strategic plan (the "Dubai Strategic Plan"), highlighting growth targets in many areas, which include significant infrastructure projects such as the Al Maktoum International Airport, roads, bridges and mass transportation systems, all of which are expected to continue to contribute significantly to the overall growth of the Dubai economy and, indirectly, to the profitability of DIP. Should the Government make significant changes to the Dubai Strategic Plan (whether because of a change in leadership at senior levels, an inability to access funding or otherwise), the desirability of Dubai and, accordingly, DIP, as a place to do business could be adversely affected.

### **Investments in emerging markets are subject to greater risk than investments in more developed markets**

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including in some cases significant legal, economic and political risks (see "*Financial, political and general economic conditions may affect DIPDC's revenue*"). Specific risks in the UAE and the Middle East region in general that may have a material impact on DIPDC's business, operating results, cash flows and financial condition include:

- an increase in inflation and the cost of living;
- political, social and economic instability;
- external acts of warfare and civil clashes;
- governments' actions or interventions, including tariffs, protectionism and subsidies;
- regulatory, taxation and legal structure changes;
- difficulties and delays in obtaining new permits and consents for DIPDC's operations or renewing existing ones;
- lack of infrastructure; and
- expropriation of assets.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment in any Certificates is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

## **Factors which are material for the purpose of assessing the market risks associated with the Certificates**

### **Risks relating to the Wakala Assets**

#### ***Ownership of the Wakala Assets***

In order to comply with the requirements of *Shari'a*, an ownership interest in the Wakala Assets comprised within the Wakala Portfolio will pass to the Trustee under the Sale and Purchase Agreement. The Trustee will declare a trust in respect of the Wakala Portfolio and the other Trust Assets in favour of the Certificateholders pursuant to the Declaration of Trust. Accordingly, Certificateholders will, through the ownership interest of the Trustee, have an ownership interest in the Wakala Portfolio unless the transfer of the Wakala Portfolio is prohibited by, or ineffective under, any applicable law (see “— *Transfer of the Wakala Assets*”).

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets comprised within the Wakala Portfolio. The Wakala Assets will be selected by DIPDC, and the Certificateholders, the Trustee and the Delegate will have no ability to influence such selection. Only limited representations will be obtained from DIPDC in respect of the Wakala Assets. In particular, the precise terms of the Wakala Assets will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by DIPDC to give effect to the transfer of the Wakala Assets). No steps will be taken to perfect the transfer of the ownership interest (including registration) in the Wakala Assets with any relevant regulatory authority in the UAE or otherwise give notice to any lessee in respect thereof.

In addition, if and to the extent that a third party is able to establish a direct claim against the Trustee, the Delegate or any Certificateholders on the basis of any ownership interest in the Wakala Assets, DIPDC has agreed in the Declaration of Trust to indemnify the Trustee, the Delegate and the Certificateholders against any such claim. If DIPDC is unable to satisfy any such claims then the Certificateholders may suffer losses in excess of the original face amount invested.

#### ***Transfer of the Wakala Assets***

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

Nevertheless, upon any Dissolution Event, the Certificateholders will not have any rights of enforcement as against the particular Wakala Assets comprised within the Wakala Portfolio. Their rights are limited to: (i) enforcement against DIPDC of its obligation to purchase the Wakala Assets pursuant to the terms of the Purchase Undertaking; and (ii) upon any failure to comply with its obligations under the Transaction Documents as described in this Prospectus, a *pro rata* share of the proceeds of the enforcement thereof. Accordingly, any such restriction on the ability of DIPDC to perfect the sale of the Wakala Assets to the Trustee is likely to be of limited consequence to the rights of the Certificateholders.

By way of further assurance, DIPDC has covenanted in the Purchase Undertaking and the Declaration of Trust that to the extent that any transfer of any of the Wakala Assets is not effective in any jurisdiction for any reason, it will make restitution in respect of those Wakala Assets, will fully accept title to the Wakala Assets on the basis of the title interest which the Trustee may have in the same and, if that interest is disputed or challenged, will fully indemnify the Trustee for the purpose of redemption in full or in part, as the case may be, of the Certificates and, accordingly, the amount payable under such indemnity will equal the relevant Exercise Price (see “*Summary of the Principal Transaction Documents — Purchase Undertaking*” and “*Summary of the Principal Transaction Documents — Declaration of Trust*”).

DIPDC has agreed under the terms of the Declaration of Trust to submit to the exclusive jurisdiction of, at the option of the Delegate, the courts of England or the courts of the Dubai International Financial Centre (the “DIFC Courts”) in respect of any dispute, claim, difference or controversy arising out of or in connection with the Declaration of Trust, subject to the right of the Trustee (or the Delegate on behalf of the

Certificateholders) to elect to bring proceedings in any other court or courts of competent jurisdiction. Dubai Law No. 16 of 2011 on Amending Some Provisions of Law No. 12 of 2004 Concerning the Dubai International Financial Centre Courts (“Law No. 16 of 2011”) came into force in the Emirate of Dubai on 31 October 2011 and extended the jurisdiction of the DIFC 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 DIFC Courts, even where such parties are unconnected to the DIFC. None of the Trustee, DIPDC or the Delegate are connected to the DIFC.

If DIPDC fails to purchase 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 12 and the terms of the Declaration of Trust, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Declaration of Trust against DIPDC by commencing proceedings in the DIFC Courts. The DIFC Courts should respect the choice of English law as the governing law of the Declaration of Trust.

Under Article 7 of Law No. 16 of 2011, any final and unappealable judgment, order or award made by the DIFC Courts in favour of the Delegate (on behalf of the Certificateholders) must, upon application by the Delegate to the Dubai Court of Execution, be enforced against DIPDC by the Dubai Court of Execution without that court being able to reconsider the merits of the case.

Investors should note however that, as at the date of this Prospectus, Law No. 16 of 2011 remains relatively untested and there is therefore no certainty as to how the DIFC Courts intend to exercise their jurisdiction under the new law should any party dispute the right of the DIFC Courts to hear a particular dispute where any party is unconnected to the DIFC.

### ***Total Loss Event***

From a *Shari'a* perspective, as owner of the Wakala Assets, the Issuer is required, among other things, to insure the Wakala Assets. The Issuer has appointed DIPDC as its servicing agent, which has undertaken in the Servicing Agency Agreement, *inter alia*, to insure the Wakala Assets in these circumstances in the name of the Issuer against the occurrence of a Total Loss Event for their Full Reinstatement Value. A Total Loss Event is defined as the total loss or destruction of, or damage to the whole of, the Wakala Assets or any event or occurrence that renders the whole of the Wakala Assets permanently unfit for any economic use and (but only after taking into consideration any insurances payable or other indemnity granted by any third party in respect of the Wakala Assets) the repair or remedial work in respect thereof is wholly uneconomical, or the expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets, in each case as determined by the Servicing Agent acting for and on behalf of the Trustee.

Nevertheless, should such an event occur the Certificates will be repaid using the proceeds of the insurance received by DIPDC. In this scenario, potential investors should be aware that there may be a delay in the Issuer receiving the proceeds of insurance and therefore in the Certificateholders receiving the Dissolution Distribution Amount in respect of their Certificates. In this regard, the Servicing Agency Agreement provides that if the insurance proceeds for an amount equal to the Full Reinstatement Value are not paid directly into the Transaction Account within 30 days of the occurrence of the Total Loss Event, the Servicing Agent shall have failed in its responsibility to properly insure the Wakala Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failure to comply with the terms of the Servicing Agency Agreement relating to insurance) DIPDC shall be responsible for paying any shortfall. The Delegate will be entitled to enforce this undertaking against DIPDC on behalf of the Certificateholders.

### **Risks Relating to the Certificates**

**The Certificates are unsecured obligations and the claims of the Trustee or the Delegate (on behalf of the Certificateholders) will rank behind the claims of DIPDC’s secured creditors**

Investors should be aware that if DIPDC becomes insolvent, any of DIPDC’s assets which are the subject of a valid security arrangement will not be available to satisfy the claims of any of DIPDC’s unsecured

creditors, including the Trustee or the Delegate (on behalf of holders of the Certificates, or such Certificateholders following a failure by the Delegate to proceed as provided in the Conditions), and the claims of DIPDC secured creditors will rank ahead of the claims of such parties accordingly.

### **The Certificates are limited recourse obligations**

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of the Certificates is limited to the Trust Assets and the proceeds of such Trust Assets are the sole source of payments on the Certificates. Upon receipt by the Trustee of a Dissolution Notice in accordance with the terms of Condition 12, the sole rights of each of the Trustee and/or the Delegate (acting on behalf of the Certificateholders), will be (subject to Condition 13) against DIPDC to perform its obligations under the Transaction Documents to which it is a party.

No Certificateholder shall be entitled to proceed directly against the Trustee or DIPDC unless the Delegate, having become bound so to proceed, fails to do so within a reasonable period and such failure 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 Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

Following the enforcement, realisation and ultimate distribution of the net proceeds of the Trust Assets in accordance with the Conditions and the Declaration of Trust, the Trustee shall not be liable for any further sums and, accordingly, Certificateholders may not take any action against the Trustee, the Delegate or any other person (including the Obligor) to recover any such sum in respect of the Certificates or the Trust Assets.

After enforcing the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. 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.

### **Certificates which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade**

The denomination of the Certificates is U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Certificates may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a Certificateholder who, as a result of trading such amounts, holds a principal amount of less than U.S.\$200,000 would need to purchase a principal amount of Certificates such that it holds an amount equal to at least U.S.\$200,000 to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

### **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 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.

### **Absence of secondary market/limited liquidity**

The Certificates may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Certificates easily

or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Certificates.

**Admission to listing and trading on NASDAQ Dubai and the Main Securities Market cannot be assured**

The Trustee and DIPDC have applied for the Certificates to be admitted to listing with the Irish Stock Exchange and the DFSA and trading on NASDAQ Dubai and the Main Securities Market. However, prospective investors should note that there can be no assurance that such admission to listing and trading will occur or, if it occurs, can be maintained. The absence of admission to listing and trading on NASDAQ Dubai and the Main Securities Market stock exchange, or a delisting of the Certificates from such markets, may have an adverse effect on a Certificateholder's ability to hold, or resell, the Certificates.

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

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and/or did not sign the Written Resolution or provide the relevant Electronic Consent and Certificateholders who voted in a manner contrary to the majority. The Delegate and the Trustee may agree to modify the Conditions of the Certificates without the consent of the Certificateholders in cases of, *inter alia*, manifest error. For further details of such matters and the relevant majorities required at meetings of Certificateholders, see Condition 14 and the corresponding provisions of the Declaration of Trust.

**Investors may not be able to reinvest redemption proceeds of the Certificates at the same or a higher rate than the profit rate applicable to the Certificates**

The Certificates may be redeemed prior to the Scheduled Dissolution Date if: (i) the Trustee has or will become obliged to increase the amounts payable in respect of the Certificates due to any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands or any authority therein or thereof having power to tax, and such obligation cannot be avoided by the Trustee taking reasonable measures available to it; (ii) the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the Service Agency Agreement due to any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Arab Emirates or the Emirate of Dubai or any authority therein or thereof having power to tax, and such obligation cannot be avoided by the Trustee taking reasonable measures available to it, in each case in accordance with Condition 8(b); or (iii) 75 per cent. or more in face amount of the Certificates originally issued have been redeemed pursuant to Condition 8(c).

If the Certificates are redeemed as described above, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

**Exchange rate risks and exchange controls**

The Trustee will make all payments on the Certificates in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease: (i) the Investor's Currency-equivalent yield on the Certificates; (ii) the Investor's Currency

equivalent value of the principal payable on 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 a result, investors may receive less amounts under the Certificates than expected, or no such amounts.

### **Risks relating to enforcement**

#### **There can be no certainty as to the outcome of any application of UAE bankruptcy law**

In the event of DIPDC's insolvency, UAE bankruptcy laws may adversely affect DIPDC's ability to perform its obligations under the Service Agency Agreement and, consequently, the Trustee's ability to make payments to Certificateholders. There is little precedent to predict how a claim on behalf of Certificateholders against DIPDC upon its insolvency would be resolved.

These uncertainties and lack of precedent make it difficult to predict the exact outcome with respect to possible contractual and payment issues and may materially adversely affect Certificateholders' ability to enforce their rights with respect to the Certificates and any other contractual or performance related remedies that might otherwise be available.

#### **A change of law may adversely affect the Certificates**

The structure of the issue of the Certificates is based on English law, the laws of the Emirate of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE, the laws of the DIFC and administrative practices in effect as at the date of this Prospectus, and the Certificates and the Transaction Documents (other than the Sale and Purchase Agreement) are governed by English law. No assurance can be given as to the impact of any possible change to English, Dubai, UAE or DIFC law or administrative practices after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of DIPDC to comply with its obligations under the Transaction Documents.

#### **Investors may experience difficulty in enforcing arbitral awards and foreign judgments in Dubai**

Ultimately the payments under the Certificates are dependent upon DIPDC making payments to the Trustee in the manner contemplated under the Transaction Documents. If DIPDC fails to do so, it may be necessary to bring an action against DIPDC to enforce its obligations which could be both time consuming and costly. DIPDC has irrevocably agreed that the Transaction Documents (other than the Sale and Purchase Agreement) will be governed by English law and that any dispute arising from such Transaction Documents will, unless the option to litigate is exercised, be referred to arbitration in London under the Rules of the London Court of International Arbitration (the "LCIA").

Under the Conditions, any dispute arising from the Conditions or any non-contractual obligations arising out of or in connection with them may be referred to arbitration in London under the Rules of the LCIA.

The 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") entered into force in the UAE on 19 November 2006. Any arbitration award rendered in London should therefore be enforceable in Dubai 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 Dubai courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention. It should be noted that only the Dubai Court of Cassation decision was a final decision. The uncertainty regarding the interpretation and application of the New York Convention provisions by the courts is further 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 within other Emirates. There is therefore no guarantee that the Dubai courts will take the same approach in similar proceedings in the future.

Under the Conditions and the Transaction Documents, any dispute may also be referred to the courts in England (or such other court with jurisdiction which the Delegate may elect).

Where an English judgment, or such other foreign judgment, has been obtained, there is no assurance that DIPDC has or would at the relevant time have assets in the United Kingdom against which such a judgment could be enforced. DIPDC is incorporated in, and under the laws of, Dubai and the UAE and all of its assets are located in the UAE. Under current UAE federal law, the courts in the UAE are unlikely to enforce an English judgment, or such other foreign judgment, without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of the Transaction Documents or the Certificates. 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 Dubai and the UAE, and public policy. This may mean that the Dubai courts may seek to interpret English law governed documents as if governed by UAE law and there can therefore be no certainty that in those circumstances the Dubai courts would give effect to such documents in the same manner as the parties may intend.

As the UAE judicial system is based on a civil code, 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.

Any dispute under the Conditions and the Transaction Documents may also be referred to the DIFC Courts. See “— *Factors which are material for the purpose of assessing the market risks associated with the Certificates — Risks relating to the Wakala Assets — Transfer of the Wakala Assets*” for certain considerations in connection with the enforcement of a judgment of the DIFC Courts in Dubai.

### **Additional Risk Factors**

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

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

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

Holders of ownership interests in the 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.

#### **No assurance can be given as to *Shari'a* rules**

The Executive Committee of the Fatwa & Shariah Supervisory Board of Dubai Islamic Bank PJSC, the Sharia Committee of Dar Al Sharia and the Shariah Advisory Board of Citi Islamic Investment Bank E.C. have confirmed that the Transaction Documents are, in their view, *Shari'a* compliant. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Trustee, DIPDC, the



Delegate, the Joint Lead Managers or the Financial Adviser makes any representation as to the *Shari'a* compliance of the Certificates and/or any trading thereof and potential investors are reminded that, as with any *Shari'a* views, differences in opinion are possible.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties would be, if in dispute, the subject of arbitration in London under the LCIA Rules. DIPDC has also agreed under certain of the Transaction Documents to submit to the jurisdiction of the courts of England or the DIFC Courts, at the option of the Trustee. In such circumstances, the arbitrator or judge, as the case may be, will first apply the relevant law of the relevant Transaction Document rather than *Shari'a* principles in determining the obligation of the parties.

#### ***Shari'a requirements in relation to interest awarded by a 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 court in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against DIPDC, judgment interest may 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.

#### **Risk Factors relating to taxation**

##### **Foreign Account Tax Compliance Act withholding may affect payments on the Certificates**

Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to: (a) certain payments from sources within the United States; (b) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime; and (c) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Certificates are in global form and held within Euroclear and Clearstream, Luxembourg, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by Euroclear and Clearstream, Luxembourg. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Certificates are discharged once it has paid a common depositary for Euroclear and Clearstream, Luxembourg, and the Issuer has therefore no responsibility for any amount thereafter transmitted through Euroclear and Clearstream, Luxembourg and custodians or intermediaries. Prospective investors should refer to the section "*Taxation — Foreign Account Tax Compliance Act*".

##### **Taxation risks on payments**

Payments made by DIPDC to the Trustee under the Transaction Documents or by the Trustee in respect of the Certificates could become subject to taxation. The Service Agency Agreement requires DIPDC to pay additional amounts in the event that any withholding or deduction is required by UAE law to be made in respect of payments made by it to the Trustee under that document. Furthermore, Condition 10 provides that the Trustee is required to pay additional amounts in respect of any such withholdings or deductions imposed by the Cayman Islands, the United Arab Emirates or the Emirate of Dubai or any other authority thereof having power to tax in certain circumstances. If the Trustee fails to gross-up for any such withholding or

deduction on payments due in respect of the Certificates to Certificateholders, DIPDC has, pursuant to the Declaration of Trust, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Trustee (for the benefit of the Certificateholders) an amount equal to the liabilities of the Trustee in respect of any and all additional amounts required to be paid in respect of the Certificates pursuant to Condition 10 in respect of any withholding or deduction in respect of any tax as set out in that Condition.

The circumstances described above may entitle DIPDC and the Trustee to redeem the Certificates pursuant to Condition 8(b). See “— *Risks Relating to the Certificates — Investors may not be able to reinvest redemption proceeds of the Certificates at the same or a higher rate than the profit rate applicable to the Certificates*” for a description of the consequences thereof.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC (the “Directive”) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of certain payments paid by a person within its jurisdiction to an individual resident in that other Member State or to certain types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. A number of non-EU countries and territories have adopted similar measures to the Directive.

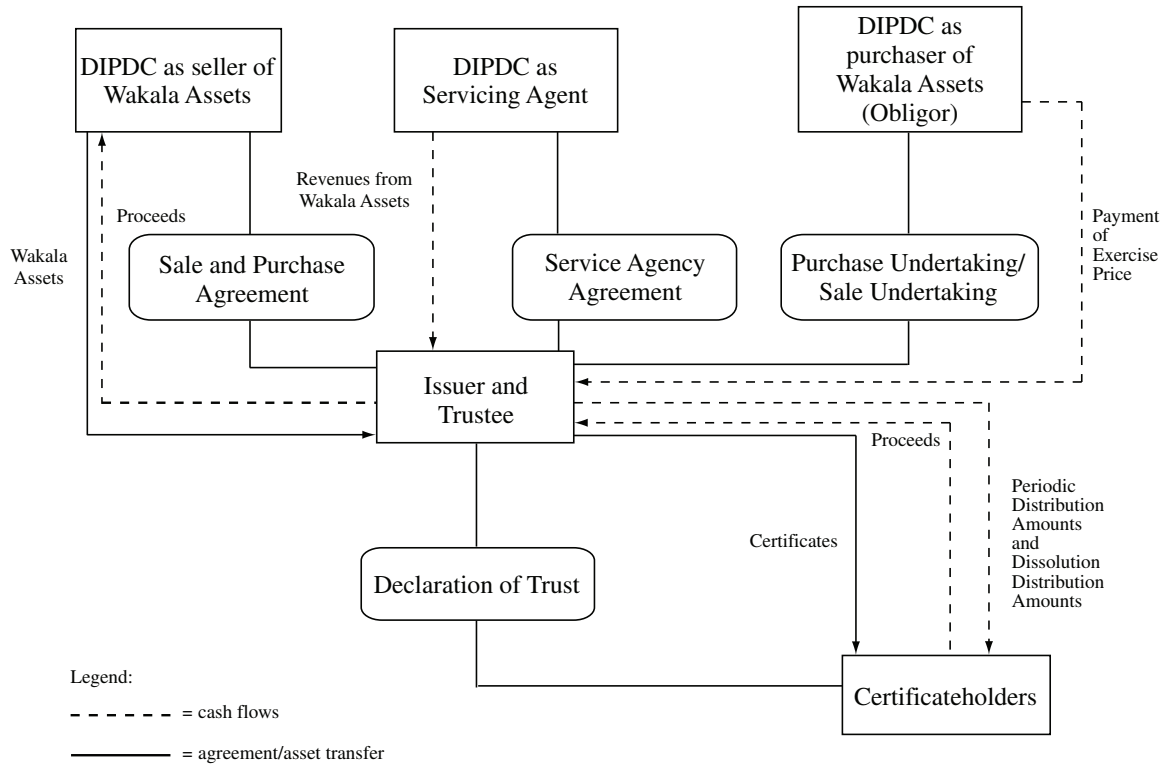
The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Trustee nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to the Certificates as a result of the imposition of such withholding tax. The Trustee is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

## STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows relating to the Certificates. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Prospectus. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below. Potential investors should read this entire Prospectus carefully, especially the risks of investing in the Certificates discussed under “Risk Factors”.

### Structure Diagram



### Principal cash flows

#### *Payments by the Certificateholders and the Trustee*

On the Closing Date, the Trustee will use the proceeds of the Certificates to purchase from DIPDC a portfolio (the “Initial Wakala Portfolio”) of identified income generating real estate related assets consisting of plots of land (the “Real Estate Assets”) which are leased (other than on the basis of a finance lease) to third parties as at the Closing Date (in each case, the lease relating thereto, a “Lease” and each such Real Estate Asset which becomes part of the Wakala Portfolio, a “Wakala Asset” and the portfolio of such Wakala Assets from time to time, the “Wakala Portfolio”). The Trustee will appoint DIPDC as the Servicing Agent to manage the Wakala Portfolio pursuant to the Servicing Agency Agreement.

#### *Periodic Distribution Payments*

Prior to each Periodic Distribution Date, the Servicing Agent will pay to the Trustee (by way of a payment into the Transaction Account) an amount comprising returns generated by the Wakala Portfolio (“Wakala Portfolio Revenues”) during the relevant Wakala Distribution Period, which is intended to be sufficient to fund the Required Amount (as defined below) and shall be applied by the Trustee for that purpose.

If the Wakala Portfolio Revenues to be paid by the Servicing Agent into the Transaction Account on any Wakala Distribution Determination Date (being the Business Day immediately prior to the relevant Periodic Distribution Date) are greater than the Required Amount in respect of the Certificates on the immediately

following Periodic Distribution Date, the amount of any excess shall be retained by the Servicing Agent as a reserve and credited to a separate ledger account (the “Wakala Reserve Collection Account”) maintained by the Servicing Agent and the amount to be transferred to the Transaction Account in respect of such Wakala Portfolio Revenues shall be reduced accordingly.

If there is a shortfall on any Wakala Distribution Determination Date (after transfer of the Wakala Portfolio Revenues into the Transaction Account as described above) between: (i) the amounts standing to the credit of the Transaction Account; and (ii) the aggregate of the Periodic Distribution Amounts (the “Required Amount”) payable in respect of the Certificates on the immediately following Periodic Distribution Date (a “Shortfall”), the Servicing Agent shall first apply the amounts standing to the credit of the Wakala Reserve Collection Account (if any) towards such Shortfall by transferring into the Transaction Account from the Wakala Reserve Collection Account on that Wakala Distribution Determination Date an amount equal to the lesser of the Shortfall and the then balance of the Wakala Reserve Collection Account. If, having applied such amounts standing to the credit of the Wakala Reserve Collection Account (if any), any part of the Shortfall still remains, the Servicing Agent may either:

- (a) provide non-interest bearing (or otherwise *Shari’a* compliant) funding to the Trustee itself; or
- (b) procure non-interest bearing (or otherwise *Shari’a* compliant) funding from a third party to be paid to the Trustee,

in each case in the amount required to ensure that there is no Shortfall and on terms that such funding is repayable from future excess Wakala Portfolio Revenues or on the date on which the Certificates are redeemed in full through a deduction (by way of set-off) from the Exercise Price payable under the Sale Undertaking or the Purchase Undertaking, as applicable (each a “Liquidity Facility”).

#### ***Dissolution Payments***

On the Scheduled Dissolution Date, the Trustee will have the right under the Purchase Undertaking to require DIPDC to purchase all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio. The Exercise Price payable by DIPDC, together with any Wakala Portfolio Revenues then held by the Servicing Agent and payable to the Trustee under the Service Agency Agreement, are intended to fund the Dissolution Distribution Amount payable by the Trustee.

The Trust may be dissolved prior to the Scheduled Dissolution Date for the following reasons: (i) redemption following a Dissolution Event, (ii) an early redemption for tax reasons, (iii) at the option of the Certificateholders following any Relevant Event, (iv) at the option of DIPDC if 75 per cent. or more of the face amount of the Certificates originally issued have been redeemed pursuant to Condition 8(c) (and/or otherwise previously purchased and cancelled pursuant to Condition 8(g)) and (v) upon the occurrence of a Total Loss Event.

In the case of (i) above, the amounts payable by the Trustee on the due date for dissolution will be funded in a similar manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date. In the case of (ii) and (iv) above, DIPDC will have the right under the Sale Undertaking to require the Trustee to sell to DIPDC all of its rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio. The exercise price payable by DIPDC is then intended to fund the amounts payable by the Trustee on the due date for dissolution. In the case of (iii) above, the Trustee will redeem the Certificates on the Relevant Event Put Right Date, at the Dissolution Distribution Amount. Any such redemption shall be funded through the exercise by the Trustee of its right under the Purchase Undertaking to require DIPDC to purchase all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Relevant Event Wakala Assets with an aggregate value no greater than the aggregate face amount of the Certificates to be redeemed. In the case of (v) above, the amounts payable to Certificateholders will be an amount equal to the sum of: (A) the proceeds of any insurance policies which the Servicing Agent has entered into for and on behalf of the Trustee in respect of the relevant Real Estate Assets and/or any Total Loss Shortfall Amount; and (B) all of the Wakala Portfolio Revenues credited to the Collection Accounts (as defined in the Service Agency Agreement) which the Servicing Agent is required to transfer to the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event, such amount being intended to be sufficient in order to redeem the Certificates in full.

## OVERVIEW OF THE OFFERING

*The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This overview does not contain all of the information that an investor should consider before investing in the Certificates. Each investor should read the entire Prospectus carefully, especially the risks of investing in the Certificates discussed under “Risk Factors”.*

*Words and expressions defined in the Conditions shall have the same meanings in this overview.*

<b>Certificates</b>	U.S.\$300,000,000 trust certificates due 2019.
<b>Trustee</b>	DIP Sukuk Limited, an exempted company with limited liability incorporated on 21 October 2013 under the laws of the Cayman Islands and formed and registered in the Cayman Islands with registered number 282063 with its registered office at Boundary Hall, Cricket Square, 171 Elgin Avenue, PO Box 1984, Grand Cayman KY1-1104, Cayman Islands.
<b>Ownership of the Trustee</b>	The authorised share capital of the Trustee is U.S.\$50,000 consisting of 50,000 ordinary shares of U.S.\$1.00 each, of which 250 shares are fully-paid and issued. The Trustee’s entire issued share capital is held on trust for charitable purposes by Deutsche Bank (Cayman) Limited as share trustee under the terms of the Share Declaration of Trust.
<b>Administration of the Trustee</b>	The affairs of the Trustee are managed by Deutsche Bank (Cayman) Limited, who has agreed to perform certain management functions and provide certain clerical, administrative and other services pursuant to a management agreement dated 7 November 2013 between Deutsche Bank (Cayman) Limited and the Trustee (the “Management Agreement”). The Administrator’s registered office is Boundary Hall, Cricket Square, 171 Elgin Avenue, PO Box 1984, Grand Cayman KY1-1104, Cayman Islands.
<b>Obligor, Seller and Service Agent</b>	Dubai Investments Park Development Company LLC, incorporated in the UAE on 8 December 1997 with registration number 50297.
<b>Risk Factors</b>	Certain factors may affect the Trustee’s ability to fulfil its obligations under the Certificates and DIPDC’s ability to fulfil its obligations under the Transaction Documents to which it is a party. In addition, certain factors are material for the purpose of assessing the market risks associated with the Certificates. These are set out under “ <i>Risk Factors</i> ”.
<b>Joint Lead Managers</b>	Al Hilal Bank P.J.S.C., Citigroup Global Markets Limited, Dubai Islamic Bank PJSC and Emirates NBD Capital Limited.
<b>Financial Adviser</b>	Alpen Capital (ME) Limited.
<b>Delegate</b>	Citibank, N.A., London Branch.  Pursuant to the Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by certain provisions of the Declaration of Trust. 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 and/or DIPDC following a Dissolution Event.
<b>Principal Paying Agent and Transfer Agent</b>	Citibank, N.A., London Branch.
<b>Registrar</b>	Citigroup Global Markets Deutschland AG.
<b>Irish Listing Agent</b>	Arthur Cox Listing Service Limited.
<b>Summary of the transaction structure and Transaction Documents</b>	An overview of the structure of the transaction and the principal cash flows is set out under “ <i>Structure Diagram and Cash Flows</i> ” and a description of the principal terms of certain of the Transaction Documents is set out under “ <i>Summary of the Principal Transaction Documents</i> ”.
<b>Closing Date</b>	20 February 2014.
<b>Issue Price</b>	100 per cent. of the aggregate face amount of the Certificates.
<b>Scheduled Dissolution Date</b>	Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed by the Trustee at the Dissolution Distribution Amount on the Scheduled Dissolution Date (being 20 February 2019) and the Trust will be dissolved by the Trustee.
<b>Dissolution Date</b>	The Dissolution Date shall be, as the case may be: (i) following the occurrence of a Dissolution Event, the date on which the Certificates are redeemed in accordance with the provisions of Condition 12; (ii) following the occurrence of an early redemption for tax reasons or a Total Loss Event, the date on which the Certificates are redeemed in accordance with the provisions of Condition 8; (iii) any Relevant Event Put Right Date; or (iv) the Clean Up Call Right Dissolution Date.
<b>Periodic Distribution Dates</b>	20 February and 20 August every year, commencing on 20 August 2014.
<b>Periodic Distributions</b>	A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date and shall accrue at the rate of 4.291 per cent. per annum.
<b>Return Accumulation Period</b>	The period from and including the Closing Date to but excluding the first Periodic Distribution Date and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date or, if earlier, the relevant Dissolution Date.
<b>Optional Redemption by the Trustee</b>	The Conditions will contain a provision for optional redemption by the Trustee, at any time, in whole but not in part if (i) (A) the Trustee has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 18 February 2014, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or (ii) (A) the Obligor has or will become obliged to pay additional amounts to the

Trustee pursuant to the terms of the Service Agency Agreement as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates or the Emirate of Dubai or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 18 February 2014, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it. The terms of exercise are further described in Condition 8(b).

**Optional Redemption by Certificateholders upon a Relevant Event**

The Conditions will contain a provision for optional redemption by any Certificateholder of all or part of the Certificates held by it, at the Dissolution Distribution Amount, upon the occurrence of a Relevant Event. A Relevant Event shall occur if: (i) Dubai Investments P.J.S.C. ceases to own, directly or indirectly, more than 51 per cent. of the issued share capital of the Obligor or otherwise ceases to control, directly or indirectly, the Obligor; or (ii) the Government of the Emirate of Dubai and/or Dubai Investments P.J.S.C. provides written notice or makes any public announcement of its intention to amend (in a manner which is materially prejudicial to the interests of the Certificateholders), revoke or cancel the Headlease or the Assignment.

Furthermore, if 75 per cent. or more in face amount of the Certificates originally issued have been redeemed pursuant to Condition 8(c) (and/or otherwise previously purchased and cancelled pursuant to Condition 8(g)), the Obligor may in its sole discretion instruct the Trustee to redeem all (but not some only) of the remaining outstanding Certificates at their Dissolution Distribution Amount.

The terms of exercise are further described in Condition 8(c).

**Total Loss Event**

A “Total Loss Event” is: (i) the total loss or destruction of, or damage to the whole of, the Wakala Assets or any event or occurrence which renders the whole of the Wakala Assets permanently unfit for any economic use and (but only after taking into consideration any insurances payable or other indemnity granted by any third party in respect of the Wakala Assets) the remedial work in respect thereof is wholly uneconomical; or (ii) the expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets, in each case as determined by the Servicing Agent acting for and on behalf of the Trustee.

The Servicing Agent will irrevocably undertake with the Trustee, in relation to the Wakala Portfolio to: (a) ensure that the Wakala Assets are properly insured (and to use its reasonable endeavours to obtain such insurances on a *takaful* basis if such *takaful* insurance is available on commercially viable terms) to the extent consistent with general industry practice by prudent owners of similar assets, and, accordingly, will 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 and ensure that the insured amount relating to a Total Loss Event will, at all times, be at least equal to

the “Full Reinstatement Value” (being the aggregate face amount of the Certificates plus all accrued but unpaid Periodic Distribution Amounts relating to such Certificates); (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 all the proceeds of the Insurances against a Total Loss Event are paid in U.S. dollars directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event and that the insurer(s) will be directed accordingly.

If the Servicing Agent fails to comply with such undertaking and as a result of such breach the amount (if any) credited to the Transaction Account pursuant to the Service Agency Agreement is less than the Full Reinstatement Value (the difference between such Full Reinstatement Value and the amount credited to the Transaction Account being the “Total Loss Shortfall Amount”), then the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance) will irrevocably and unconditionally indemnify (on an after Tax basis) the Trustee for the Total Loss Shortfall Amount, which will be payable (in same day, freely transferable, cleared funds) 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. Thereafter, and subject to the Servicing Agent’s strict compliance with such obligations, any insurance proceeds received from such insurer will be for the Servicing Agent’s sole account and the Trustee shall have no further rights against the Servicing Agent in respect of its breach of such insurance provisions. Any such breach will not however constitute a Obligor Event.

**Form of Certificates**

The Certificates will be issued in registered form as described in “*Global Certificate*”. The Certificates will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depository for Euroclear and Clearstream, Luxembourg. Ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Definitive Certificates evidencing holdings of Certificates will be issued in exchange for interests in the Global Certificate only in limited circumstances.

**Clearance and Settlement**

Certificateholders must hold their interest in the Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing systems.

**Denomination of the Certificates**

The Certificates will be issued in registered form in face amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

**Status of the Certificates**

Each Certificate will represent an undivided ownership interest in the Trust Assets, will be a limited recourse obligation of the Trustee



and will rank *pari passu* without any preference or priority with all other Certificates; see Condition 4.

The payment obligations of DIPDC under the Transaction Documents to which it is a party shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b)(i), at all times rank at least equally with all other unsecured and unsubordinated obligations of the Obligor, present and future.

### **Trust Assets**

The Trust Assets comprise:

- (a) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Portfolio;
- (b) the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 18.1 of the Declaration of Trust); and
- (c) all monies standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing. The Trustee shall hold the Trust Assets upon trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and the Conditions.

### **Dissolution Events**

Subject to Condition 12, upon the occurrence of a Dissolution Event the Trustee and/or the Delegate shall take the actions referred to in Condition 13.

### **Withholding Tax**

Subject to Condition 9(b) and Condition 10, all payments in respect of the Certificates shall be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Cayman Islands, the United Arab Emirates or the Emirate of Dubai or any authority thereof having power to tax, unless such withholding or deduction is required by law. In such event (and subject as aforesaid), the Trustee will pay such additional amounts as shall result in receipt by the Certificateholders of such amounts as would have been received by them had no such withholding or deduction been required.

The Transaction Documents provide that payments thereunder by the Obligor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Arab Emirates or the Emirate of Dubai or any authority thereof having power to tax, unless such withholding or deduction is required by law and, in such case, provide for the payment by the

	Obligor of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.
<b>Trustee Covenants</b>	The Trustee has agreed to certain restrictive covenants as set out in Condition 6(a).
<b>Obligor Negative Pledge and Other Covenants</b>	The Obligor has agreed to certain covenants as set out in Condition 6(b).
<b>Cancellation of Certificates held by DIPDC, any Subsidiary of DIPDC and/or the Trustee</b>	Pursuant to Condition 8(g), DIPDC, any Subsidiary of DIPDC and/or or the Trustee may at any time purchase Certificates in the open market or otherwise. If DIPDC wishes to cancel such Certificates purchased by it, DIPDC will deliver those Certificates to the Principal Paying Agent for cancellation. DIPDC may also exercise its option under the Sale Undertaking to require the Trustee to transfer to DIPDC all of its rights, title, interests, benefits and entitlements in, to and under the Cancellation Wakala Assets (as defined in the Sale Undertaking) with an aggregate value no greater than the aggregate face amount of the Certificates so delivered to the Principal Paying Agent for cancellation and, upon such cancellation, the Trustee will transfer those Wakala Assets to DIPDC.
<b>Wakala Asset Substitution</b>	The Servicing Agent may substitute Wakala Assets in accordance with the relevant provisions of the Service Agency Agreement and the Sale Undertaking, provided that the value of any substitute assets shall have an aggregate value which is not less than the aggregate value of the Wakala Assets to be so substituted.
<b>Ratings</b>	Upon issue, the Certificates are expected to be assigned a rating of “BB” by Standard & Poor’s. A rating is not a recommendation to buy, sell or hold the Certificates (or beneficial interests therein) and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
<b>Certificateholder Meetings</b>	A summary of the provisions for convening meetings of the Certificateholders to consider matters relating to their interests as such is set out in Condition 14.
<b>Tax Considerations</b>	See “ <i>Taxation</i> ” for a description of certain tax considerations applicable to the Certificates.
<b>Listing and Admission to Trading</b>	Application has been made to the Irish Stock Exchange for the Certificates to be admitted to listing on the Official List and for such Certificates to be admitted to trading on the Main Securities Market.  Application has also been made to the DFSA for the Certificates to be admitted to the official list of securities maintained by the DFSA and to NASDAQ Dubai for such Certificates to be admitted to trading on NASDAQ Dubai.
<b>Transaction Documents</b>	The Declaration of Trust, the Agency Agreement, the Sale and Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale Undertaking are referred to herein as the “Transaction Documents”.
<b>Governing Law and Dispute Resolution</b>	The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and construed in accordance with, English law.

The Declaration of Trust, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale Undertaking and any non-contractual obligations arising out of or in connection with the same will be governed by English law. In respect of any dispute under any such agreement or deed to which it is a party, DIPDC has agreed to arbitration in London under the LCIA Rules. DIPDC has also agreed to submit to the jurisdiction of the courts of England or the DIFC Courts, at the option of the Trustee, in respect of any dispute under the Declaration of Trust, the Agency Agreement, the Service Agency Agreement, the Purchase Undertaking and the Sale Undertaking (subject to the right of the Trustee and the Delegate to require any dispute to be resolved by any other court of competent jurisdiction).

Each of the Sale and Purchase Agreement, each Sale Agreement and Transfer Agreement entered into under the Purchase Undertaking and each Sale Agreement and Transfer Agreement entered into under the Sale Undertaking will be governed by the laws of the Emirate of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE, and will be subject to the non-exclusive jurisdiction of the Dubai courts.

#### **Waiver of Immunity**

To the extent that the Obligor may in any jurisdiction 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 in any such jurisdiction to the Obligor or its assets or revenues, the Obligor has agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

#### **Limited Recourse**

The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as otherwise provided in 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. Subject to Condition 12, 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 provider in their capacity as such) (other than the Trust Assets) or of the Delegate or the Agents or any of their respective affiliates, in each case in respect of any shortfall or otherwise. See Condition 4(b) for further details.

#### **Selling Restrictions**

There are restrictions on the distribution of this Prospectus and the offer or sale of Certificates in the United States, the United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Cayman Islands, the Kingdom of Bahrain, the State of Qatar and Malaysia. See “*Subscription and Sale*”.

#### **Use of Proceeds**

The proceeds of the issue of the Certificates will be paid by the Trustee (as Purchaser) to DIPDC (as Seller) for the purchase from the Seller of all of its rights, title, interests, benefits, entitlements in, to and under the Initial Wakala Portfolio as described in “*Use of Proceeds*”.

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the Terms and Conditions of the Certificates which (subject to modification and except for the text in italics) will be endorsed on each Certificate in definitive form and will apply to the Global Certificate.*

DIP Sukuk Limited (in its capacity as issuer and in its capacity as trustee as applicable, the “Trustee”) has issued trust certificates (the “Certificates”) in an aggregate face amount of U.S.\$300,000,000.

The Certificates are constituted by a declaration of trust dated 20 February 2014 (the “Issue Date”) between (among others) the Trustee, Dubai Investments Park Development Company LLC (the “Obligor”) and Citibank, N.A., London Branch as the Trustee’s delegate (the “Delegate”, which expression shall include all persons for the time being the delegate or delegates under the Declaration of Trust) (the “Declaration of Trust”).

An Agency Agreement (the “Agency Agreement”) dated the Issue Date has been entered into in relation to the Certificates between the Trustee, the Obligor, the Delegate, Citibank, N.A., London Branch as initial principal paying agent and the other agents named in it. The principal paying agent, the other paying agents, the registrar and the transfer agents are referred to below respectively as the “Principal Paying Agent”, the “Paying Agents” (which expression shall include the Principal Paying Agent), the “Registrar” and the “Transfer Agents” (which expression shall include the Registrar), and together the “Agents”.

These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Declaration of Trust, which includes the form of Certificates referred to below, the Agency Agreement and 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. Copies of the Transaction Documents are available for inspection during usual business hours at the principal office of the Delegate and 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 Certificates towards the purchase from the Obligor of the Initial Wakala Portfolio described in the Sale and Purchase Agreement, and (b) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust and these Conditions.

### 1 Interpretation

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

“**Administrator**” means Deutsche Bank (Cayman) Limited as administrator of the Trustee;

“**Affiliate**” means with respect to any specified Person: (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person; or (ii) 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. 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, Non-Ordinary Course Lease, 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;

“**Assignment**” means the assignment agreement dated 8 October 2003 entered into between Dubai Investments P.J.S.C. and the Obligor, as amended by an amendment and restatement agreement dated 22 January 2008 entered into between Dubai Investments P.J.S.C. and the Obligor;

“**Authorised Signatory**” means, in relation to the Obligor, any person who: (a) is an Initial Authorised Person; or (b) is duly authorised and in respect of whom a certificate has been provided to the Delegate signed by a director or another duly authorised person of the Obligor setting out the name and signature of such person and confirming such person’s authority to act;

“**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 as determined by reference to the most recently published consolidated financial statements of the Group prepared in accordance with IFRS;

“**Business Day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in U.S. dollars;

“**Calculation Amount**” means U.S.\$1,000;

“**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 at the Issue Date or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock;

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

“**Change of Control Event**” shall occur if at any time Dubai Investments P.J.S.C. ceases to own, directly or indirectly, more than 51 per cent. of the issued share capital of the Obligor or otherwise ceases to control, directly or indirectly, the Obligor and “control” for these purposes shall be the power to appoint and/or remove all or 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);

“**Clean Up Call Right Dissolution Date**” has the meaning given to it in Condition 8(c);

“**Consolidated Interest Expense**” means, for any Measurement Period, 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 that Measurement Period, as determined by reference to the most recently published consolidated financial statements of the Group prepared in accordance with IFRS;

“**Consolidated Total Gross Indebtedness**” means, for 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 published consolidated financial statements of the Group prepared in accordance with IFRS;

“**Day Count Fraction**” has the meaning given to it in Condition 7(b);

“**Delegation**” has the meaning given to it in Condition 15(a);

“**DIFC**” means the Dubai International Financial Centre;

“**Dispute**” has the meaning given to it in Condition 19(b);

“**Dissolution Date**” means, as the case may be,

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Relevant Event Put Right Date;

- (d) any Total Loss Event Dissolution Date;
- (e) any Dissolution Event Redemption Date; or
- (f) the Clean Up Call Right Dissolution Date;

“**Dissolution Distribution Amount**” means the sum of:

- (a) the outstanding face amount of such Certificate; and
- (b) any due and unpaid Periodic Distribution Amounts for such Certificate;

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

“**Dissolution Event Redemption Date**” has the meaning given to it in Condition 12(a);

“**Dissolution Notice**” has the meaning given to it in Condition 12(a)(ii);

“**Dubai Investments Park**” means the 23,426,981.73 square metre area of the same name located in Dubai;

“**Early Tax Dissolution Date**” has the meaning given to it in Condition 8(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;

“**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 published consolidated financial statements of the Group prepared in accordance with IFRS;

“**Exceptional Items**” means any exceptional, one off, non-recurring or extraordinary items;

“**Exercise Notice**” means an exercise notice given pursuant to the terms of the Purchase Undertaking or the Sale Undertaking (as the case may be);

“**Expected Wakala Portfolio Revenues**” has the meaning given to it in the Service Agency Agreement;

“**Extraordinary Resolution**” has the meaning given to it in the Declaration of Trust;

“**Fair Market Value**” means:

- (a) with respect to any Capital Stock, asset or property (other than as provided in paragraphs (b) or (c) below), the sale value that would be paid in an arm’s-length transaction between an independent, informed and willing seller under no compulsion to sell and an independent, informed and willing buyer under no compulsion to buy;

- (b) with respect to a Non-Ordinary Course Lease (other than those referred to in paragraph (c) below), the net present value (determined on a basis consistent with International Standards) of the product of: (i) the annual net cash flows in respect of the relevant property based on the annual rent that would be payable in an arm's length transaction between an independent, informed and willing lessee under no compulsion to lease a property and an independent, informed and willing lessor under no compulsion to lease its property; and (ii) the tenor of the Non-Ordinary Course Lease; and
- (c) with respect to a Non-Ordinary Course Lease entered into with an existing Lessee in respect of the relevant property which is the subject of the Lessee's Lease, the net present value (determined on a basis consistent with International Standards) of the product of: (i) the annual net cash flows in respect of the relevant property based on the annual rent payable by such existing Lessee under such Lease immediately prior to the entry into such Non-Ordinary Course Lease, adjusted to take into account such increase (if any) in the annual rent as could reasonably be expected to be payable by the Lessee in respect of such Lease (as reasonably determined by the Obligor in the circumstances); and (ii) the tenor of the Non-Ordinary Course Lease;

**“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, 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 except for recourse by reference to a breach by the selling company of any standard representations relating to the relevant receivables (but not as to the creditworthiness of the debtor or the collectability of the receivables));
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond (other than performance or bid bonds), 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 (e) (inclusive) and (g) to (k) (inclusive) of this definition;
- (g) shares which are expressed to be redeemable shares or any amount raised by the issue of such shares which are redeemable on or prior to the Scheduled Dissolution Date;
- (h) 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;
- (i) 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;
- (j) 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);
- (k) obligations incurred in respect of any Islamic financing arrangement; and
- (l) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) (inclusive) above,

but shall not include any indebtedness owed by one member of the Group to another member of the Group;

“**Fitch**” means Fitch Ratings Ltd;

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

“**Group**” means the Obligor and its Subsidiaries (if any);

“**Headlease**” means the lease contract of governmental land dated 1 February 1999 entered into between the Government of Dubai and Dubai Investments P.J.S.C., as amended by an amendment agreement dated 1 March 2003 between the Government of Dubai and Dubai Investments P.J.S.C.;

“**IFRS**” means International Financial Reporting Standards as published by the International Accounting Standard Board;

“**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 (i) for the purposes of assets comprising interests in real estate and leases, an independent registered firm of chartered surveyors and (ii) for the purposes of any assets other than those described in (i), any independent firm of appraisers or internationally recognised investment banking firm or firm of public accountants, in the case of (i) and (ii) being of international standing, selected by the Obligor;

“**Initial Authorised Person**” means any of Mr. Khalid Jassim Mohd Bin Khalban, Mr. Abdul Aziz Bin Yagub Bin Yousef Alserkal and Mr. Omar Al Mesmar acting on behalf of the Obligor as appointed under the written resolution of the Board of Directors of the Obligor dated 6 November 2013;

“**Initial Wakala Portfolio**” means the initial portfolio of identified assets in relation to the Certificates as more particularly described in the Sale and Purchase Agreement but not including any obligations or liabilities of DIPDC in respect of any such assets;

“**International Standards**” means the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors or any successor or equivalent standards as may be selected by the Independent Appraiser and approved by the Delegate;

“**Investment Properties**” means the consolidated investment properties of the Obligor and its Subsidiaries in accordance with IFRS (as applicable as at the Signing Date) as set out in the most recently published consolidated audited financial statements or, if published, consolidated reviewed interim financial statements, as the case may be, of the Obligor, in each case prepared in accordance with IFRS;

“**Leases**” means each lease entered into by or on behalf of the Obligor from time to time in respect of all or part of the Dubai Investments Park;

“**Lessees**” means any tenant or other party to a Lease who has undertaken to make payments pursuant to the terms of such Lease;

“**Liability**” means any loss, damage, 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;

“**Management Agreement**” means the management agreement entered into between the Trustee and the Administrator on or about the Issue Date;

“**Measurement Period**” means a period of 12 months ending on (i) the last day of the most recently completed financial year of the Obligor and (ii) if consolidated reviewed interim financial statements of the Obligor are published, the last day of the relevant period in respect of which such financial statements were prepared;

“**Moody's**” means Moody's Investors Service, Inc.;



“**Non-Ordinary Course Lease**” means any Lease which is, or would be, accounted for as a finance lease under IFRS;

“**Obligor Event**” shall mean each of the following events (but in the case of the happening of any of the events described in paragraph (c) below or (other than the happening of any such event in relation to the Obligor) paragraphs (e), (f), (h) and (i) 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) **Non-payment:** if the Obligor (acting in any capacity) fails to pay an amount in the nature of profit payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of 14 days, or the Obligor (acting in any capacity) fails to pay an amount in the nature of principal payable by it pursuant to any Transaction Document to which it is a party and the failure continues for a period of seven days; or
- (b) **Breach of specified covenants:** if the Obligor does not perform or comply with any one or more of its covenants or other obligations under Condition 6(b), other than its obligations set out in Conditions 6(b)(viii), (xi) and (xii); or
- (c) **Breach of other obligations:** if the Obligor (acting in any capacity) does not perform or comply with any one or more of its covenants or other obligations in the Transaction Documents to which it is a party, which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 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 clause 3.2 and clause 3.4 of the Service Agency Agreement will not constitute an Obligor Event; or
- (d) **Cross acceleration:** if: (i) the holders of any Indebtedness of the Obligor or any Subsidiary accelerate such Indebtedness or declare such Indebtedness to be due and payable or required to be prepaid (other than by a regularly scheduled required prepayment or pursuant to an option granted to the holders by the terms of such Indebtedness), prior to the stated maturity thereof; or (ii) the Obligor or any Subsidiary fails to pay in full any principal of, or interest or profit, as the case may be, on, any of its Indebtedness when due (after expiration of any originally applicable grace period) or any guarantee of any Indebtedness of others given by the Obligor or any Subsidiary shall not be honoured when due and called upon; provided that the aggregate amount of the relevant Indebtedness or guarantee in respect of which one or more of the events mentioned above in this paragraph (d) shall have occurred equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies); or
- (e) **Order for dissolution:** if any order is made by any competent court or resolution passed for the winding up or dissolution of the Obligor or any Principal Subsidiary, save in connection with a Permitted Reorganisation; or
- (f) **Cessation of business:** if the Obligor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save in connection with a Permitted Reorganisation, or the Obligor or any Principal Subsidiary stops or threatens to stop payment of, 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
- (g) **Order to pay specified amount:** if 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 rendered against the Obligor or any Subsidiary and continues unsatisfied and unstayed for a period of sixty (60) days after the date thereof; or
- (h) **Liquidation proceedings:** if: (i) any court or other proceedings are initiated against the Obligor or any Principal Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of

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 Principal Subsidiary, as the case may be), or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Obligor or any Principal Subsidiary or, as the case may be, in relation to all or substantially all of the undertaking, assets or revenues of any of them; and/or (ii) if an encumbrancer takes possession of all or substantially all of the undertaking or assets of the Obligor or any Principal Subsidiary, or a 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 Obligor or any Principal Subsidiary; and in each case (other than the appointment of an administrator) is not discharged within thirty (30) days; or

- (i) **Insolvency proceedings:** if the Obligor or any Principal Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) save, in all cases, in connection with a Permitted Reorganisation; or
- (j) **Analogous events:** if 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) and (i) above, or any event occurs which under the laws of the jurisdiction under which the relevant Principal Subsidiary is incorporated or constituted has an analogous effect to any of the events referred to in paragraphs (e), (h) and (i) above; or
- (k) **Security Interest:** if any Security Interest, present or future, created or assumed by the Obligor or any Subsidiary and securing an amount which equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies) becomes enforceable and any step is taken to enforce the Security Interest (including the taking of possession or the appointment of a receiver, manager or other similar person) unless the full amount of the debt which is secured by the relevant Security Interest is discharged within sixty (60) days of the later of the first date on which: (i) a step is taken to enforce the relevant Security Interest; or (ii) the Obligor or the relevant Subsidiary, as the case may be, is notified that a step has been taken to enforce the relevant Security Interest;
- (l) **Further assurance:** if 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 party; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Transaction Documents to which it is party admissible in evidence in the courts of the United Arab Emirates is not taken, fulfilled or done, except that, provided no other Dissolution Event has occurred, 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) **Repudiation:** if 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 a Transaction Document to which it is a party or if at any time it is or becomes unlawful for the Obligor to perform any or all of its obligations under or in respect of the Transaction Documents to which it is a party or any of the obligations of the Obligor thereunder are not or cease to be legal, valid, binding or enforceable; or
- (n) **Assets seized:** if (i) all or any substantial part of the undertaking, assets and revenues of the Obligor or any Principal Subsidiary is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government; or (ii) the Obligor or any Principal Subsidiary is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or

- (o) **Headlease/Assignment:** if the Headlease and/or the Assignment is amended (in a manner which is materially prejudicial to the interests of the Certificateholders), revoked or cancelled; or
- (p) **Leasehold interest:** if the Obligor ceases to hold a registered leasehold interest in the Dubai Investments Park at least equivalent to that held by it as at the Signing Date; provided that the loss (on one or more occasions) of a leasehold interest in no more than 5 per cent. (by area) in aggregate of the Dubai Investments Park, where such loss is not materially adverse to the condition (financial or otherwise), operations or prospects of the Obligor and its Subsidiaries, shall not constitute an Obligor Event for these purposes; or
- (q) **Security over the Headlease:** if Dubai Investments P.J.S.C. creates or permits to subsist any Security Interest over the Headlease or any part of it;

“**Officers’ Certificate**” means a certificate substantially in the form set out in Schedule 5 of the Declaration of Trust;

“**outstanding**” shall have the meaning given to it in the Declaration of Trust;

“**Permitted Reorganisation**” means;

- (a) (i) any winding-up or dissolution of a Principal Subsidiary whereby the undertaking and assets of that Principal 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;

“**Periodic Distribution Amount**” has the meaning given to it in Condition 7(a);

“**Periodic Distribution Date**” means 20 February and 20 August in each year, commencing on 20 August 2014, and subject to Condition 7(c);

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

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

“**Principal Subsidiary**” means any Subsidiary of the Obligor:

- (a) whose EBITDA (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary 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 EBITDA 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 Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal 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 Principal 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 EBITDA equal to) not less than 5 per cent. of EBITDA, 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 Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate EBITDA equal to) not less than 5 per cent. of EBITDA, 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 Principal 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 Principal 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 two Authorised Signatories of the Obligor (whether or not addressed to the Delegate) that in their 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 Principal 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;

“**Profit Rate**” means 4.291 per cent. per annum;

“**Prospectus**” means the prospectus dated the Signing Date and published by the Obligor and the Trustee in connection with the issue and offering of the Certificates;

“**Purchase Undertaking**” means the purchase undertaking dated the Issue Date and granted by the Obligor for the benefit of the Trustee and the Delegate;

“**Rating Agency**” means Fitch, Moody’s or Standard & Poor’s or any of their successors or any other statistical rating organisation approved in writing by the Delegate;

“**Record Date**” has the meaning given to it in Condition 9(a);

“**Register**” has the meaning given to it in Condition 2;

“**Regulated Market**” means a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC);

“**Relevant Date**” has the meaning given to it in Condition 10;

“**Relevant Event**” shall occur if:

- (a) a Change of Control Event occurs; or
- (b) the Government of the Emirate of Dubai and/or Dubai Investments P.J.S.C. provides written notice or makes any public announcement of its intention to amend (in a manner which is materially prejudicial to the interests of the Certificateholders), revoke or cancel the Headlease or the Assignment;

“**Relevant Event Exercise Notice**” has the meaning given to it in Condition 8(c);

“**Relevant Event Notice**” has the meaning given to it in Condition 8(c);

“**Relevant Event Put Period**” has the meaning give to it in Condition 8(c);

“**Relevant Event Put Right**” means the right exercisable by Certificateholders pursuant to Condition 8(c);

“**Relevant Event Put Right Date**” shall be the tenth Business Day after the expiry of the Relevant Event Put Period;

“**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 Powers**” has the meaning given to it in Condition 15(a);

“**Relevant Sukuk Obligation**” means any present or future 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, 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;

“**Return Accumulation Period**” means the period beginning on (and including) the Issue 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;

“**Sale and Purchase Agreement**” means the sale and purchase agreement dated the Issue Date and entered into between the Obligor and the Trustee;

“**Sale Undertaking**” means the sale undertaking dated the Issue Date and granted by the Trustee for the benefit of the Obligor;

“**Scheduled Dissolution Date**” means 20 February 2019;

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

“**Service Agency Agreement**” means the service agency agreement dated the Issue Date and entered into between the Servicing Agent and the Trustee;

“**Servicing Agent**” means Dubai Investments Park Development Company LLC in its capacity as servicing agent under the Service Agency Agreement;

“**Signing Date**” means 18 February 2014;

“**Standard & Poor's**” means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc.;

“**Subsidiary**” means, in relation to any Person (the “first Person”) at any particular time, any other Person (the “second Person”) whose affairs and policies the first Person controls or has the power to control, whether

by ownership of share capital, contract, or the power to appoint or remove members of the governing body of the second Person;

“**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 consolidated financial statements of the Obligor prepared in accordance with IFRS or, if no such value is specified in those most recently available financial statements, the Fair Market Value of such assets;

“**Total Loss Event**” means: (i) the total loss or destruction of, or damage to the whole of, the Wakala Assets or any event or occurrence which renders the whole of the Wakala Assets permanently unfit for any economic use and (but only after taking into consideration any insurances payable or other indemnity granted by any third party in respect of the Wakala Assets) the repair or remedial work in respect thereof is wholly uneconomical; or (ii) the expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets, in each case as determined by the Servicing Agent acting for and on behalf of the Trustee;

“**Total Loss Event Dissolution Date**” has the meaning given to it in Condition 8(e);

“**Total Loss Shortfall Amount**” has the meaning given to it in the Service Agency Agreement;

“**Transaction Account**” means the account in the Trustee’s name held with the Principal Paying Agent, into which the Obligor will deposit all amounts due to the Trustee under the Transaction Documents;

“**Transaction Documents**” means:

- (a) the Declaration of Trust;
- (b) the Agency Agreement;
- (c) the Sale and Purchase Agreement;
- (d) the Service Agency Agreement;
- (e) the Purchase Undertaking; and
- (f) the Sale Undertaking;

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

“**Trustee Event**” means any of the following events (but, in the case of the happening of any of the events described in paragraph (b) 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) **Non-Payment:** default is made for more than seven days in the payment of the Dissolution Distribution Amount (or any other amount in the nature of principal) on the date fixed for payment thereof or default is made for more than 14 days in the payment of any Periodic Distribution Amount on the due date for payment thereof; or
- (b) **Breach of Other Obligations:** the Trustee does not perform or comply with any one or more of its other duties, obligations or undertakings in the Certificates or the Transaction Documents to which it is a party, which failure is, in the opinion of the Delegate, incapable of remedy or, if in the opinion of the Delegate is capable of remedy, is not, in the opinion of the Delegate, remedied within the period of 30 days after written notice of such failure shall have been given by the Delegate to the Trustee requiring the same to be remedied; or
- (c) **Enforcement Proceedings:** 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 90 days; or

- (d) **Insolvency:** the Trustee is insolvent or bankrupt or unable to pay its debts as they fall due, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or
- (e) **Winding-up:** 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, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution; or
- (f) **Authorisation and Consents:** 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: (x) 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 Declaration of Trust; (y) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (z) 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) **Illegality:** it is or will become unlawful for the Trustee to perform or comply with any one or more of its duties, obligations and undertakings under any of the Certificates or the Transaction Documents or any duties, obligations or undertakings of the Trustee under the Certificates or the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (h) **Repudiation:** the Trustee repudiates any Certificate or any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Certificate or any Transaction Document; or
- (i) **Analogous Events:** any event occurs that under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraph (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 any amounts expressed to be payable under Condition 7) notwithstanding that the Trustee has at the relevant time insufficient funds or Trust Assets to pay such amounts (whether as a result of the application of Condition 5(b) or otherwise);

“**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 Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 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 10 and any other amount in the nature of a profit distribution payable pursuant to these Conditions.

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

## 2 Form, Denomination and Title

The Certificates are issued in registered form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Certificates are represented by registered certificates and, save as provided in Condition 3(b), 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.

### 3 Transfers

- (a) **Transfer of Registered Certificates:** Subject to Condition 3(d), 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 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, 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) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 3(a) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer 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 the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(b), "business day" means a day, other than a Saturday or 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).
- (c) **Transfers Free of Charge:** Transfers of Certificates on registration or transfer shall be effected without charge by or on behalf of the Trustee, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (d) **Closed Periods:** No Certificateholder may require the transfer of a Certificate to be registered (i) during the period of 15 days ending on the due date for payment of the 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) after any such Certificate has been called for redemption pursuant to Condition 8(b) or (iii) 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 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. The payment obligations of the Obligor (in any capacity) under the Transaction Documents shall, save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions described in Condition 6(b)(i), at all times rank at least equally with all other unsecured and unsubordinated obligations of the Obligor, present and future.
- (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 Trust Assets are the sole source of payments on the Certificates. The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Subject to Condition 12, Certificateholders, by subscribing for or acquiring the Certificates, acknowledge 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 directors, officers, employees or agents on their behalf except to the extent funds are available therefor from the 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 only realise or deal with its interest, rights, benefit and entitlements, present and future in, to and under the Wakala Portfolio in the manner expressly permitted by 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 provider in their capacity as such) (other than the Trust Assets) or of the Delegate or the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in each case 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 (and/or its directors), 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 Delegate arising under or in connection with the Declaration of Trust by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, director or corporate services provider in their capacity as such. The obligations of the Trustee and the Delegate under the Certificates and the Transaction Documents are corporate or limited

liability obligations of the Trustee and/or the Delegate, as the case may be, and no personal liability shall attach to or be incurred by the shareholders, members, officers, agents, directors or corporate services provider of the Trustee and/or the Delegate (in their capacity as such), save in the case of their gross negligence, wilful default or actual fraud. Reference in these Conditions to gross negligence, 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 6(b)).

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 6(b)) constitute an unsecured claim against the Obligor. None of the Certificateholders, the Trustee and 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 Declaration of Trust, the Trustee holds the Trust Assets upon trust absolutely for and on behalf of the Certificateholders *pro rata* according to the face amount of Certificates held by each holder. The term “Trust Assets” means:
  - (i) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Portfolio;
  - (ii) the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 18.1 of the Declaration of Trust); and
  - (iii) all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.
- (b) **Application of Proceeds from Trust Assets:** On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the 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 and to any receiver, manager or administrative receiver or any other analogous officer and any agent appointed in respect of the Trust by the Delegate in accordance with the Declaration of Trust;
  - (ii) **second**, only if such payment is due on a Periodic Distribution Date (to the extent not previously paid) to pay *pro rata* and *pari passu* (i) the Trustee in respect of all amounts properly incurred and documented (each in the opinion of the Delegate) owing to it under the Transaction Documents in its capacity as Trustee; (ii) the Administrator in respect of all amounts owing to it under the Transaction Documents and the Management Agreement in its capacity as administrator for the Trustee; and (iii) each Agent in respect of all amounts owing to such Agent on account of its fees, costs, charges and expenses and the payment or

satisfaction of any liability incurred by such Agent pursuant to the Agency Agreement or the other Transaction Documents in its capacity as Agent;

- (iii) **third**, only if such payment is due on a Periodic Distribution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
- (iv) **fourth**, only if such payment is due on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount; and
- (v) **fifth**, only on the Scheduled Dissolution Date and provided that all amounts required to be paid on 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 fee for its performance under the Service Agency Agreement.

## 6 Covenants

### (a) 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):

- (i) incur any indebtedness in respect of borrowed money or in respect of financing raised in accordance with the principles of *Shari'a*, 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) except, in all cases, as contemplated in the Transaction Documents;
- (ii) 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);
- (iii) 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;
- (iv) except as provided in Condition 14, amend or agree to any amendment of any Certificate, any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;
- (v) except as provided in the Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (vi) have any subsidiaries or employees;
- (vii) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
- (viii) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (ix) 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

- (x) enter into any contract, transaction, amendment, obligation or liability other than the Certificates and 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:
  - (A) as contemplated, provided for or permitted in the Certificates and the Transaction Documents;
  - (B) the ownership, management and disposal of the Trust Assets as provided in the Certificates and the Transaction Documents; and
  - (C) such other matters which are incidental thereto.

The Trustee covenants that, for so long as any Certificate is outstanding:

- (i) it will furnish to the Delegate an Officers' Certificate delivered together with each copy of the Obligor's financial statements referred to in Condition 6(b)(viii) and otherwise promptly upon request by the Delegate (and in any event within 10 Business Days of such request): (i) certifying compliance with the provisions of Condition 6(b); and (ii) stating whether since the date of the last Officers' Certificate or (if none) the Issue Date, any Dissolution Event, Potential Dissolution Event, Relevant Event or Total Loss Event has occurred and, if any such event shall have occurred, providing details in respect thereof and stating what action the Obligor is taking or proposes to take with respect thereto; and
  - (ii) it will use all reasonable endeavours to maintain the listing and/or quotation of the Certificates on the Irish Stock Exchange or, (a) if it is unable to do so having used all reasonable endeavours; or (b) if the maintenance of such listing or trading is impracticable or unduly onerous; and (c) the Delegate is of the opinion that to do so would not be materially prejudicial to the interests of the Certificateholders, it will obtain and maintain a quotation or listing of the Certificates on a Regulated Market.
- (b) **Obligor Covenants:** The Obligor covenants that, for so long as any Certificate is outstanding:
- (i) **Negative pledge:** it will not, and will ensure that none of its Principal Subsidiaries will, create or permit to subsist any 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 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;
  - (ii) **Prohibition on certain security:** it will not create or permit to subsist any Security Interest over all or any part of:
    - (A) its leasehold rights in respect of the Dubai Investments Park as granted to it pursuant to the Headlease and the Assignment and evidenced in the register kept by the Dubai Land Department on the Issue Date; or
    - (B) its right to receive any payments expressed to be payable by Lessees to or to the order of the Obligor under or in connection with Leases;
  - (iii) **Financial ratios:** it will ensure that:
    - (A) the ratio of Consolidated Total Gross Indebtedness at the end of each Measurement Period to EBITDA for each such Measurement Period does not exceed 4:1; and

- (B) the ratio of EBITDA for each Measurement Period to Consolidated Interest Expense for each such Measurement Period is not less than 2.5:1;
- (iv) **Investment Properties:** it will ensure that its Investment Properties at the end of each Measurement Period are not less than AED 3,000,000,000;
- (v) **Disposals:** it will not, and will ensure that none of its Subsidiaries will, directly or indirectly enter into an Asset Sale, unless 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. In the case of:
- (A) any Asset Sale other than to an Affiliate of the Obligor in respect of an asset with a book value (as determined by reference to the most recently published consolidated financial statements of the Obligor or the most recently available consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS, or such other international financial reporting standards as may be adopted from time to time by the Obligor) that exceeds 3 per cent. of the then consolidated Total Assets of the Group at the time of any such proposed Asset Sale; or
- (B) any Asset Sale to any Affiliate of the Obligor (other than a Subsidiary of the Obligor) in respect of any asset with a book value (as determined by reference to the most recently published consolidated financial statements of the Obligor or the most recently available consolidated financial statements of its relevant Subsidiary (as the case may be) prepared in accordance with IFRS, or such other international financial reporting standards as may be adopted from time to time by the Obligor) that, when aggregated with all other Asset Sales to any Affiliate of the Obligor (other than a Subsidiary of the Obligor) during the calendar year in which the date of the relevant Asset Sale occurs, exceeds U.S.\$5,000,000 (or its equivalent in any other currency or currencies) in aggregate; or
- (C) any Asset Sale where the consideration is other than in the form of cash,
- in each instance, the determination as to whether such Asset Sale complies with this Condition 6(b)(v) shall be made by an Independent Appraiser at the time of such Asset Sale (which, for the avoidance of doubt, shall in the case of paragraph (C) above also require a determination of the Fair Market Value of the non-cash consideration received);
- (vi) **Intra-period disposals:** (without prejudice to Conditions 6(b)(iv) or (v)) it will not, and will ensure that none of its Subsidiaries will, directly or indirectly enter into an Asset Sale if, after giving effect to such Asset Sale, the Obligor's Investment Properties (on a pro forma basis, after taking into account such Asset Sale and any other Asset Sales which have occurred since the last day of the immediately preceding Measurement Period) would be less than AED 3,000,000,000;
- (vii) **Transactions with Affiliates:**
- (A) 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;

- (B) Condition 6(b)(vii)(A) does not apply to:
- (a) any Affiliate Transaction between the Obligor and its Subsidiaries and/or between the Obligor's Subsidiaries; or
  - (b) any Affiliate Transaction which, when aggregated with all other Affiliate Transactions in the calendar year in which the date of the relevant Affiliate Transaction occurs, involves payments or value over time of less than U.S.\$5,000,000 (or its equivalent in any other currency or currencies) in aggregate (provided that such exception shall be without prejudice to the requirements of Condition 6(b)(v) in respect of Asset Sales which are also Affiliate Transactions); or
  - (c) 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; or
  - (d) any other arrangement existing on the Signing Date and disclosed in the Prospectus;
- (viii) **Financial information:** it will:
- (A) in respect of each financial year, deliver to the Delegate its audited annual consolidated financial statements prepared in accordance with IFRS by no later than 120 days after the end of the financial year;
  - (B) ensure that each set of audited annual consolidated financial statements of the Obligor prepared in accordance with IFRS and (if published) each set of consolidated reviewed financial statements of the Obligor prepared in accordance with IFRS includes a valuation of the consolidated investment properties of the Obligor and its Subsidiaries in accordance with IFRS as applicable as at the Signing Date (if and to the extent that there has been any change in the application of IFRS principles to the valuation of investment properties generally subsequent to the Signing Date); and
  - (C) arrange for all such financial statements to be published in accordance with the listing rules of the Irish Stock Exchange and the Markets Rules of the Dubai Financial Services Authority;
- (ix) **Valuation:** it will:
- (A) procure at least annually a valuation of all of its investment properties from an Independent Appraiser, such valuation to be prepared in accordance with International Standards;
  - (B) ensure that each such valuation is approved by its Board of Directors; and
  - (C) ensure that such annual valuation is used as the basis for the valuation of the investment properties in its audited annual consolidated financial statements;
- (x) **Officers' Certificate:** it will furnish to the Delegate an Officers' Certificate delivered together with each copy of its financial statements referred to in Condition 6(b)(viii) and otherwise promptly upon request by the Delegate (and in any event within 10 Business Days of such request): (i) certifying compliance with the provisions of Condition 6(b); (ii) listing its Principal Subsidiaries (if any) as at such date; (iii) setting out the ratio of Consolidated Total Gross Indebtedness to EBITDA for the immediately preceding Measurement Period; (iv) setting out the ratio of EBITDA to Consolidated Interest Expense for the immediately preceding Measurement Period; and (v) stating whether since the date of the last Officers' Certificate or (if none) the Issue Date, any Dissolution Event, Potential Dissolution Event, Relevant Event or Total Loss Event has occurred and, if any such event shall have occurred,

providing details in respect thereof and stating what action the Obligor is taking or proposes to take with respect thereto, provided that nothing in this Condition 6(b)(x) shall require the Obligor to prepare and provide any pro forma accounts in connection with Condition 6(b)(vi);

- (xi) **Rating:** it will maintain a corporate rating with at least one Rating Agency; and
- (xii) **Listing:** it will use all reasonable endeavours to maintain the listing and/or quotation of the Certificates on the Irish Stock Exchange or, (a) if it is unable to do so having used all reasonable endeavours; or (b) if the maintenance of such listing or trading is impracticable or unduly onerous; and (c) the Delegate is of the opinion that to do so would not be materially prejudicial to the interests of the Certificateholders, it will obtain and maintain a quotation or listing of the Certificates on a Regulated Market.

## 7 Periodic Distribution Amounts

- (a) **Periodic Distribution Amounts:** A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending on such date, shall accrue at the Profit Rate and the amount of which shall be calculated as provided in Condition 7(b) (each such distribution being 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 9.
- (b) **Calculations:** The amount of profit payable per Calculation Amount in respect of any Certificate for any period shall be equal to the product of the Profit Rate, the Calculation Amount, and the Day Count Fraction for such period, with the result being rounded to the nearest U.S.\$0.01, U.S.\$0.005 being rounded upwards. For these purposes, “Day Count Fraction” means, in respect of the calculation of an amount of profit on any Certificate for any period (whether or not constituting a Return Accumulation Period, the “Calculation Period”), the number of days in the Calculation Period divided by 360 (the number of days in such period to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed).
- (c) **Entitlement to Profit:** No further amounts will be payable on any Certificate from and including its due date for redemption, as a result of the failure of the Obligor to pay the relevant Exercise Price and enter into a sale agreement in accordance with the terms of the Purchase Undertaking or Sale Undertaking (as the case may be), unless default is made in payment of the Dissolution Distribution Amount, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 7, provided that, in respect of such accrual, no sale agreement has been executed in accordance with the terms of the Purchase Undertaking or Sale Undertaking (as the case may be) and no Total Loss Event has occurred.

## 8 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 on the Scheduled Dissolution Date at its Dissolution Distribution Amount, and the Trust shall be dissolved by the Trustee on the Scheduled Dissolution Date following the payment of all such amounts in full. Upon such dissolution as aforesaid and the termination of the Trust, 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) **Early Dissolution for Taxation Reasons:** The Certificates may be redeemed at the option of the Trustee in whole, but not in part, at any time (such date being an “Early Tax Dissolution Date”), on giving not less than 30 nor more than 60 days’ notice to the Certificateholders (which notice shall be

irrevocable) at their Dissolution Distribution Amount if the Trustee satisfies the Delegate immediately before the giving of such notice that:

- (i) (A) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Signing Date, and (B) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (ii) (A) the Obligor has or will become obliged to pay additional amounts to the Trustee pursuant to the terms of the Service Agency Agreement as a result of any change in, or amendment to, the laws or regulations of the United Arab Emirates or the Emirate of Dubai or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Signing Date, and (B) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

provided that, in either case, (x) no such notice of dissolution shall be given to Certificateholders unless a duly completed Exercise Notice has been received by the Trustee from the Obligor pursuant to the Sale Undertaking; and (y) 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 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 8(b), the Trustee shall deliver to the Delegate:

- (A) a certificate signed by two directors of the Trustee (in the case of Condition 8(b)(i)) or a certificate signed by two directors of the Obligor (in the case of Condition 8(b)(ii)), in each case stating that the obligation referred to in Condition 8(b)(i) or 8(b)(ii), as the case may be, cannot be avoided by the Trustee or the Obligor taking reasonable measures available to it; and
- (B) an opinion of independent legal 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 such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8(b)(i) or, as the case may be, Condition 8(b)(ii), in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8(b) and payment of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust. Upon such dissolution as aforesaid and the termination of the Trust, 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.

- (c) **Dissolution at the Option of the Certificateholders (Relevant Event Put Right):** The Obligor has agreed in the Purchase Undertaking to notify the Trustee and the Delegate forthwith upon the occurrence of a Relevant Event and to provide a description of the Relevant Event. The Trustee, upon receipt of such notice from the Obligor or otherwise upon becoming aware of the occurrence of a Relevant Event, shall promptly give notice (a “Relevant Event Notice”) of the occurrence of a Relevant Event to the Certificateholders in accordance with these Conditions. The Relevant Event Notice shall provide a description of the Relevant Event and shall require Certificateholders to elect within 30 days of the date on which the Relevant Event Notice is given (the “Relevant Event Put Period”) if they wish all or any of their Certificates to be redeemed.



If a Relevant Event occurs, and provided that Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 8(c), the Trustee shall redeem such Certificates on the Relevant Event Put Right Date at the Dissolution Distribution Amount and shall require the Obligor to purchase and accept the transfer of all of the Trustee's interest, rights, benefits and entitlements, present and future, in and to certain specified Wakala Assets pursuant to the Purchase Undertaking.

To elect to redeem all or any of its Certificates in accordance with this Condition 8(c), a Certificateholder must deposit its Certificate(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed relevant event put right exercise notice (a "Relevant Event Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable). No Certificate so deposited and right exercised may be withdrawn (except if the condition referred to in the previous paragraph is not satisfied and as otherwise provided in the Agency Agreement) without the prior consent of the Trustee.

The foregoing provisions of this Condition 8(c) shall apply on each occasion (if any) on which a Relevant Event occurs.

If 75 per cent. or more in face amount of the Certificates originally issued have been redeemed pursuant to this Condition 8(c) (and/or otherwise previously purchased and cancelled pursuant to Condition 8(g)), the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, upon receipt of such notice, the Trustee shall, on giving not less than 30 nor more than 60 days' irrevocable notice to the Delegate and the Certificateholders, redeem all of the Certificates on the date specified in such notice, which shall be a date falling no later than 80 days after the Relevant Event Put Right Date (the "Clean Up Call Right Dissolution Date"). Any such redemption of Certificates shall be at their Dissolution Distribution Amount and upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.

- (d) **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 shall dissolve the Trust, in each case as more particularly specified in Condition 12.
- (e) **Dissolution following a Total Loss Event:** The Obligor has agreed in the Service Agency Agreement to ensure that the Wakala Assets are properly insured against a Total Loss Event. The Trustee, upon becoming aware of the occurrence of a Total Loss Event, shall on giving not less than 30 nor more than 60 days' irrevocable notice to the Delegate and the Certificateholders (or such other notice period as may be specified hereon) (a "Total Loss Event Notice") redeem all of the Certificates on the date specified for such redemption in such Total Loss Event Notice (a "Total Loss Event Dissolution Date"). Any such redemption of Certificates shall be at their Dissolution Distribution Amount using either (i) the proceeds of insurance payable in respect of the Total Loss Event which are required to be paid into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event, or (ii) if the insurance proceeds (if any) standing to the credit of the Transaction Account on the 30th day following the occurrence of a Total Loss Event are less than the Full Reinstatement Value, the amount standing to the credit of the Transaction Account on the 31st day following the occurrence of a Total Loss Event, representing the aggregate of the insurance proceeds paid in respect of any Total Loss Event (if any) and the Total Loss Shortfall Amount funded by the Servicing Agent in accordance with the terms of the Service Agency Agreement. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trustee shall be bound to dissolve the Trust.
- (f) **Purchases:** Each of the Trustee, the Obligor and the Obligor's Subsidiaries may at any time purchase Certificates in the open market or otherwise at any price.
- (g) **Cancellation:** Certificates purchased by or on behalf of the Trustee, the Obligor or any of the Obligor's Subsidiaries may in the Trustee's and Obligor's sole discretion be surrendered for cancellation in accordance with the terms of the Declaration of Trust, the Sale Undertaking and the

Agency Agreement. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Trustee in respect of any such Certificates shall be discharged.

- (h) **No other Dissolution:** The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12.

## 9 Payments

- (a) **Method of Payment:** Payments of the Dissolution Distribution Amount shall be made against presentation and surrender of the relevant Certificates 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 or the Dissolution Distribution Amount in respect of each Certificate shall be paid to the person shown on 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 or the Dissolution Distribution Amount in respect of each Certificate shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank that processes payments in U.S. dollars notified by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date.

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 10. No commission or expenses shall be charged to the Certificateholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value the due date, or if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of the Dissolution Distribution Amount, where the relevant Certificate has not been surrendered at the specified office of the Registrar or any Transfer Agent, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Paying Agent, the Registrar and the Transfer Agent initially appointed by the Trustee and their respective specified offices are listed below. The Principal Paying Agent, the Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Trustee 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 approval of the Delegate to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Trustee shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Paying Agent (which may be the Principal Paying Agent) having a specified office in a major European city, (v) such other agents as may be required by any stock exchange on which the Certificates may be listed and (vi) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

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

- (e) **Non-Business Days:** If any date for payment in respect of any Certificate is not a business day, the holder shall not be entitled to payment until the next following business day nor to any profit or other sum in respect of such postponed payment. In this paragraph, "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 and, where payment is to be made by

transfer to an account maintained with a bank in U.S. dollars, on which foreign exchange transactions may be carried on in U.S. dollars in New York.

## 10 Taxation

All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Cayman Islands, the United Arab Emirates or the Emirate of Dubai or any authority thereof having power to tax, 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 of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

- (a) **Other Connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Certificate by reason of his having some connection with the Cayman Islands, the United Arab Emirates or the Emirate of Dubai, other than the mere holding of the relevant Certificate; or
- (b) **Surrender more than 30 Days after the Relevant Date:** if the relevant Certificate is 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 surrendering the Certificate for payment on the last day of such period of 30 days assuming that day to have been a business day (as defined in Condition 9(e)); or
- (c) **Payment to Individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) **Payment through another Paying and Transfer Agent in a Member State of the European Union:** if the relevant Certificate is held by a Certificateholder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Certificate means 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 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. 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 or any undertaking given in addition to or in substitution for it under the Declaration of Trust.

## 11 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) from the appropriate Relevant Date in respect of them.

## 12 Dissolution Events

- (a) **Dissolution Event:** Upon the occurrence of a Dissolution Event:
  - (i) the Delegate, upon receiving notice thereof under the Declaration of Trust or otherwise upon becoming aware of a Dissolution Event, shall (subject to it being indemnified, secured and/or prefunded to its satisfaction, if required by the Delegate in the circumstances) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders in accordance with

Condition 17 with a request to the Certificateholders to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed 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 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified, secured and/or prefunded to its satisfaction, give notice (a “Dissolution Notice”) to the Trustee, the Obligor and the Certificateholders in accordance with Condition 17 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 paragraph (ii) whether or not notice has been given to Certificateholders as provided in paragraph (i) above.

Upon receipt of such Dissolution Notice, the Trustee (failing which the Delegate) shall deliver an Exercise Notice under the Purchase Undertaking and shall use the proceeds of such exercise 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 constituted by the Declaration of 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 constituted by the Declaration of 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 has not been paid in full (notwithstanding the provisions of Condition 12(a)), the Trustee or the Delegate, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, shall (acting for the benefit of the Certificateholders) take one or more of the following steps:
  - (i) enforce the provisions of the Purchase Undertaking against the Obligor; and/or
  - (ii) take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

### **13 Realisation of Trust Assets**

- (a) The Delegate shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action or steps or proceedings against the Trustee and/or the Obligor under any Certificate or 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 25 per cent. of the then outstanding aggregate face amount of the Certificates and in either case then only if it shall be indemnified and/or secured and/or prefunded 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, having become bound so to proceed, fails to do so within a reasonable period and such failure 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 Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Certificates and the Transaction Documents to which they are a party.
- (c) The foregoing paragraphs in this Condition 13 are subject to this paragraph (c). After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 5(b), the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid

shall be extinguished. 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.

#### **14 Meetings of Certificateholders, Modification, Waiver and Substitution**

- (a) **Meetings of Certificateholders:** The Declaration of Trust 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 Declaration of Trust. Such a meeting may be convened by Certificateholders holding not less than 10 per cent. in face amount of the Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in face amount of the Certificates for the time being outstanding, or at any adjourned meeting one or more persons being or representing Certificateholders whatever the face amount of the Certificates held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the Scheduled Dissolution Date or any date on which Certificates are to be redeemed or any date for payment of Periodic Distribution Amounts in respect of the Certificates, (ii) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates, (iii) to amend the covenant given by the Trustee and the Delegate in Clause 15.1 of the Declaration of Trust, (iv) to change any of the Obligor's covenants set out in the Transaction Documents to which it is a party, (v) to vary the currency of payment or denomination of the Certificates, (vi) to modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass the Extraordinary Resolution, or (vii) to amend the above list, in which case the necessary quorum shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in face amount of the Certificates for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Certificateholders (whether or not they were present at the meeting at which such resolution was passed).

The Declaration of Trust provides that (i) 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 (a "Written Resolution") or (ii) where the Certificates are held by or on behalf of a clearing system or clearing systems, 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 by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (an "Electronic Consent"), shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a Written Resolution may be contained in one document or several documents in like form, each signed by or on behalf of one or more Certificateholders. Such a Written Resolution and/or Electronic Consent will be binding on all Certificateholders whether or not they participated in such Written Resolution or Electronic Consent.

- (b) **Modification of the Declaration of Trust, any Certificate or any Transaction Document:** The Delegate may, without the consent of the Certificateholders, (i) agree to any modification of any of the provisions of the Declaration of Trust, any Certificate or the Transaction Documents that is, in the opinion of the Delegate, of a formal, minor or technical nature or is made to correct a manifest error, or (ii) (A) agree to any other modification (except as mentioned in the Declaration of Trust), or to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Declaration of Trust, any Certificate 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, 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 25 per cent. of the outstanding aggregate face amount of the Certificates. Any such modification, authorisation or waiver shall be binding on the Certificateholders and, if the Delegate so requires, such modification shall be notified to the Certificateholders in accordance with Condition 17 as soon as practicable.

- (c) **Entitlement of the Delegate:** In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition) the Delegate shall have regard to the interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, the Obligor or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

## 15 Delegate

- (a) **Delegation of Powers:** The Trustee will in the Declaration of Trust 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 duties, powers (including the power to sub-delegate), trusts, 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 Declaration of Trust) and discretions vested in the Trustee by the Declaration of Trust, 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 prefunded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust, provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation (together the “Delegation” of the “Relevant Powers”), provided further that in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust the Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, trust, authority or discretion to hold any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or Potential Dissolution Event or to determine the remuneration of the Delegate (save as provided in the Declaration of Trust). 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 Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust.

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

- (b) **Indemnification:** The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets or any other right it may have pursuant to the Declaration of Trust, the Delegate shall in no circumstances be bound to take any action, step or proceeding unless directed to do so in accordance with Condition 12 or 13, and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.
- (c) **No Liability:** The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Obligor but are not so paid and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.
- (d) **Reliance on Certificates and/or Reports:** The Delegate may rely on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee, the Obligor or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such certificate

or report may be relied upon by the Delegate 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 in connection therewith contains a monetary or other limit on the liability of the auditors of the Trustee, the Obligor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

- (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 Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or actual fraud of which either of them may be guilty in relation to their duties under the Declaration of Trust.
- (f) **Notice of Events:** The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event, Potential Dissolution Event or Relevant Event has occurred or exists and, unless and until it shall have received express notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to any person for so doing).

## 16 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 fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Trustee on demand the amount payable by the Trustee in respect of such Certificates) and otherwise as the Trustee may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 17 Notices

Notices to the holders of Certificates shall be mailed to them by first class mail (airmail if overseas) at their respective addresses in the Register. In addition, the Trustee shall ensure that notices to the holders of Certificates are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) on which the Certificates are for the time being admitted to listing, trading and/or quotation. Any notices shall be deemed to have been given on the fourth day after being so mailed or on the date of publication, or if so published more than once on different dates, on the date of the first publication.

## 18 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.

## 19 Governing Law and Arbitration

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

- (b) **Arbitration:** The Delegate, the Trustee and the Obligor have in the Declaration of Trust agreed that, subject to Condition 19(c), any dispute, claim, difference or controversy arising out of or in connection with the Certificates (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a “Dispute”) shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration (the “LCIA”) (the “Rules”), which Rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 19(b). For these purposes:
- (i) the seat of arbitration shall be London, England;
  - (ii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration 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 19(b), 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 Declaration of Trust:
- (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 19(e) and any arbitration commenced under Condition 19(b) in respect of that Dispute will be terminated. With the exception of the Delegate (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 and to any Tribunal (as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA, 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 19(c), the following provisions shall apply:
- (i) subject to paragraph (iii) below, the courts of England or the courts of the DIFC, at the option of the Delegate, shall have jurisdiction to settle any Dispute and each of the Trustee and the Obligor submits to the exclusive jurisdiction of such courts;



- (ii) each of the Trustee and the Obligor agrees that the courts of England or the courts of the DIFC, at the option of the Delegate, are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
  - (iii) this Condition 19(e) is for the benefit of the Delegate for and on behalf of the Certificateholders only. As a result, and 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. To the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.
- (f) **Appointment of Process Agent:** Each of the Trustee and the Obligor irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom, to receive for it and on its behalf, service of process in respect of any Proceedings 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 and/or the Obligor). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, each of the Trustee and the Obligor irrevocably agrees to appoint a substitute process agent, and shall immediately notify the Delegate of such appointment. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.
- (g) **Enforcement:** An arbitral award of judgment or order of an English or other court, in connection with a Dispute arising out of or in connection with these Conditions, shall be binding on the Delegate, the Trustee and the Obligor and may be enforced against each of them in the courts of any competent jurisdiction.
- (h) **Other Documents:** Each of the Trustee and the Obligor has in the Transaction Documents to which it is a party made provision for arbitration, submitted to jurisdiction and appointed an agent for service of process in terms substantially similar to those set out above.
- (i) **Waiver of Immunity:** The Obligor has agreed in the Transaction Documents to which it is party that, to the extent that it may in any jurisdiction 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 in any such jurisdiction to the Obligor or its assets or revenues, it shall not claim, and irrevocably waives, such immunity to the full extent permitted by the laws of such jurisdiction.
- (j) **Waiver of Interest:**
- (i) Each of the Trustee, the Delegate and the Obligor has irrevocably agreed in the Declaration of Trust 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 or receive such interest and has agreed that if any such interest is actually received by it, it shall promptly donate the same to a registered or otherwise officially recognised charitable organisation.
  - (ii) For the avoidance of doubt, nothing in this Condition 19(j) shall be construed as a waiver of rights in respect of Wakala Portfolio Revenues, Expected Wakala Portfolio Revenues, Periodic Distribution Amounts or profit 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.

## GLOBAL CERTIFICATE

*The Global Certificate contains the following provisions which apply to the Certificates whilst they are represented by the Global Certificate, some of which modify the effect of the Conditions. Unless otherwise defined, terms defined in the Conditions have the same meaning below.*

### **Form of the Certificates**

The Certificates will be in registered form and will be issued outside the United States in reliance on Regulation S.

The Certificates will be represented by beneficial interests in a global certificate in registered form (the “Global Certificate”). The Global Certificate will be deposited with a common depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”) and will be registered in the name of a nominee for the Common Depository. Persons holding ownership interests in the Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Certificates (as defined below) in fully registered form.

### **Holders**

For so long as the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, the registered holder of the Global Certificate shall, except as ordered by a court of competent jurisdiction or as required by law, be treated as the owner thereof (the “Registered Holder”). Each person (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular aggregate face amount of such Certificates (the “Accountholders”) (in which regard any certificate or other document issued by a clearing system as to the aggregate 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 as the Certificateholder in respect of the aggregate face amount of such Certificates standing to its account in the records of Euroclear or Clearstream, Luxembourg, as the case may be, other than for the purpose of payments in respect thereof, the right to which shall be vested solely in the Registered Holder, as against the Trustee and an Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder, and the expressions “Certificateholder” and “holder of Certificates” and related expressions shall be construed accordingly. In addition, holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the relevant Certificates. 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.

### **Cancellation**

Cancellation of any Certificate represented by the Global Certificate will be effected by reduction in the aggregate face amount of the Certificates in the Register.

### **Payments**

Payments of any amount in respect of the Global Certificate will, in the absence of any provision to the contrary, be made to, or to the order of, the person shown on the Register as the registered holder of the Global Certificate at the close of the Business Day (being for this purpose, a day on which Euroclear and Clearstream, Luxembourg are open for business) immediately prior to the relevant due date for such payment.

None of the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payments of the Dissolution Distribution Amount in respect of Certificates represented by the Global Certificate will be made upon presentation and surrender of the Global Certificate at the specified office of

the Registrar or such other office as may be specified by the Registrar subject to and in accordance with the Conditions and the Declaration of Trust. Distributions of amounts with respect to book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of participants in the relevant clearing system in accordance with the relevant clearing system's rules and procedures. A record of each payment made in respect of the Certificates will be entered into the Register by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

### **Notices**

So long as all the Certificates are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg or any other clearing system, as the case may be, notices may be given by delivery of the relevant notice to those clearing systems for communication to their Accountholders or otherwise to the holder of the Global Certificate rather than by publication as required by the Conditions except that, so long as the Certificates are listed, traded or quoted on any stock exchange or securities market, notices shall also be published in accordance with the rules of the relevant listing authority, stock exchange, securities market and/or quotation system. Any such notice shall be deemed to have been given on the day on which such notice is delivered to the relevant clearing systems.

Whilst any of the Certificates held by a Certificateholder are represented by the Global Certificate, notices to be given by such Certificateholder may be given (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Registrar and Euroclear and Clearstream, Luxembourg may approve for this purpose.

### **Electronic Consent and Written Resolution**

For so long as the Certificates are in the form of a Global Certificate and while any Global Certificate is registered in the name of any nominee for one or more of Euroclear, Clearstream, Luxembourg or another clearing system, then:

- (a) approval of a resolution proposed by the Trustee, the Obligor or the Delegate given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their respective 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 outstanding (an "Electronic Consent" as defined in the Declaration of Trust) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum (as specified in the Declaration of Trust) was satisfied), 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; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Declaration of Trust and Condition 14(a)) has been validly passed, the Trustee, the Obligor and the Delegate shall be entitled to rely on consent or instructions given in writing directly to the Trustee, the Obligor and/or the Delegate, as the case may be, by Accountholders in the relevant clearing system(s) with entitlements to such Global Certificate and/or, where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the Accountholder or via one or more intermediaries and provided that, in each case, the Trustee, the Obligor and the Delegate, as the case may be, has obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instructions and prior to the effecting or implementation of such consent or instructions. Any resolution passed in such manner shall be binding on all Certificateholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph (b), "commercially reasonable evidence" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, and/or issued by an Accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Certificates. Any such certificate or other document shall, in

the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the Accountholder of a particular principal or face amount of the Certificates is clearly identified together with the amount of such holding. None of the Trustee, the Obligor and/or the Delegate shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

### **Put Option**

The Certificateholders' put option in Condition 8(c) of the Certificates may be exercised by the holder of the Global Certificate giving notice to the Registrar or Paying and Transfer Agent of the face amount of Certificates in respect of which the option is exercised and presenting the Global Certificate within the time limits specified in Condition 8(c).

### **Registration of Title**

The Registrar will not register title to the Certificates in a name other than that of a nominee for the Common Depositary for a period of seven calendar days preceding the due date for any payment of any Periodic Distribution Amount or the Dissolution Distribution Amount in respect of the Certificates.

Record dates will be determined in accordance with the standard practices of Euroclear and Clearstream, Luxembourg.

### **Transfers**

Transfers of book-entry interests in the Certificates will be effected through the records of Euroclear or Clearstream, Luxembourg and their respective direct and indirect participants in accordance with their respective rules and procedures.

### **Exchange for Definitive Certificates**

Interests in the Global Certificate will be exchangeable (free of charge), in whole but not in part, for Definitive Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 17 if an Exchange Event occurs. For these purposes, "Exchange Event" means that: (i) a Dissolution Event (as defined in the Conditions) has occurred; 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 legal holiday) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in the Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the Global Certificate shall be exchanged in full for Definitive Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar within 10 days following the request for exchange for completion and dispatch to the Certificateholders. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions (and such other information as the Trustee and the Registrar may require) to complete, execute and deliver such Definitive Certificates.

In this Prospectus, "Definitive Certificate" means a trust certificate in definitive registered form issued by the Trustee in accordance with the provisions of the Declaration of Trust in exchange for the Global Certificate, such trust certificate substantially in the form set out in the Schedules to the Declaration of Trust.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Certificates will be paid by the Trustee (as Purchaser) to DIPDC (as Seller) for the purchase from the Seller of all of its rights, title, interests, benefits and entitlements in, to and under the Initial Wakala Portfolio. DIPDC shall use the net proceeds of the issue of the Certificates for refinancing existing debt, maintenance and development capital expenditure and general corporate purposes.

## DESCRIPTION OF THE TRUSTEE

### General

DIP Sukuk Limited, a Cayman Islands exempted company with limited liability, was incorporated on 21 October 2013 under the Companies Law (as amended) of the Cayman Islands with company registration number 282063. The Trustee has been established as a company for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at Boundary Hall, Cricket Square, 171 Elgin Avenue, PO Box 1984, Grand Cayman KY1-1104, Cayman Islands, and its telephone number is +1 345 949 8244.

The authorised share capital of the Trustee is U.S.\$50,000 shares of U.S.\$1.00 each, of which 250 shares have been issued as at the date of this Prospectus. All of the issued shares (the “Shares”) are fully-paid and are held by Deutsche Bank (Cayman) Limited as share trustee (the “Share Trustee”) under the terms of a declaration of trust (the “Share Declaration of Trust”) under which the Share Trustee holds the Shares on trust until the Termination Date (as defined in the Share Declaration of Trust). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit the Charity (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to the Charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from its holding of the Shares.

### Business of the Trustee

The Trustee will not have any substantial liabilities other than in connection with the Certificates and any further certificates issued pursuant to the Conditions. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 21 October 2013.

### 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.

### Directors of the Trustee

The Directors of the Trustee are as follows:

<b>Name</b>	<b>Principal Occupation</b>
Mike Cowley	Businessperson
Alan Corkish	Businessperson
Alexandra McCoy	Businessperson

The business address of Alan Corkish and Alexandra McCoy is c/o Deutsche Bank (Cayman) Limited, Boundary Hall, Cricket Square, 171 Elgin Avenue, PO Box 1984, Grand Cayman KY1-1104, Cayman Islands.

The business address of Mike Cowley is c/o Deutsche Securities and Services, Emirates Tower, Floor 27, Office B, PO Box 504 902, Dubai, United Arab Emirates.

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

## **The Administrator**

Deutsche Bank (Cayman) Limited also acts as the corporate administrator of the Trustee (in such capacity, the “Administrator”). The office of the Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Management Agreement entered into between the Trustee and the Administrator, the Administrator has agreed to perform in the Cayman Islands various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Management Agreement. In consideration of the foregoing, the Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Management Agreement provide that either the Trustee or the Administrator may terminate such agreement upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreement. In addition, the Management Agreement provides that either party shall be entitled to terminate such agreement by giving at least one month’s notice in writing.

The Administrator will be subject to the overview of the Trustee’s Board of Directors.

The Administrator’s principal office is Boundary Hall, Cricket Square, 171 Elgin Avenue, PO Box 1984, Grand Cayman KY1-1104, Cayman Islands.

The Directors of the Trustee are all employees or officers of the Administrator or an affiliate thereof. The Trustee has no employees and is not expected to have any employees in the future.

## SELECTED FINANCIAL INFORMATION

The historical financial data in the tables below should be read in conjunction with “*Financial Review*” and the Financial Statements included elsewhere in this Prospectus. The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

### Statements of Financial Position

The table below shows DIPDC’s statements of financial position at 31 December in each of 2010, 2011 and 2012 and at 30 June 2013.

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	<i>(AED million)</i>			
<b>Non-current assets</b>				
Property, plant and equipment .....	9.9	7.4	6.7	5.6
Investment properties .....	2,884.9	3,287.3	3,542.4	3,690.2
Development properties .....	115.2	37.2	21.8	57.7
Long-term rent receivable .....	136.6	112.4 <sup>(1)</sup>	66.1	49.5
Long-term other receivable .....	–	–	82.4	73.4
	<u>3,146.6</u>	<u>3,444.3<sup>(1)</sup></u>	<u>3,719.4</u>	<u>3,876.4</u>
<b>Current assets</b>				
Trade and other receivables.....	724.1	815.7	784.5	832.2
Due from related parties .....	60.7	109.6	113.1	119.0
Cash at banks and in hand.....	33.0	36.9	123.9	176.2
	<u>817.7</u>	<u>962.2</u>	<u>1,021.6</u>	<u>1,127.4</u>
<b>Current liabilities</b>				
Trade and other payables.....	(230.6)	(224.0)	(276.0)	(321.0)
Due to related parties.....	(242.5)	(10.6)	(1.6)	(0.5)
Unearned rent.....	(18.2)	(34.8) <sup>(1)</sup>	(35.3)	(56.6)
Current portion of long-term bank loans .....	–	(100.0)	(150.0)	(180.0)
	<u>(491.3)</u>	<u>(369.4)<sup>(1)</sup></u>	<u>(462.9)</u>	<u>(558.1)</u>
<b>Net current assets</b> .....	326.5	592.8 <sup>(1)</sup>	558.7	569.3
<b>Non-current liabilities</b>				
Long-term bank loans .....	–	(370.0)	(522.5)	(620.0)
<b>Net assets</b> .....	<u>3,473.1</u>	<u>3,667.1<sup>(1)</sup></u>	<u>3,755.6</u>	<u>3,825.6</u>
<b>Represented by:</b>				
Share capital.....	0.3	0.3	0.3	0.3
Proposed increase in share capital .....	19.7	19.7	19.7	19.7
	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>	<u>20.0</u>
Statutory reserve .....	10.0	10.0	10.0	10.0
General reserve .....	509.6	554.0	554.0	554.0
Retained earnings .....	2,933.5	3,083.1	3,171.6	3,241.6
<b>Total equity</b> .....	<u><u>3,473.1</u></u>	<u><u>3,667.1<sup>(1)</sup></u></u>	<u><u>3,755.6</u></u>	<u><u>3,825.6</u></u>

Note:

(1) See “*Presentation of Financial and Other Information*”.



## Statements of Income

The tables below show DIPDC's statements of income for each of the six month periods ended 30 June 2012 and 2013 and for each of the years ended 31 December 2010, 2011 and 2012.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED million)</i>	
Revenue.....	195.4	211.5
Direct operating costs.....	(60.4)	(68.8)
Administrative and general expenses.....	(12.4)	(16.3)
Finance expense.....	(16.0)	(15.7)
Finance income.....	0.2	0.5
Other income.....	24.5	34.7
<b>Profit before gain on fair valuation of investment properties.....</b>	<b>131.2</b>	<b>145.8</b>
Gain on fair valuation of investment properties.....	24.0	184.2
<b>Profit for the period.....</b>	<b>155.2</b>	<b>330.0</b>

	<b>Year ended 31 December</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>(AED million)</i>		
Revenue.....	377.5	367.4	401.8
Direct operating costs.....	(135.4)	(123.4)	(130.9)
Administrative and general expenses.....	(32.3)	(26.0)	(26.7)
Finance expense.....	(14.3)	(16.1)	(46.1)
Finance income.....	2.4	0.5	0.5
Other income.....	67.1	53.5	55.5
<b>Profit before gain on fair valuation of investment properties.....</b>	<b>265.0</b>	<b>256.0</b>	<b>254.2</b>
Gain on fair valuation of investment properties.....	641.3	188.0	134.3
<b>Profit for the year.....</b>	<b>906.3</b>	<b>444.0</b>	<b>388.5</b>

## Statements of Cash Flows

The tables below show DIPDC's statements of cash flow for each of the six month periods ended 30 June 2012 and 2013 and for each of the years ended 31 December 2010, 2011 and 2012.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED million)</i>	
Net cash from operating activities.....	143.1	220.7
Net cash used in investing activities.....	(71.2)	(35.9)
Net cash used in financing activities.....	(55.0)	(132.5)
<b>Net increase in cash and cash equivalents.....</b>	<b>16.9</b>	<b>52.2</b>
<b>Cash and cash equivalents at the end of the period.....</b>	<b>28.8</b>	<b>138.7</b>

	<b>Year ended 31 December</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>(AED million)</i>		
Net cash from/(used in) operating activities.....	190.3	(79.7)	291.3
Net cash used in investing activities.....	(156.2)	(161.4)	(119.3)
Net cash (used in)/from financing activities.....	(79.4)	220.0	(97.5)
<b>Net (decrease)/increase in cash and cash equivalents.....</b>	<b>(45.3)</b>	<b>(21.1)</b>	<b>74.6</b>
<b>Cash and cash equivalents at the end of the year.....</b>	<b>33.0</b>	<b>11.9</b>	<b>86.4</b>

The tables below show the reconciliation of net profit to EBITDA for DIPDC for each of the six month periods ended 30 June 2012 and 2013 and for each of the years ended 31 December 2010, 2011 and 2012.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED million)</i>	
Profit for the period .....	155.2	330.0
Gain on fair valuation of investment properties.....	(24.0)	(184.2)
Finance expense .....	16.0	15.7
Finance income.....	(0.2)	(0.5)
Depreciation .....	1.0	1.1
<b>EBITDA .....</b>	<b>148.0</b>	<b>162.1</b>

	<b>Year ended 31 December</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>(AED million)</i>		
Profit for the year.....	906.3	444.0	388.5
Gain on fair valuation of investment properties .....	(641.3)	(188.0)	(134.3)
Finance expense.....	14.3	16.1	46.1
Finance income .....	(2.4)	(0.5)	(0.5)
Depreciation .....	2.7	2.5	2.1
<b>EBITDA .....</b>	<b>279.6</b>	<b>274.1</b>	<b>301.9</b>

EBITDA is not an IFRS measure. As referred to in this Prospectus, DIPDC has calculated EBITDA for each period as the sum of (i) its net profit for that period, (ii) its net finance costs for that period and (iii) its depreciation for that period after (iv) deducting the gain on fair valuation on its investment properties.

EBITDA should not be considered as an alternative measure to operating profit, as an indicator of operating performance, as an alternative to operating cash flows or as a measure of DIPDC's liquidity. EBITDA as presented in this Prospectus may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

EBITDA has important limitations as an analytical tool and should not be considered in isolation from, or as a substitute for an analysis of, DIPDC's operating results as reported under IFRS. Some of the limitations are:

- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;

- EBITDA does not reflect the interest expense or the cash requirements necessary to service interest/profit (or the equivalent liability in accordance with *Shari'a* principles) or principal payments on debt;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future and EBITDA does not reflect any cash requirements for such replacements; and
- other companies may calculate EBITDA differently, limiting its usefulness as a comparative measure.

## 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”, the Financial Statements and notes thereto which appear below and elsewhere in this Prospectus.*

*The following discussion of DIPDC’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. DIPDC’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Prospectus, particularly under the headings “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors”.*

References to “2010”, “2011” and “2012” are to the 12 months ended on 31 December in each of those years.

### Overview

DIPDC, a wholly-owned subsidiary of Dubai Investments, is the operator of Dubai Investments Park (“DIP”). DIP is an integrated and self-contained mixed-use complex in Dubai which is spread across an area of approximately 23 million square metres (“m<sup>2</sup>”) and has a leasable area of approximately 17 million m<sup>2</sup>. The leasable area is classified as follows:

- **Operating leases:** Approximately 14 million m<sup>2</sup> of leasable area. As at 30 June 2013, 95.4 per cent. of this area had been leased, principally through 30-year lease contracts, to 941 tenants; and
- **Finance leases:** Approximately three million m<sup>2</sup> of leasable area with 32 tenanted plots. These plots have been leased through long-term lease contracts (with remaining terms in excess of 85 years) and in respect of which all of the rent is payable upfront or within the first five years of the lease. As a result, the leases are accounted for as finance leases and the plots are, effectively, treated as sold.

Since its establishment, DIPDC has focused on realising the maximum commercial value from operational and commercial activities in DIP. DIPDC’s business activities in DIP (which are described in more detail under “*Business Description — Business*”) principally comprise:

- *leasing:* the provision and renewal of leases in relation to land and certain other facilities constructed by DIPDC within DIP, for which it receives lease rental payments from its tenants;
- *sewerage water treatment:* DIPDC has contracted with a third party to provide sewerage water treatment within DIP. DIPDC passes on this cost to its tenants based on the sewerage produced by them by levying a fixed charge per unit;
- *provision of services and other charges:* principally the maintenance of common facilities for which DIPDC receives service charges from its tenants; and
- *sub-leasing and transfer fees:* DIPDC charges a sub-leasing fee based on the value at which the plots are sub-let by its tenants as well as a transfer fee on any plots transferred by its tenants.

For the six months ended 30 June 2013, 72.4 per cent. of DIPDC’s total revenue of AED 211.5 million was derived from lease rentals, 12.7 per cent. was derived from sewerage water treatment services, 8.7 per cent. was derived from service charges and other fees and 6.3 per cent. was derived from gain on the sale of investment properties. In addition, DIPDC generated AED 32.2 million from sub-leasing and transfer fees in the six months ended 30 June 2013. These fees are accounted for as other income.

Management of DIPDC is currently focusing on maximising the efficiency of its operations through maintaining DIP, in particular, the common areas, and seeking to ensure full occupancy of DIP, see “*Business Description — Strategy*”.

## **Factors affecting Financial Condition and Results of Operations**

As described below, as a result of the evolution of DIPDC's business during the periods under review, DIPDC's financial condition and results of operations for such periods were affected by the following principal factors which may impact comparability. The following is a discussion of the most significant factors that have affected, or are expected to affect, DIPDC's financial condition and results of operations.

### **Dubai and UAE macroeconomic, financial and political conditions**

DIPDC's business is subject to economic and political conditions in Dubai and the UAE as a whole. DIPDC's financial condition and results of operations are and will continue to be affected in general by economic and political developments in or affecting Dubai and the UAE and, specifically, by the level of economic activity in Dubai and the UAE. In particular, the fair value of DIPDC's investment properties is affected by:

- prevailing property prices in Dubai, which have been volatile in past years following the global financial crisis and related property price crashes in Dubai and the wider Middle East region and which may be volatile in the future; and
- changes in the supply of, and demand for, properties in Dubai, which is also impacted by changes in macro-economic conditions in Dubai.

DIPDC's revenue has also been affected by delayed payments and/or defaults by certain tenants during and after the economic downturn in 2009 and it retains a high level of tenant receivables as a result.

DIPDC's gains on the fair valuation of investment properties in past years have been driven by the completion of different phases of the development of DIP. The last phase of such development (Phase 8) is expected to be handed over during the second quarter of 2014 and, as a result, any future gains from fair valuation of investment properties are likely to be lower than those in past years.

### **Changes in leased area and rental rates**

DIPDC's revenue earning capacity is determined on the basis of the land area leased and the rental rates charged.

Since DIPDC's inception, DIP has been developed in phases, with the final phase expected to be completed during the second quarter of 2014. The phased development of DIP has resulted in increased lease rental revenue since its inception as new plots are leased as each phase is completed. For example, in early 2012, DIP completed Part 1 of Phase 8 which was leased to a single tenant in March 2012. In the six months ended 30 June 2013, the lease revenue from this lease was AED 5.0 million higher than in the corresponding period for 2012, reflecting the fact that the lease revenue was received for a full six month period in the six months ended 30 June 2013.

Following completion of the final phase of DIP, future increases in DIPDC's revenue will be substantially dependent on increases in rental rates in accordance with the rent review terms of its lease contracts. The majority of DIPDC's leases have an original lease term of 30 years and contain rent review clauses providing for a maximum 20 per cent. rent increase at the end of the first five years. Thereafter, at the end of each subsequent five year period, rent revisions are made commensurate with prevailing rents for similar land use or similar businesses in DIP or rental rates for industrial parks. DIPDC's experience in relation to these leases is that the rent reviews in accordance with market rates in recent years have generally resulted in significant increases in rental rates, reflecting the fact that the market rates at the time the leases were signed were significantly lower than current market rental rates. See "*Business Description — Business — Zones*" for tables showing leases with rent reviews in 2014 through 2018 and "*Risk Factors — Risks relating to DIPDC — DIPDC's strategy of enhancing its revenue and cash flow may be hindered by its inability to increase rental rates in the near term*".

## **Competition**

Within the UAE, DIPDC competes against other similar business and industrial parks. This competition may limit DIPDC's ability to raise rent levels in the future and may also effectively require DIPDC to undertake additional capital expenditures to ensure that its infrastructure, facilities and services are competitive with those at other parks. See "*Risk Factors — Risks relating to DIPDC — DIPDC may be subject to competition from other similar business and industrial parks in the UAE*" and "*Business Description — Competition*" below.

## **Capacity for future growth**

The land which DIPDC can develop and operate is limited to DIP. Almost all of DIP has been developed and fully let and, as a result, DIPDC's ability to expand its operations by further development or its ability to increase the number of leases within DIP is constrained. Future capital expenditure by DIPDC is therefore expected to be lower than in historic periods.

## **Regulatory environment**

Facilities like DIP are a significant factor in the implementation of the Government's strategy to diversify the economy of Dubai, see "*Overview of the UAE and the Emirate of Dubai — Strategy of Dubai*". However, there exists a risk that the regulatory environment in which such facilities and their tenants currently operate may become more restrictive, which could negatively affect DIPDC's future growth, financial condition and results of operations, see "*Risk factors — Risk factors relating to the UAE and the Middle East — No assurance can be given as to the impact of a change in law, regulation or policy*". In addition, an adverse change in the regulatory environment for tenants could reduce the attractiveness of DIP for tenants and therefore negatively impact DIPDC's future revenues.

## **Critical Accounting Policies and Estimates**

The Financial Statements have been prepared in accordance with IFRS. The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. 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. Judgments made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the future years mainly relate to impairment losses on receivables and the fair valuation of investment properties. See Note 25 to the 2012 Financial Statements.

## **Results of Operations**

The following discussion and analysis for the six month periods ended 30 June 2012 and 30 June 2013 and for the years ended 31 December 2010, 2011 and 2012 is based on the Financial Statements.

### **Six months ended 30 June 2012 and six months ended 30 June 2013**

#### ***Revenue and other items of income***

DIPDC's revenue principally comprises rental paid under leases. Its revenue also comprises fees paid for the treatment of sewerage water and service and other charges paid for the use of facilities and services provided by DIPDC. Rental revenue is recognised on a straight line basis over the term of the lease.

Fees from sub-leasing and transfers by DIPDC's tenants in relation to their plots represents a significant proportion of DIPDC's income for each accounting period. These fees are not accounted for as revenue, but are reported separately as a component of other items of income. In accordance with the terms of DIPDC's agreements with its tenants, DIPDC is entitled to receive a sub-leasing fee based on the value at which the plots are sub-let by its tenants. Sub-leasing revenues are generally 15 per cent. of the sub-let value. However,

in some cases, based on the nature of the business activity undertaken by the tenant, the sub-leasing revenue varies from 5 per cent. to 25 per cent. of the sub-let value. The terms of payment of sub-leasing fees by a tenant to DIPDC typically mirror the agreement between the tenant and the sub-tenant. In addition, DIPDC charges a fee on any plots transferred by its tenants.

The table below shows the breakdown of DIPDC's revenue and other items of income for each of the six month periods ended 30 June 2012 and 30 June 2013.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED million)</i>	
<b>Revenue</b>		
Lease rentals.....	149.6	153.0
Service and other charges.....	17.9	18.4
<b>Rentals from land and infrastructure facilities</b> .....	<b>167.6</b>	<b>171.4</b>
Gain on sale of investment properties .....	–	13.2
Income from sale of sewerage and irrigation water.....	27.8	26.8
<b>Total revenue</b> .....	<b>195.4</b>	<b>211.5</b>
<b>Other items of income</b>		
Sub-leasing and transfer fees .....	22.0	32.3
Finance income.....	0.2	0.5
Other income.....	2.5	2.4
<b>Total other items of income</b> .....	<b>24.7</b>	<b>35.2</b>

DIPDC's revenue for the six months ended 30 June 2013 was AED 211.5 million, an increase of AED 16.1 million, or 8.2 per cent., from the AED 195.4 million recorded for the corresponding period of 2012. This increase was principally driven by the gain on sale of 10 plots (aggregating 46,177 m<sup>2</sup>) amounting to AED 13.2 million. This gain resulted from a change in law in Dubai in 2012, which had the effect of permitting international tenants to enter into finance leases in respect of their plots in DIP. As a result, a number of such tenants negotiated new finance leases with DIPDC. Under these leases, plots are treated as if they have been sold. DIPDC anticipates that further international tenants will follow suit and convert their existing operating leases into finance leases in the future.

The table below shows the breakdown of DIPDC's revenue from lease rentals for each of the six month periods ended 30 June 2012 and 2013.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED million)</i>	
Industrial zone .....	99.2	103.6
Residential zone.....	30.7	29.2
Commercial zone .....	19.7	20.2
<b>Total lease rentals</b> .....	<b>149.6</b>	<b>153.0</b>

### *Industrial zone*

DIPDC's lease rental revenue derived from plots in the industrial zone amounted to AED 103.6 million for the six months ended 30 June 2013, an increase of AED 4.4 million, or 4.4 per cent., compared to the AED 99.2 million recorded for the six months ended 30 June 2012. In March 2012, DIPDC entered into leases in respect of warehouses built in Part 1 of Phase 8 of DIP. The increased revenue in 2013 principally reflected the impact of the additional two months' revenue from these leases.

### *Residential zone*

DIPDC's lease rental revenue derived from plots in the residential zone amounted to AED 29.2 million for the six months ended 30 June 2013, a reduction of AED 1.5 million, or 4.9 per cent., compared to the AED 30.7 million recorded for the six months ended 30 June 2012. This reduction principally reflected reduced rental rates on low-cost residential housing. Following the recession, there was a surplus of such accommodation available in Dubai and many tenants sought to reduce the number of floors in the accommodation to be built by them which, in turn, had an impact on the rental due as rent is charged with reference to the maximum permissible height of construction agreed at the time of the initial lease.

### *Commercial zone*

DIPDC's lease rental revenue derived from plots in the commercial zone amounted to AED 20.2 million for the six months ended 30 June 2013, an increase of AED 0.5 million, or 2.5 per cent., compared to the AED 19.7 million recorded for the six months ended 30 June 2012. This increase principally reflected the leasing of two showroom plots and one hotel plot (with an aggregate area of 34,028 m<sup>2</sup>) in the six months ended 30 June 2013.

### *Other items of income*

DIPDC's other items of income for the six months ended 30 June 2013 amounted to AED 35.2 million, an increase of AED 10.5 million, or 42.5 per cent., compared to the AED 24.7 million recorded in the six months ended 30 June 2012. This increase principally reflected:

- an increase of AED 10.3 million, or 46.7 per cent., in sub-leasing and transfer fees in the six months ended 30 June 2013, which principally reflected an overall recovery in the real estate market in Dubai which had led to an increase in sub-lease rental rates on completed properties and also an increase in the volume of sub-leases entered into by DIPDC's tenants; and
- an increase of AED 0.3 million, or 150.0 per cent., in finance income, which mainly resulted from an increase in cash balances which are generally placed as short-term deposits with banks.

### *Direct operating costs*

DIPDC's direct operating costs principally comprise (i) a 20 per cent. share of its profit before gain on fair valuation of investment properties, prior to the deduction of the share of net realised profits which are paid to the Government in respect of the lease of DIP and (ii) the expenses for sewerage treatment which it pays to the third party provider of these services.



The table below shows the breakdown of DIPDC's direct operating costs for each of the six month periods ended 30 June 2012 and 2013.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED million)</i>	
Share of net realised profits to the Government.....	32.8	36.4
Sewerage treatment expenses.....	22.4	25.3
Site maintenance expenses.....	4.4	6.1
Other.....	0.8	1.0
<b>Total direct operating costs.....</b>	<b>60.4</b>	<b>68.8</b>

DIPDC's investment properties are built on land obtained from the Government by Dubai Investments under the Headlease which is a renewable, non-cancellable lease of 99 years, commencing February 1999. Dubai Investments (and by virtue of Dubai Investments' assignment of its rights and obligations under the Headlease to DIPDC under the Assignment, DIPDC) was exempted from paying lease rentals for the first 10 years of operations but thereafter, starting 1 February 2009, 20 per cent. of DIPDC's annual net realised profit is payable to the Government.

DIPDC has entered into a Build, Operate and Transfer Agreement with a third party to provide sewerage water treatment services within DIP. For the services rendered, DIPDC pays a fixed treatment charge based on the anticipated annual usage of sewerage water.

DIPDC's direct operating costs for the six months ended 30 June 2013 were AED 68.8 million, an increase of AED 8.4 million, or 13.9 per cent., compared to the AED 60.4 million recorded for the six months ended 30 June 2012. This increase principally reflected:

- an increase of AED 3.6 million, or 11.0 per cent., in DIPDC's share of net realised profits payable to the Government for the six months ended 30 June 2013, which principally reflected an increase in DIPDC's realised profits between the two periods;
- an increase of AED 2.9 million, or 12.9 per cent., in sewerage treatment expenses in the six months ended 30 June 2013, which principally reflected an upward revision in the average cost per cubic metre agreed with the operator as well as an increase in the volume of sewerage processed; and
- an increase of AED 1.7 million, or 38.6 per cent., in site maintenance expenses in the six months ended 30 June 2013, which principally reflected a decision by management from January 2013 to create a provision of approximately 1.0 per cent. of lease rentals for future maintenance costs.

#### ***Administrative and general expenses***

DIPDC's administrative and general expenses include staff costs and benefits, depreciation and marketing and other expenses.

The table below shows the breakdown of DIPDC's administrative and general expenses for each of the six month periods ended 30 June 2012 and 2013.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED million)</i>	
Staff costs and benefits.....	7.0	9.3
Depreciation .....	1.0	1.1
Marketing expenses.....	0.9	1.4
Other.....	3.5	4.5
<b>Total administrative and general expenses.....</b>	<b>12.4</b>	<b>16.3</b>

DIPDC's administrative and general expenses for the six months ended 30 June 2013 were AED 16.3 million, an increase of AED 3.9 million, or 31.5 per cent., compared to the AED 12.4 million recorded in the six months ended 30 June 2012. This increase principally reflected an increase of AED 2.3 million, or 32.9 per cent., in staff costs and benefits in the six months ended 30 June 2013, reflecting a salary increase for staff at the start of 2013 and the incremental costs of nine new members of staff employed in the second half of 2012.

#### ***Finance expense***

DIPDC's finance expense for the six months ended 30 June 2013 was AED 15.7 million, a decrease of AED 0.3 million, or 1.9 per cent., compared to the AED 16.0 million recorded in the six months ended 30 June 2012. This decrease primarily resulted from refinancing part of its existing indebtedness at lower rates of interest and the repayment of loans.

#### ***Profit before gain on fair valuation of investment properties***

Reflecting the above factors, DIPDC's profit before gain on fair valuation of investment properties was AED 145.8 million in the six months ended 30 June 2013, an increase of AED 14.6 million, or 11.1 per cent., compared to the AED 131.2 million recorded in the six months ended 30 June 2012.

#### ***Gain on fair valuation of investment properties***

Investment properties are properties which are either held to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. DIPDC's investment properties are recorded in its statement of financial position at cost on initial recognition and are subsequently fair valued on each balance sheet date, with changes in fair value between successive balance sheet dates being recorded in the statement of income. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property (such as the warehouses constructed by DIPDC in Phase 8 as well as a retail centre and medical facility in earlier phases) includes cost of materials and direct labour, any other costs directly attributable to bringing the investment property into a working condition and capitalised borrowing costs.

In accordance with DIPDC's accounting policy, an independent valuer undertakes a fair valuation of the investment properties based on their expected future cash flows in accordance with the Royal Institute of Chartered Surveyors' Appraisal system. As a result, the fair valuation is based on the land area valued and the rental rate at which it is valued. Note 10 to each of the 2011 Financial Statements and the 2012 Financial Statements contains a reconciliation of the valuation of investment properties prepared by an independent registered valuer and the adjusted valuations included in the 2012 Financial Statements, as required by IFRS.

DIPDC's gain on fair valuation of investment properties in the six months ended 30 June 2013 amounted to AED 184.2 million, an increase of AED 160.2 million compared to the AED 24.0 million recorded in the six months ended 30 June 2012. The increase principally reflected a substantial change in the underlying cash flows of certain plots of land as a result of upward revisions in lease rates following rental reviews in accordance with lease terms.

### *Profit for the period*

Reflecting the above factors and, in particular, the fluctuations in gains on fair valuation of investment properties described above, DIPDC's profit for the period was AED 330.0 million in the six months ended 30 June 2013, an increase of AED 174.8 million, or 112.6 per cent., compared to the AED 155.2 million recorded in the six months ended 30 June 2012.

### **Years ended 31 December 2010, 31 December 2011 and 31 December 2012**

#### *Revenue and other items of income*

The table below shows the breakdown of DIPDC's revenue and other items of income for each of 2010, 2011 and 2012.

	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<i>(AED million)</i>		
<b>Revenue</b>			
Lease rentals .....	296.2	283.3	305.1
Service and other charges .....	32.6	32.5	36.5
<b>Rentals from land and infrastructure facilities</b> .....	<u>328.8</u>	<u>315.8</u>	<u>341.6</u>
Income from sale of sewerage and irrigation water .....	48.7	51.6	60.2
<b>Total revenue</b> .....	<u><u>377.5</u></u>	<u><u>367.4</u></u>	<u><u>401.8</u></u>
<b>Other items of income</b>			
Sub-leasing and transfer fees .....	61.6	49.6	51.0
Finance income .....	2.4	0.5	0.5
Other income.....	5.5	3.9	4.5
<b>Total other items of income</b> .....	<u><u>69.5</u></u>	<u><u>54.0</u></u>	<u><u>56.0</u></u>

DIPDC's revenue for 2012 was AED 401.8 million, an increase of AED 34.4 million, or 9.4 per cent., over the AED 367.4 million recorded for 2011. This increase was principally driven by the completion of warehouses developed in Part 1 of Phase 8 and the leasing of those warehouses from March 2012.

DIPDC's revenue for 2011 was AED 367.4 million, a decrease of AED 10.1 million, or 2.7 per cent., over the AED 377.5 million recorded for 2010. This decrease was principally driven by the repossession of certain plots of land following default in payment of rental by certain tenants during the economic downturn. As a result of the repossessions, DIPDC ceased to accrue rental in respect of the plots and this negatively affected its lease rentals by AED 12.9 million in 2011. This reduction was partially offset by an increase in revenue from sewerage water treatment of AED 2.9 million.

The table below shows a breakdown of DIPDC's revenue from lease rentals in each of 2010, 2011 and 2012.

	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<i>(AED million)</i>		
Industrial zone.....	181.9	185.8	205.3
Residential zone .....	68.5	58.9	59.2
Commercial zone .....	45.8	38.6	40.6
<b>Total lease rentals</b> .....	<u><u>296.2</u></u>	<u><u>283.3</u></u>	<u><u>305.1</u></u>

### *Industrial zone*

DIPDC's lease rental revenue derived from plots in the industrial zone amounted to AED 205.3 million in 2012, an increase of AED 19.5 million, or 10.5 per cent., compared to the AED 185.8 million recorded in 2011. This increase principally reflected the additional warehousing lease entered into in 2012 following completion of Part 1 of Phase 8 of DIP in 2012. This positive effect was partly offset by rental discounts given to certain tenants following management's decision to provide phased discounts in cases where management believed that the rentals paid by these tenants were higher compared to the rentals paid by other similar tenants.

DIPDC's lease rental revenue derived from plots in the industrial zone amounted to AED 185.8 million in 2011, an increase of AED 3.9 million, or 2.1 per cent., compared to the AED 181.9 million recorded in 2010. This increase principally reflected the impact of a full year's rental from one of DIPDC's major tenants compared to only seven months' rental in 2010, reflecting the fact that the relevant lease commenced in June 2010. In addition, DIPDC implemented rental increases for certain other tenants in accordance with the terms of the relevant rental agreements.

### *Residential zone*

DIPDC's lease rental revenue derived from plots in the residential zone amounted to AED 59.2 million in 2012, an increase of AED 0.3 million, or 0.5 per cent., compared to the AED 58.9 million recorded in 2011. This increase principally reflected the leasing during 2012 of certain plots that had been repossessed during 2011.

DIPDC's lease rental revenue derived from plots in the residential zone amounted to AED 58.9 million in 2011, a decrease of AED 9.6 million, or 14.0 per cent., compared to the AED 68.5 million recorded in 2010. This decrease principally reflected the non-accrual of rent on certain repossessed residential plots and a reduction in rental rates on low-cost residential housing. These reductions reflected the fact that, following the recession, there was a surplus of such accommodation available in Dubai and many tenants sought to reduce the maximum number of floors in the accommodation to be built by them which, in turn, had a corresponding impact on the rental due as rent is charged by reference to the maximum permissible height of construction agreed at the time of the initial lease.

### *Commercial zone*

DIPDC's lease rental revenue derived from plots in the commercial zone amounted to AED 40.6 million in 2012, an increase of AED 2.0 million, or 5.2 per cent., compared to the AED 38.6 million recorded in 2011. This increase principally reflected additional revenue from new leases and increases in rental rates effected in accordance with the lease terms.

DIPDC's lease rental revenue derived from plots in the commercial zone amounted to AED 38.6 million in 2011, a decrease of AED 7.2 million, or 15.7 per cent., compared to the AED 45.8 million recorded in 2010. This decrease principally reflected the cessation of rent accrual on certain plots of land repossessed during the economic downturn.

### *Other items of income*

DIPDC's other items of income for 2012 amounted to AED 56.0 million, an increase of AED 2.0 million, or 3.7 per cent., compared to the AED 54.0 million recorded in 2011. This increase was driven by increases in sub-leasing and transfer fees (which, in turn, reflected generally higher rental rates in 2012 compared to 2011) and an increase in the volume of sub-leases entered into by DIPDC's tenants.

DIPDC's other items of income for 2011 amounted to AED 54.0 million, a decrease of AED 15.5 million, or 22.3 per cent., compared to the AED 69.5 million recorded in 2010. This decrease was driven by a decrease in sub-leasing and transfer fees (which, in turn, reflected generally lower rental rates in 2011 compared to 2010).

### ***Direct operating costs***

The table below shows a breakdown of DIPDC's direct operating costs in each of 2010, 2011 and 2012.

	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<i>(AED million)</i>		
Share of net realised profits due to the Government <sup>(1)</sup> .....	66.2	64.0	66.7
Sewerage treatment expenses .....	40.4	47.5	47.1
Site maintenance expenses (includes share of road construction expenses).....	27.7	10.5	15.4
Other .....	<u>1.1</u>	<u>1.4</u>	<u>1.7</u>
<b>Total direct operating costs</b> .....	<u><u>135.4</u></u>	<u><u>123.4</u></u>	<u><u>130.9</u></u>

Note:

- (1) The share of net realised profits due to the Government is a 20 per cent. share of DIPDC's profit before gain on fair valuation of investment properties, prior to the deduction of the share of net realised profits which are paid to the Government in respect of the lease of DIP.

DIPDC's direct operating costs for 2012 were AED 130.9 million, an increase of AED 7.5 million, or 6.1 per cent., compared to the AED 123.4 million recorded in 2011. This increase was principally driven by an increase in the provision for the share of net realised profit due to the Government and site maintenance expenses following the completion of Part 1 of Phase 8 of DIP development in early 2012.

DIPDC's direct operating costs for 2011 were AED 123.4 million, a decrease of AED 12.0 million, or 8.9 per cent., compared to the AED 135.4 million recorded in 2010. This decrease was driven by a one-time payment of AED 20.0 million made to the Road & Transport Authority of the Government in 2010 on account of infrastructure work undertaken in areas adjacent to DIP. In addition, there was a decrease of AED 2.2 million in the share of net realised profits due to the Government, although the effect was partly offset by an increase of AED 7.1 million in sewerage treatment expenses, due to an increase in the average cost per cubic metre payable of such treatment and a higher volume of sewerage being treated.

### ***Administrative and general expenses***

The table below shows a breakdown of DIPDC's administrative and general expenses in each of 2010, 2011 and 2012.

	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<i>(AED million)</i>		
Staff costs and benefits .....	15.1	15.5	16.3
Provision for impairment against trade receivables.....	10.1	4.0	5.7
Depreciation .....	2.7	2.5	2.1
Marketing expenses.....	1.4	0.7	1.4
Other .....	<u>3.0</u>	<u>3.3</u>	<u>1.2</u>
<b>Total administrative and general expenses</b> .....	<u><u>32.3</u></u>	<u><u>26.0</u></u>	<u><u>26.7</u></u>

DIPDC's administrative and general expenses for 2012 were AED 26.7 million, an increase of AED 0.7 million, or 2.7 per cent., compared to the AED 26.0 million recorded in 2011. The principal contributor to this increase was the increase in the provision for impairment against trade receivables, which is assessed on a case by case basis taking into account several factors in respect of the relevant customer, including their financial position, any negotiations that are undertaken with them and settlement plans that are agreed.

DIPDC's administrative and general expenses for 2011 were AED 26.0 million, a decrease of AED 6.3 million, or 19.5 per cent., compared to the AED 32.3 million recorded in 2010. The principal contributor to this decrease was the reduction in the provision for impairment against trade receivables.

### *Finance expense*

The table below shows a breakdown of DIPDC's finance expense in each of 2010, 2011 and 2012.

	<u>2010</u>	<u>2011</u>	<u>2012</u>
		<i>(AED million)</i>	
Interest on long-term bank loans.....	–	11.5	33.5
Discounting of financial assets measured at amortised cost.....	–	–	12.6
Interest on amounts due to shareholder.....	<u>14.3</u>	<u>4.6</u>	<u>–</u>
<b>Total finance expenses.....</b>	<u><u>14.3</u></u>	<u><u>16.1</u></u>	<u><u>46.1</u></u>

DIPDC's finance expense for 2012 was AED 46.1 million, an increase of AED 30.0 million, or 186.3 per cent., compared to the AED 16.1 million recorded in 2011. This increase was driven by increased borrowing in 2012 to part finance the construction of Part 2 of Phase 8 of DIP as well as the full year impact of amounts borrowed in 2011 and, in 2012, discounting of receivables expected to be collected after more than one year.

DIPDC's finance expense for 2011 was AED 16.1 million, an increase of AED 1.8 million, or 12.6 per cent., compared to the AED 14.3 million recorded in 2010. This increase reflected new borrowing in 2011 partly offset by a reduction in interest on amounts payable to DIPDC's shareholder following payment of an overdue dividend in 2011 which the shareholder had agreed to defer against payment of an agreed rate of interest.

### *Profit before gain on fair valuation of investment properties*

Reflecting the above factors, DIPDC's profit before gain on fair valuation of investment properties was:

- AED 254.2 million in 2012, a decrease of AED 1.8 million, or 0.7 per cent., compared to the AED 256.0 million recorded in 2011; and
- AED 256.0 million in 2011, a decrease of AED 9.0 million, or 3.4 per cent., compared to the AED 265.0 million recorded in 2010.

### *Gain on fair valuation of investment properties*

DIPDC's gain on fair valuation of investment properties in 2012 was AED 134.3 million, a decrease of AED 53.7 million, or 28.6 per cent., compared to the gain of AED 188.0 million recorded in 2011. This decrease reflected the fact that in 2011 the entire Part 1 of Phase 8 of the development of DIP was fair valued which gave rise to an incremental fair valuation gain of AED 115.0 million whereas in 2012 only a portion of Part 2 of Phase 8 was fair valued and this gave rise to an incremental fair valuation gain of AED 60.0 million.

DIPDC's gain on fair valuation of investment properties in 2011 was AED 188.0 million, a decrease of AED 453.3 million, or 70.7 per cent., from the gain of AED 641.3 million recorded in 2010. In 2010, the remaining area of Phase 6 and the entire Phase 7 were fair valued. These generated an incremental fair valuation gain of AED 575.1 million. In 2011, only Part 1 of Phase 8 was fair valued which generated an incremental fair valuation gain of AED 115.0 million.

### *Profit for the year*

Reflecting the above factors and, in particular, the fluctuations in gains on fair valuation of investment properties described above, DIPDC's profit for the year was:

- AED 388.4 million in 2012, a decrease of AED 55.6 million, or 12.5 per cent., compared to the AED 444.0 million recorded in 2011; and
- AED 444.0 million in 2011, a decrease of AED 462.3 million, or 51.0 per cent., compared to the AED 906.3 million recorded in 2010.

## Certain Statement of Financial Position Items

As at 30 June 2013, DIPDC's total assets amounted to AED 5,003.7 million. As at the same date, its principal assets were its investment properties, which amounted to AED 3,690.2 million, or 73.7 per cent. of its total assets, and its trade and other receivables, which amounted to AED 832.2 million, or 16.6 per cent. of its total assets.

### Investment properties

At 30 June 2013, DIPDC's investment properties increased by AED 147.8 million, or 4.2 per cent., compared to 31 December 2012, principally reflecting fair valuation gains of AED 184.2 million for the six months ended 30 June 2013 which were mainly on account of a change in the underlying cash flows of certain plots of land as a result of upward revisions in lease rental rates following rent reviews. This increase was offset by a reduction in investment properties as 10 plots of land, having a book value of AED 36.4 million, were sold (by way of the entry into by DIPDC and the relevant tenants of finance leases) in the six months ended 30 June 2013. At 31 December 2012, DIPDC's investment properties increased by AED 255.1 million, or 7.8 per cent., compared to 31 December 2011. AED 134.3 million of the increase was attributable to gain on fair valuation of investment properties, principally reflecting the fact that in 2012 a substantial portion of Part 2 of the Phase 8 development of DIP was completed and fair valued accordingly. The remaining AED 120.8 million represented capitalised development costs.

### Trade and rent receivables

DIPDC's trade and rent receivables, which accounted for 15.6 per cent. of its total assets at 30 June 2013, comprise:

- Receivables on account of lease rentals owed by more than 200 tenants in DIP. These receivables amounted to AED 542.7 million at 30 June 2013. Of this amount, AED 270.9 million, or 49.9 per cent., was more than 365 days outstanding at 30 June 2013 and a further AED 53 million, or 9.8 per cent., was between 180 and 255 days overdue. The impairment against these receivables is assessed on a case by case basis taking into account several factors in respect of the relevant customer, including their financial position, any negotiations that are undertaken with them and settlement plans that are agreed.
- Receivables on account of sales of plots of land to real estate developers, which amounted to AED 237.0 million at 30 June 2013. The majority of this amount (AED 217.9 million at 30 June 2013) represents the balance of the purchase price and outstanding service charges due from a single customer in respect of a usufruct right in a plot of land that was sold for AED 583.6 million in 2005 for a high end residential property development. Of the total, AED 373.5 million has been collected. There is an on-going dispute between DIPDC and the customer in relation to this sale, see "*Business Description — Litigation*" for further details.

## Liquidity and Capital Resources

### Overview

DIPDC's primary sources of liquidity are the cash provided by its operating activities and bank borrowings.

DIPDC is well capitalised with a net worth of AED 3.7 billion and AED 3.8 billion as at 31 December 2011 and 31 December 2012, respectively. DIPDC's debt to equity ratio (defined as long-term bank loans (including current portion) divided by total equity) increased from 0.128 at 31 December 2011 to 0.179 at 31 December 2012 and was 0.209 at 30 June 2013.

### Cash flows

The following tables summarise DIPDC's cash flows for the six month periods ended 30 June 2012 and 30 June 2013 and in each of 2010, 2011 and 2012.

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED million)</i>	
Net cash from operating activities.....	143.1	220.7
Net cash used in investing activities.....	(71.2)	(35.9)
Net cash used in financing activities.....	(55.0)	(132.5)
<b>Net increase in cash and cash equivalents.....</b>	<b>16.9</b>	<b>52.2</b>
<b>Cash and cash equivalents at the end of the period.....</b>	<b>28.8</b>	<b>138.7</b>

	<b>Year ended 31 December</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<i>(AED million)</i>		
Net cash from/(used in) operating activities.....	190.3	(79.7)	291.3
Net cash used in investing activities.....	(156.2)	(161.4)	(119.3)
Net cash (used in)/from financing activities.....	(79.4)	220.0	(97.5)
<b>Net (decrease)/increase in cash and cash equivalents.....</b>	<b>(45.3)</b>	<b>(21.1)</b>	<b>74.6</b>
<b>Cash and cash equivalents at the end of the year.....</b>	<b>33.0</b>	<b>11.9</b>	<b>86.4</b>

#### *Net cash from/(used in) operating activities*

DIPDC's net cash generated from operating activities for the six months ended 30 June 2013 was AED 220.7 million compared to AED 143.1 million for the six months ended 30 June 2012. The principal non-cash adjustment in each period was the deduction of the gain on fair valuation of investment properties. The increase in cash flow from operating activities for the six months ended 30 June 2013 was principally driven by increased collections from outstanding receivables and the sale of plots of land with a book value of AED 36.4 million.

DIPDC's net cash generated from operating activities in 2012 was AED 291.3 million compared to net cash used in operating activities of AED 79.7 million in 2011 and net cash generated from operating activities of AED 190.3 million in 2010. The principal non-cash adjustment in each year was the deduction of the gain on fair valuation of investment properties. The negative cash flow from operating activities in 2011 was principally driven by the payment of an outstanding dividend (in an amount of AED 300.0 million) pertaining to 2010 to its shareholder (which is classified as an amount due to related parties in the 2011 Financial Statements).

#### *Net cash used in investing activities*

DIPDC's net cash used in investing activities for the six months ended 30 June 2013 was AED 35.9 million compared to net cash used in investing activities for the six months ended 30 June 2012 of AED 71.2 million. During the first half of 2013, DIPDC invested AED 35.9 million, principally in the development of Part 2 of Phase 8.

DIPDC's net cash used in investing activities in 2012 was AED 119.3 million compared to AED 161.4 million in 2011 and AED 156.2 million in 2010. In each of these years, the principal use of cash was additions to investment properties as DIPDC continued to build infrastructure and other facilities in DIP.

#### *Net cash (used in)/from financing activities*

DIPDC's net cash used in financing activities for the six months ended 30 June 2013 was AED 132.5 million compared to net cash used in financing activities for the six months ended 30 June 2012 of AED 55.0 million. In the 2013 period, DIPDC paid an interim dividend of AED 260.0 million to its shareholder and incurred new net borrowings of AED 127.5 million. During the corresponding 2012 period, DIPDC paid an



interim dividend of AED 200.0 million to its shareholder and incurred new net borrowings of AED 145.0 million.

DIPDC's net cash used in financing activities in 2012 was AED 97.5 million compared to net cash from financing activities of AED 220.0 million in 2011 and net cash used in financing activities of AED 79.4 million in 2010. In 2012, DIPDC paid a dividend of AED 300.0 million and borrowed a net amount of AED 202.5 million to finance the capital expenditure relating to the development of Phase 8. In 2011, DIPDC paid a dividend of AED 250.0 million and borrowed a net amount of AED 470.0 million to finance its capital expenditure. In 2010, DIPDC paid a dividend of AED 79.4 million and did not incur or repay any debt.

### **Borrowings**

In 2011 and 2012, DIPDC entered into term loan facilities with four UAE-based banks. Each loan has a five year amortising structure (with the final maturity dates falling in 2016, 2017 and 2018) and each loan carries interest at variable rates. Each loan is secured by a guarantee from Dubai Investments and a lien over certain deposits with the lending banks. In addition, one loan contains financial covenants which require DIPDC to maintain:

- a ratio of total liabilities to total net worth at or below 1:1;
- a current ratio at or above 1.5:1; and
- a debt service coverage ratio (defined as net profit before fair valuation gain on investment properties and other income to gross debt serviced) at or above 1.25:1.

In addition, the loan restricts the payment of dividends by DIPDC without prior approval of the lending bank if any payment under the loan is overdue. DIPDC is currently in compliance with all of these covenants.

DIPDC's intention is to use some of the proceeds of the issuance of the Certificates to repay all of its existing debt and, once that debt is repaid, these financial covenants will cease to be applicable.

As at 30 June 2013, the contractual cash flows (including interest payments) under these loans were as follows:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within one year</u>	<u>1 – 2 years</u>	<u>2 – 3 years</u>	<u>3 – 4 years</u>	<u>4 – 5 years</u>
	<i>(AED million)</i>						
Long-term bank loans.....	800.0	917.9	215.5	207.9	201.2	172.2	121.1

### **Capital Expenditure**

DIPDC has no significant planned capital expenditure for 2013 or 2014, other than the completion of Part 2 of Phase 8, which is expected to be completed during the second quarter of 2014.

As at 30 June 2013, DIPDC's capital commitments amounted to AED 73.5 million and related to the remaining work necessary to complete Part 2 of Phase 8 of DIP. As at 30 June 2013, DIPDC did not have any contingent liabilities.

### **Off-Balance Sheet Arrangements**

DIPDC does not have any off-balance sheet arrangements as at 30 June 2013 that have or are reasonably expected to have a material current or future effect on its financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

### **Related Party Transactions**

DIPDC's related parties include its shareholder, Dubai Investments, and other subsidiaries and joint ventures of Dubai Investments and its subsidiaries. DIPDC's related party transactions are summarised in Note 14 to

each of the 2011 Financial Statements and the 2012 Financial Statements and in Note 13 to the Interim Financial Statements. DIPDC's principal related party transactions include:

- a plot of land leased rent-free to Dubai Investments for the construction of its head office and in which DIPDC has leased space on an arm's-length basis from Dubai Investments for its own head office; and
- the lease of plots to other Dubai Investments group companies on arm's length terms, including a plot of land leased to Dubai Investments Real Estate Company LLC under a finance lease for construction of a residential project within DIP. As at 30 June 2013, AED 72.8 million in lease rental receivables were due to DIPDC, principally in respect of this lease. These receivables are expected to be repaid following the completion and handover of the residential project by Dubai Investment Real Estate Company LLC to its customers, which is expected to occur in 2014.

## **Risk Disclosures**

DIPDC's activities expose it to a variety of financial risks, including credit risk, interest rate risk and liquidity risk.

DIPDC's senior management oversees the management of these risks. The Board reviews and agrees policies for managing credit risk, interest rate risk and liquidity risk, each of which is summarised below.

### **Credit risk**

Credit risk is the risk of financial loss to DIPDC if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to rent receivables, amounts due from related parties and cash at banks. See Note 24(a) to the 2012 Financial Statements for an analysis of DIPDC's maximum exposure to credit risk at 31 December 2012.

DIPDC's exposure to credit risk on rent receivables and amounts due from related parties is monitored on an on-going basis by management and no specific impairments have been recorded against these amounts as they are currently considered fully recoverable. DIPDC's principal receivable which has been outstanding for more than 365 days relates to a plot of land that was sold in 2005, see "*— Certain Statement of Financial Position Items — Trade and Rent Receivables*" above. An ageing analysis in respect of DIPDC's trade and rent receivables appears in Note 24(a) to the 2012 Financial Statements.

DIPDC's exposure to credit risk in respect of rent receivables is influenced mainly by the individual characteristics of each customer. Management has established a policy under which every new customer is analysed individually for credit worthiness before the lease terms and conditions are offered. Advances are received at the time of signing of the lease terms and all construction, renovation and other work to be carried out at the lease premises needs DIPDC's prior approval. Management believes that the risk of default of rental payments is mitigated once a tenant has incurred significant developmental expenditure on the leased premises, as all leased land, including any developments, can be re-possessed by DIPDC in the event of a default.

### **Interest rate risk**

DIPDC's exposure to interest rate risk mainly relates to its borrowings from banks, its short term deposits with banks and the agreed rate of interest it pays on deferred dividends payable to its shareholder. Note 24(b) to the 2012 Financial Statements sets out an interest rate profile of DIPDC's interest bearing financial instruments.

DIPDC's borrowings, which are at variable rates, expose it to cash flow interest rate risk. Note 24(b) to the 2012 Financial Statements contains a sensitivity analysis in respect of this risk.

**Liquidity risk**

Liquidity risk is the risk that DIPDC will not be able to meet its financial obligations as they fall due. DIPDC's liquidity risk mainly relates to its borrowings, its trade and other payables and amounts due to related parties. Note 24(c) to the 2012 Financial Statements sets out an analysis of these items according to their contractual maturities.

DIPDC seeks to manage its liquidity risk by ensuring that it has sufficient cash reserves and available financial facilities to meet its future liabilities. As DIPDC's business model is inherently cash generating, management does not regard liquidity risk as a significant risk.

## BUSINESS DESCRIPTION

### Overview

DIPDC, a wholly-owned subsidiary of Dubai Investments, is the operator of DIP. DIP is an integrated and self-contained mixed-use complex in Dubai which is spread across an area of approximately 23 million m<sup>2</sup> and has a leasable area of approximately 17 million m<sup>2</sup>. The leasable area is classified as follows:

- **Operating leases:** Approximately 14 million m<sup>2</sup> of leasable area. As at 30 June 2013, 95.4 per cent. of this area had been leased, principally through 30-year lease contracts, to 941 tenants.
- **Finance leases:** Approximately three million m<sup>2</sup> of leasable area with 32 tenanted plots. These plots have been leased through long-term lease contracts (with remaining terms in excess of 85 years) and in respect of which all of the rent is payable upfront or within the first five years of the lease. As a result, the leases are accounted for as finance leases and the plots are, effectively, treated as sold.

The approximately six million m<sup>2</sup> of DIP which is not classified as leasable area comprises infrastructure facilities (such as roads, pavements and sidewalks) and common facilities (such as community parks and mosques).

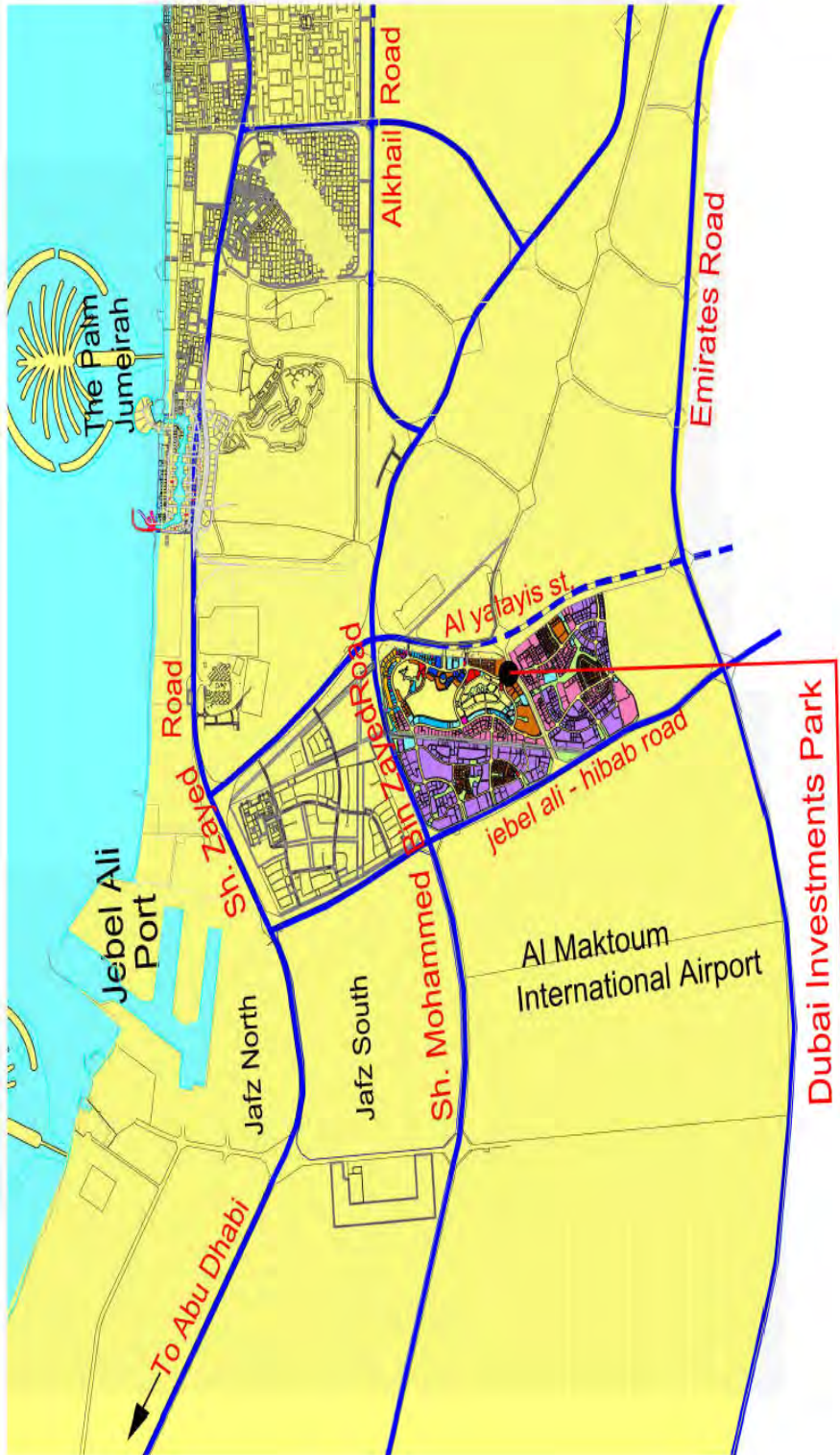
As at the date of this Prospectus, DIP has undergone eight phases of development. Phase 8 of the development of DIP, which is substantially complete, is the final phase of development. Once the development of Phase 8 is complete the development of DIP as a whole will be complete. DIP was developed in phases to maintain the quality of development and to meet demand. Development in phases also ensured that DIPDC generated revenues to sustain its operational costs and to part fund capital expenditure for further phased development. Within each phase, the leasable area is categorised in three distinct zones: industrial, commercial and residential, see “— *Business — Zones*” below. DIP’s strategic location and infrastructure, services and facilities have resulted in high demand.

DIP focuses mainly on companies registered in the UAE, offering:

- a strategic location in close proximity to Jebel Ali Port and Al Maktoum International Airport;
- good connections through the road network to Dubai’s key business districts as well as other emirates and GCC countries; and
- a self-contained ‘one-stop shop’ where residential, commercial and industrial units are all located in one common area.

DIPDC occupies DIP under the Headlease which is a 99 year lease between the Government and Dubai Investments, which expires in February 2098 and which has been assigned by Dubai Investments to DIPDC under the Assignment. See “*Risk Factors — Risks relating to DIPDC — DIPDC’s right to use the land comprising the Dubai Investments Park, and to generate revenues therefrom, is conditional and may be subject to challenge in certain limited circumstances outside its control*” and “*Summary of the Government Lease*”.

DIP is located on the Sheikh Mohammed Bin Zayed Road (previously known as Emirates Road) between Al Maktoum International Airport in Jebel Ali and Sports City. The map on the following page illustrates the area comprising DIP and its strategic location in proximity to Al Maktoum International Airport and Jebel Ali Port.



The diagram below is DIPDC's master plan for DIP as at October 2013.



Dubai Investments Park West & East  
OCT 2013

Dubai Investments Park  
Land Use Masterplan



Since its establishment, DIPDC has focused on realising the maximum commercial value from operational and commercial activities in DIP. DIPDC’s business activities in DIP (which are described in more detail under “— *Business*”) principally comprise:

- *leasing*: the provision and renewal of leases in relation to land and certain other facilities constructed by DIPDC within DIP, for which it receives lease rental payments from its tenants;
- *sewerage water treatment*: DIPDC has contracted with a third party to provide sewerage water treatment within DIP. DIPDC passes on this cost to its tenants based on the sewerage produced by them by levying a fixed charge per unit;
- *provision of services and other charges*: principally the maintenance of common facilities for which DIPDC receives service charges from its tenants; and
- *sub-leasing and transfer fees*: DIPDC charges a sub-leasing fee based on the value at which the plots are sub-let by its tenants as well as a transfer fee on any plots transferred by its tenants.

For the six months ended 30 June 2013, 72.4 per cent. of DIPDC’s total revenue of AED 211.5 million was derived from lease rentals, 12.7 per cent. was derived from sewerage water treatment services, 8.7 per cent. was derived from service charges and other fees and 6.3 per cent. was derived from gain on the sale of investment properties. In addition, DIPDC generated AED 32.2 million from sub-leasing and transfer fees in the six months ended 30 June 2013. These fees are accounted for as other income.

DIPDC’s administrative and registered office is located within DIP with postal address: P.O. Box 111845, Dubai Investments House, Dubai, United Arab Emirates and its telephone number is +971 4 812 2100.

## History

DIPDC was incorporated and established on 8 December 1997 in accordance with the provisions of UAE Federal Law No. (8) of 1984 as a wholly owned subsidiary of Dubai Investments. Dubai Investments is a public company listed on the Dubai Financial Market and is currently 11.5 per cent. owned by the Government through the Investment Corporation of Dubai. For further information on Dubai Investments, see “*Certain Public Information Relating to Dubai Investments*” below.

Dubai Investments entered into the Headlease with the Government which is a 99-year lease in respect of DIP and it incorporated DIPDC to develop and operate DIP. The rights and obligations under the Headlease have been assigned by Dubai Investments to DIPDC under the Assignment, see “*Risk Factors — Risks relating to DIPDC — DIPDC’s right to use the land comprising the Dubai Investments Park, and to generate revenues therefrom, is conditional and may be subject to challenge in certain limited circumstances outside its control*” and “*Summary of the Government Lease*”. DIP has been developed in eight separate phases. The table below shows the key milestones in the development of DIP.

Year	Milestone
1998	DIP master plan completed.
1999	First lease agreement signed.
2000	Construction of Phase 1 commences.
2001	Leasing of Phase 1 commences. First residential complexes under development. 18 plots leased at year end.
2002	Phase 1 construction completed. Construction of Phase 2 commences. 31 plots leased at year end.
2003	Inauguration of Phase 2 by Sheikh Hamdan Bin Rashid Al Maktoum. 73 plots leased at year end.
2004	Construction of Phases 3 and 4 commences. Phases 1 and 2 more than 75 per cent. leased at year end. 164 plots leased at year end.
2005	Construction of Phases 3 and 4 completed. Construction of Phase 5 commences. 441 plots leased at year end.

<b>Year</b>	<b>Milestone</b>
2006	Launch of additional residential complexes. 569 plots leased at year end.
2007	Phase 5 is 80 per cent. let at year end. 799 plots leased at year end.
2008	75 per cent. of the leasable area in DIP fully developed. 823 plots leased at year end.
2009	Phase 6 completed and 30 per cent. let by year end. 848 plots leased at year end.
2010	Phase 7 completed and all phases nearly fully let by year end. 897 plots leased at year end.
2011	Construction of Part 1 of Phase 8 substantially completed. 921 plots leased at year end.
2012	Part 1 of Phase 8 fully let. Construction of Part 2 of Phase 8 commences. 943 plots leased at year end.
Period to 30 June 2013	Part 2 of Phase 8 is 75 per cent. complete by period end. 941 plots leased at period end.

### **Strategy**

DIP is a finite area of land which has been almost fully developed. While DIPDC develops the infrastructure within DIP, including roads and common areas, the facilities on almost all of the leased plots of land are developed by the tenants. At 30 June 2013, 95.4 per cent. of the leasable area which is leased under operating leases in DIP had been let. DIPDC expects the strong levels of demand for space in DIP which it is currently experiencing to continue in the future.

Following the substantial completion of Phase 8 of the development of DIP, which, once fully complete, will result in the completion of the development of DIP as a whole, DIPDC has evolved from being focused on the development of DIP to running a mature and independent leasing business as well as managing DIP. Future capital expenditure is expected to be limited to (i) capital expenditure for the development of additional features to ensure DIP's facilities remain competitive, for example, by providing enhanced social infrastructure, such as clinics and retail and leisure facilities to meet tenant needs and (ii) ongoing maintenance expenditure. Accordingly, DIPDC's key strategy is to focus on maximising the efficiency of its operations by:

#### **Enhancing revenue and cash flow through actively monitoring the development**

Since almost all the phases in DIP are fully let, management is primarily focused on those areas of the development which are leased by tenants but are yet to be developed by them. In a number of cases, this has occurred as a result of the economic slowdown witnessed in the region for a number of years after 2008. In certain cases, the delay in development by tenants in DIP has resulted in delayed rental and other payments to DIPDC, see "*Financial Review — Certain Statement of Financial Position Items — Trade and rent receivables*".

As at 30 June 2013, there were 159 leased plots within DIP, corresponding to an area of 1.22 million m<sup>2</sup>, on which construction had not commenced and 120 leased plots, corresponding to an area of 1.18 million m<sup>2</sup>, which were under construction. DIPDC's commercial and marketing team maintains constant contact with all tenants of undeveloped plots with a view to assisting them in either sub-leasing or transferring their leased land to other potential occupants. Fees from transfers and sub-leases generate additional income for DIPDC. In certain limited cases, DIPDC repossesses the land from tenants and re-leases it at market rates, which are typically higher. In addition, where a new tenant develops a facility, DIPDC provides sewerage water treatment services which also generate additional revenue and improves DIPDC's cash flow.

Almost 90 per cent. of DIPDC's lease agreements have a rental escalation after the first five years (which is capped at a 20 per cent. increase) and have review clauses at the end of each subsequent five-year period which provide for rent to be adjusted to reflect prevailing market rates at the time of the review. Information on lease rent reviews in relation to the leases within each of DIP's zones is set out under "*— Business — Zones*" below. As a result, DIPDC also expects to achieve revenue growth through rent reviews and re-leasing. In addition, DIPDC may offer value-added concepts by developing facilities which will enable it to



charge higher rental rates than the undeveloped plots it has typically offered in the past. An example of this is the warehousing units provided by DIPDC in Phase 8.

### **Ensuring continued high demand**

DIPDC focuses on the strategic selection and placement of new tenants, with a marketing strategy targeted at customers who can benefit most from DIP's strategic location, see "*— Competitive Strengths — Strategic location*" below. Whenever a plot of land becomes available for lease, DIPDC aims to place new tenants in close proximity to other existing tenants engaged in similar industries or with other tenants that complement and enhance the business of the new tenant. DIPDC maintains selection criteria for new tenants, with preference being given to manufacturing industries. DIPDC believes that this policy creates synergies that will maintain high levels of demand in future years, consistent with its strategy of maintaining full occupancy of DIP.

### **Excellence in customer service**

DIPDC considers excellence in customer service to be an integral part of its strategy in maintaining strong demand for space in DIP. In particular, DIPDC plans to strengthen its long-term relationships with its key tenants by proactively improving their awareness and knowledge of DIPDC, including its policies and available and planned facilities.

DIPDC aims to achieve excellence in customer service through initiatives such as maintaining active tenant relations through direct meetings, a suggestion scheme whereby tenants are encouraged to give feedback on customer service and an online tenant service platform which is currently under development. DIPDC also undertakes market research to improve its understanding of its tenants' needs and addresses these needs through appropriate action. An example of DIPDC's customer service ethos is the support it provided to tenants who were affected by the economic slowdown in 2009. These tenants, who were principally commercial tenants, were offered rental moratoria and were supported by DIPDC if they wished to apply for change of use licences for their plots, provided that the proposed new use complied with DIPDC's master plan for DIP.

### **Enhancing social infrastructure within DIP**

DIPDC's management constantly reviews and upgrades the infrastructure within DIP to fit the needs of its tenants. For example, DIPDC has developed social amenities, including a medical clinic and leisure and retail centres, with a view to creating an all-inclusive community for its tenants. This is a key differentiating factor between DIP and other industrial zones in the UAE, see "*— Competitive Strengths — Unique value proposition*" below.

### **Competitive Strengths**

DIP believes that it has a number of unique selling points which give it an advantage over other competing developments. These are:

#### **Unique value proposition**

DIP is one of the largest self-contained and integrated mixed-use developments in the UAE. DIP offers a "city within a city" concept, encompassing industrial, commercial and residential complexes in a single location, all benefiting from infrastructure, social and other facilities and services provided by DIPDC with a view to creating a community environment. DIPDC believes that this is currently a unique value proposition in the UAE, allowing tenants to locate their staff in residential units in DIP and so live closer to the workplace thereby leading to higher productivity. DIPDC believes that this unique value proposition is a key generator of tenant demand for space in DIP.

## Strategic location

DIP is located in close proximity to the Jebel Ali Port (one of the largest container ports between Rotterdam and Singapore with an aggregate capacity of 14 million twenty-foot equivalent container units per year), Dubai's existing international airport and the new Al Maktoum International Airport (which has a larger capacity than the existing international airport to handle passengers and cargo). DIP is also well connected by road networks to neighbouring emirates and GCC countries as well as to Dubai's key business districts, ensuring smooth and easy transportation of goods to local, regional and international markets. DIPDC believes that DIP's strategic location provides its tenants with a strategic base from which to carry out their operations.

In addition, DIP is also well positioned to benefit from a planned 1,200 km rail network, Etihad Rail, which is intended to link all the cities within the UAE and also to connect the UAE to the wider GCC region. Jebel Ali Free Zone, which is located in close proximity to DIP, is expected to be one of the terminals on the proposed rail network.

The area surrounding DIP is constantly being developed. An example, in addition to those referred to above, is the location of the site for Expo 2020 which is adjacent to DIP. DIPDC believes that Expo 2020 will add value to the businesses of its existing and future tenants and will therefore increase demand for space in DIP and have a positive effect on future rental rates.

## Strong revenue profile

DIPDC has a strong revenue profile based on the following:

- For the year ended 31 December 2012, 86 per cent. of DIPDC's revenue originated from long-term lease contracts (being leases with an original maturity of 30 years or more). In addition, DIPDC also generates revenue from sewerage water treatment, service charges and other fees, as well as other income from fees for sub-leasing and transfers.
- Infrastructure and facilities provided by DIPDC (see "*— Business — Rationale and business model*" below) as well as flexible lease terms, which, at the time when the leases were originally granted, allowed for leases with variable terms ranging from one to 90 years and variable plot sizes, including plots which are above the average size typically available in existing industrial areas outside DIP. In terms of operating leases, as at 30 June 2013, DIPDC had 12 leases with an original term of less than five years, 10 leases with original terms of five years, five leases with original terms of between five and 30 years, 906 leases with original terms of 30 years and eight leases with original terms in excess of 30 years. This has resulted in 95.4 per cent. of DIP's leasable area which is leased under operating leases being let, thereby ensuring steady cash flows for DIPDC.
- Strong customer commitment, which is reflected in high tenant retention figures. For example, more than 85 per cent. of the contracts with an original a lease term of 30 years or more entered into by tenants in the first six years from the date of entry into the first lease contract in 1999 continue to be in force.
- The occurrence of tenants defaulting on lease rentals in respect of developed land has historically been low as there is a high opportunity cost associated with an early termination of a tenancy agreement. This is because all buildings and facilities built by the tenant on his leased land are required to be funded by the tenant and the lease rental as a proportion of the overall cost of developing the land is low. Under the terms of DIPDC's standard leases (which are described under "*Summary of DIPDC's standard form 30-year lease*"), upon early termination a tenant must either restore his plot to its original condition and clear any outstanding dues or surrender the plot to DIPDC complete with all buildings and facilities built by the tenant. In either case, the tenant is not able to benefit from the improvements made by him. When a tenant experiences financial difficulty, the tenant has the option to transfer or sub-let his plot and DIPDC assists in this process, which ensures continued revenue for DIPDC and additional fees derived from the transfer or sub-lease. DIPDC estimates that the aggregate cost of investments made by tenants in DIP was over AED 22.0 billion at 31 December 2013.

### **Diversified and predictable revenue base and low volatility of operating income**

DIPDC predominantly derives its revenue from leases spread over 941 tenanted plots at 30 June 2013. The top 50 leases accounted for less than 30 per cent. of DIPDC's total revenue from lease rentals in 2012, with only one lease accounting for more than 1.0 per cent. of DIPDC's total revenue in that year, see "*— Business — Principal operating leases*" below. The top 25 industrial, commercial and residential leases accounted for approximately 30 per cent., 56 per cent., and 30 per cent., respectively, of DIPDC's total revenue from lease rentals from industrial, commercial and residential leases for the six months ended 30 June 2013. DIP's industrial leases, which accounted for 605 of the 941 leases at 30 June 2013, are diversified in terms of their industries. The large tenant base and the diversification of tenants across industry sectors has resulted in DIPDC experiencing a steady revenue stream even throughout the recent economic downturn.

As at 30 June 2013, DIPDC had 914 leases with lease periods of 30 years or more which provide it with a long-term predictable revenue stream. In addition, the majority of these leases benefit from a rental escalation provision at the end of the first five years of the lease and subsequent five-yearly rent review clauses.

### **Low cost base**

DIPDC's principal operating cost is the annual payment which it makes in respect of the rent charged by the Government under the Headlease with Dubai Investments, the rights and obligations of which have been assigned by Dubai Investments to DIPDC under the Assignment. This rental is calculated by reference to DIPDC's net realised profit. This low cost base insulates DIPDC against the effect of declining revenue, for example as a result of a severe economic downturn.

In addition, DIPDC has substantially completed the development of DIP and therefore expects its future capital expenditure to be limited to the development of any additional features, at the discretion of DIPDC, that are either needed to ensure that the facilities within DIP remain competitive with those of other locations or that offer additional value to DIPDC's tenants and which once developed would themselves result in additional revenue for DIPDC. DIPDC estimates that, in the absence of unexpected events, its future maintenance expenditure is likely to be between AED 75.0 million and AED 100.0 million in each of the next five years.

### **Strong management**

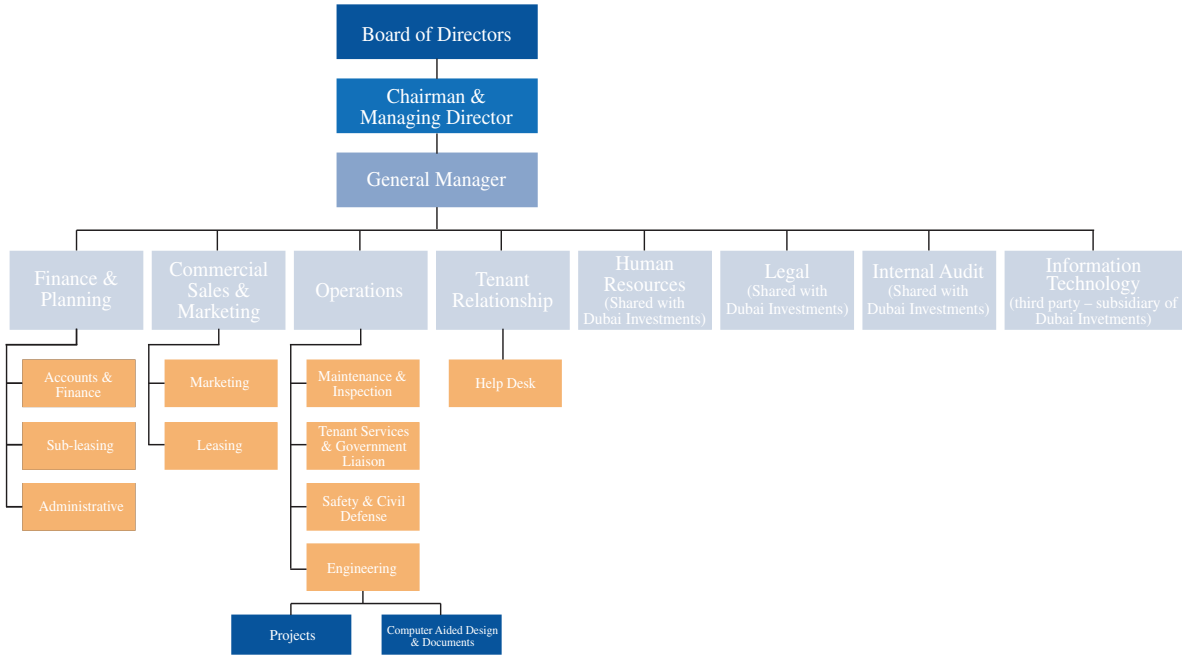
DIPDC benefits from an established track record, goodwill and expertise developed over 15 years of operations, as well as an experienced management team which has been able to adapt to changing market conditions and the corresponding changes in the needs of its customers. Members of DIPDC's executive management have been with DIPDC for significant periods, see "*Management — Executive Management*".

### **Synergies through being a member of the Dubai Investments group**

DIPDC is a wholly-owned subsidiary of Dubai Investments, which is the largest investment company listed on the Dubai Financial Market and had over 35 subsidiaries and a market capitalisation of approximately AED 8.89 billion at 31 December 2013. Dubai Investments, acting as an incubator to encourage industrial development in Dubai, promoted DIP to attract manufacturing tenants. In addition, several industrial entities, which are subsidiaries of Dubai Investments, started operations in DIP. Their successful operations attracted other industrial entities to lease large plots of land to develop industrial facilities. As at 30 June 2013, Dubai Investments and 10 of its subsidiaries and associated companies were tenants in DIP. DIPDC also benefits from shared services provided by Dubai Investments to its group companies. For further information on Dubai Investments, see "*Certain Public Information Relating to Dubai Investments*" below.

### Organisational Structure

The diagram below shows DIPDC’s organisational structure.



DIPDC’s finance and planning department is responsible for the development of financial strategies and policies. It provides monthly, quarterly, semi-annual, annual and additional management reports in relation to budgets, capital expenditure control and other management information and costing services. The department also tracks the lease rates of all the tenants and updates management in relation to changes in those rates. The department is also responsible for managing DIPDC’s treasury function, reviewing its debtors profile and ageing analysis and for ensuring timely rental payments and following up where payments fall into arrears.

DIPDC’s commercial sales & marketing (“CSM”) department is primarily responsible for selling DIP services to current and prospective tenants. It also develops and implements marketing strategies, raises brand awareness and attracts tenants through public relations, marketing, advertising and other communication tools. In addition, the CSM department, in conjunction with the finance department, monitors all phases of DIP with a focus on areas which are leased by tenants but are yet to be developed. See “— Strategy — Enhancing revenue and cash flow through actively monitoring the development”.

DIPDC’s operations department is responsible for preparing, renewing and terminating leases. The operations department also assists tenants in obtaining applicable permits and licences from relevant Dubai and UAE governmental authorities. The operations department’s engineering division is responsible for all matters involving civil engineering and building works, including managing infrastructure and providing improvements in response to tenant feedback. The operations department also monitors the provision of services by third parties to DIP facilities.

DIPDC’s tenant relationship department aims to build long-term relationships with existing and potential future tenants, see “Strategy — Excellence in customer service”. The department also has an existing help desk to resolve any tenant issues raised and also ensures that existing and potential tenants and sub-tenants are aware of applicable policies and procedures within DIP. DIPDC is also in the process of developing an online tenant service platform as part of its strategy to achieve excellence in customer service provided to its tenants.

DIPDC shares its human resources, legal and internal audit functions with Dubai Investments with a view to creating efficiencies through economies of scale and benefiting from core expertise. No cost allocation is made by Dubai Investments in respect of those shared services. DIPDC’s IT department has been centralised

and is managed by a subsidiary of Dubai Investments. DIPDC pays an annual charge based on market rates for this service.

## **Business**

### **Rationale and business model**

Dubai Investments' objective is to promote industrial growth in the Emirate of Dubai. DIP was established as part of a combined initiative of the Government and Dubai Investments to encourage industrial investment and create a sustainable economic environment in Dubai. The lease of the land forming DIP, as well as the initial 10-year rent free period, reflect strong Government support for DIP. DIPDC was established by Dubai Investments to attract industrial investments and, to accomplish this, it undertook the development of DIP.

DIP has been developed as an integrated, mixed-use and self-contained complex. The development costs were principally funded by way of share capital, a shareholder loan and third-party borrowing. The shareholder loan was repaid in 2004 and DIPDC's third-party borrowing has generally been guaranteed by Dubai Investments.

To attract tenants, large plots of land were made available by DIPDC on long-term leases at attractive rates, including initial rent free periods which typically range between six and 15 months, with the focus principally being on attracting companies registered in the UAE. This approach distinguished DIP from a number of other industrial zones, which typically offered smaller plots and shorter lease periods or which typically attract free zone companies. In addition, DIP's location away from the city distinguished it from many existing industrial zones which were located closer to the city and had restrictions on incoming and out-going deliveries at certain times.

DIP was developed in phases to meet the tenant demand for space. The phased development approach also ensured that DIPDC generated revenue to sustain its operational costs and part-fund the capital expenditure required for further phased development. Each phase has been segmented into industrial, commercial (including social infrastructure such as schools, clinics, retail and leisure facilities) and residential zones. The inclusion of residential and commercial zones was designed to make DIP more attractive to tenants who wished to locate their employees closer to their facilities and to make DIP a more attractive place to live for the employees of those tenants. Manufacturing companies are DIPDC's priority tenants, including manufacturing companies from other emirates and GCC countries. The majority (598 of 605 leases at 30 June 2013) of DIPDC's lease agreements with industrial tenants have original maturities of 30 years. Save for certain warehouse facilities constructed in Phase 8, certain retail facilities constructed by DIPDC and let to tenants and a medical centre developed by DIPDC, the tenants are responsible for constructing their own facilities on their leased plots, which generally means that only tenants with a long-term commitment to their respective businesses are located in DIP.

The plot size offered to tenants varies between 500 m<sup>2</sup> and 500,000 m<sup>2</sup>, although there are exceptions. Although the lease agreements are similar for almost all tenants, certain provisions (such as any lease rental moratorium period) are tailored according to the specific circumstances of individual tenants.

DIPDC deals directly with tenants who require land for industrial, commercial or residential purposes. Initially, in order to attract developers to build residential complexes, Dubai Investments partnered with Union Properties PJSC, one of the UAE's leading property investment developers, to create a high-end residential complex – Green Community. The success of this development attracted other developers who leased large plots of land to develop additional high-end residential communities.

As at 30 June 2013, DIPDC had 941 tenanted plots. The tenants include large manufacturing companies and property developers who have established manufacturing units, warehouses and commercial and residential buildings. In addition, DIPDC has approximately 2,700 sub-tenants leasing facilities from the principal tenants of the tenanted plots.

DIP's total leasable area is 17 million m<sup>2</sup>, of which approximately three million m<sup>2</sup> has been leased under long-term finance leases.

The table below shows the distribution of the leasable area (excluding the area subject to finance leases) by use as at 30 June 2013.

	<b>As at 30 June 2013</b>	
	<i>(thousand m<sup>2</sup>)</i>	<i>(per cent. of total)</i>
Leased		
Industrial (including warehouses) .....	10,758	76.6
Residential .....	1,326	9.4
Commercial .....	1,314	9.4
Unleased.....	639	4.6
<b>Total leasable area</b> .....	<u>14,037</u>	<u>100.0</u>

The table below shows the distribution of revenue from lease rentals by type of leased area for the year ended 31 December 2012.

	<b>As at 31 December 2012</b>	
	<i>(AED million)</i>	<i>(per cent. of total)</i>
Industrial (including warehouses) .....	205.3	67.3
Residential .....	59.2	19.4
Commercial .....	40.6	13.3
<b>Total</b> .....	<u>305.1</u>	<u>100.0</u>

DIPDC has separately contracted for sewerage treatment services and the costs of this are passed on to its tenants as discussed under “*Financial Review — Overview*”. In relation to all other utility services, DIPDC’s tenants contract directly with the relevant utility provider, each of which is responsible for the provision of its services within DIP at its own cost.

## **Tenor of lease agreements**

### *Operating leases*

DIPDC principally enters into 30-year lease agreements with its tenants, with 906 of its 941 leased plots (or 96.3 per cent.) at 30 June 2013 having an original lease term of 30 years. Of the remaining 35 plots, 27 had original lease terms of between one and 30 years and the remaining eight had original lease terms in excess of 30 years.

#### *30-year leases*

Rent under DIPDC’s 30-year leases is typically paid annually in advance. However, in certain cases, to accommodate tenants, payments are accepted in instalments. The 30-year leases typically include a rent revision clause under which there is:

- a maximum 20 per cent. rental escalation at the end of the first five years of the lease; and
- a revision of rent based on market rates at the end of each subsequent five-year period.

#### *Other operating leases*

DIPDC’s other operating leases have varying terms, which, at the time when the leases were originally granted, allowed for leases with variable terms ranging from one year to 90 years. Under all these leases, rental is paid in annual instalments and all leases, save for the 22 leases with an original term of five years or less, have periodic rent review clauses. For the leases with an original term in excess of 30 years, the rent revision terms are generally the same as those applied under the 30-year leases, with the exception of one

90-year lease, where the rent revision is applied after the first 15 years and thereafter on each five-year anniversary.

DIPDC's most significant lease, in annual rental terms, is a five year lease of the whole of Part 1 of Phase 8 of DIP, on which DIPDC had constructed warehouses spread over an area of approximately 130,000 m<sup>2</sup>. This lease, which was entered into in March 2012, accounted for approximately 8.0 per cent. of DIPDC's revenue for the year ended 31 December 2012.

### ***Finance leases***

DIP has entered into 32 lease agreements with residential developers and industrial conglomerates that are accounted for as finance leases each of which has been leased through long-term lease contracts with a remaining term in excess of 85 years and in respect of which all of the rent is payable upfront or within the first five years of the lease. Plots subject to finance leases are no longer recorded on DIPDC's balance sheet as assets and no yearly revenues from lease rentals are generated from these plots. However, DIPDC continues to generate revenue related to sewerage water treatment, service and other charges from such plots.

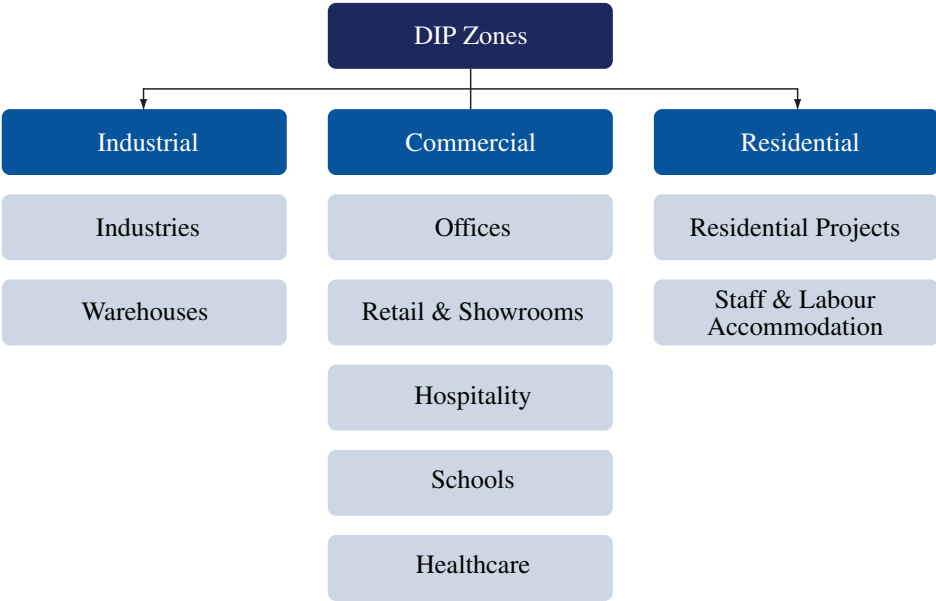
### **Principal operating leases**

The table below shows DIPDC's 10 most significant operating leases in terms of annual rental in 2012.

<b>Zone</b>	<b>Area (m<sup>2</sup>)</b>	<b>Commencement date</b>	<b>Original lease term</b>	<b>Annual rental (AED)</b>
Industrial	130,111	3 March 2012	5 years	30,000,000
Industrial	59,060	15 April 2007	90 years	3,838,920
Industrial	462,423	3 January 2000	30 years	3,606,900
Industrial	140,155	6 January 2010	60 years	3,503,875
Industrial	200,000	19 June 2005	30 years	2,990,000
Industrial	47,445	15 April 2007	30 years	2,960,575
Commercial	27,137	30 January 2007	30 years	2,930,839
Commercial	136,855	22 November 2011	20 years	2,716,672
Residential	203,135	1 January 2003	90 years	2,640,757
Commercial	43,552	6 January 2006	30 years	2,613,138

**Zones**

The diagram below illustrates the different zones within DIP.



**Industrial zone**

The industrial zone is the key zone in DIP and is suited for all kinds of industry, ranging from light to medium and heavy. DIP’s strong transport connections enable access to key regional and international markets and prompt delivery of raw materials. In addition, industrial tenants are provided with infrastructure and facilities, including adequate supplies of water and electricity, sewerage, district cooling facilities, a waste management system and recycling facilities, a telecommunications network and staff amenities.

The total leasable area in the industrial zone is approximately 10.8 million m<sup>2</sup>, almost all of which (comprising 605 plots) was leased at 30 June 2013. As at 30 June 2013, 598 of the 605 industrial leases had an original maturity of 30 years. As at the same date, the remaining seven leases had original maturities of one year, five years, 10 years, 19 years, 32 years, 60 years and 90 years, respectively. The average remaining tenure of leases within the industrial zone was 23.4 years at 30 September 2013. The plot sizes range from 500 m<sup>2</sup> to approximately 500,000 m<sup>2</sup>.

The table below shows the percentage of industrial leases which have rent reviews in each of 2014 through 2018. All of these rent reviews are second or subsequent reviews and are not therefore subject to the 20 per cent. cap on rental increases.

<b>Year ended 31 December:</b>	<b>No. of leased plots</b>	<b>Percentage of total leased plots</b>	<b>Total leased area</b>	<b>Percentage of leased area</b>
2014 .....	52	8.6%	1,460,946	13.6%
2015 .....	169	27.9%	3,015,993	28.0%
2016 .....	82	13.6%	916,458	8.5%
2017 .....	165	27.3%	2,948,223	27.4%
2018 .....	69	11.4%	1,541,595	14.3%

As at 30 June 2013, 86 per cent. of the leased area in the industrial zone had been fully developed and was operational. An additional seven per cent. of the leased area was in different stages of design and construction and seven per cent. of the leased area was undeveloped.



The range of industries located at DIP include:

- **Heavy industries:** DIPDC believes that the availability of large plot sizes is a key factor in attracting heavy industries to DIP as it enables tenants to consolidate their operations at a single location rather than being spread across different locations and emirates due to lack of space.
- **Light and medium industries:** The industrial zone also features smaller plots for constructing pre-built facilities that are made ready for leasing to new or small business ventures. Light industrial companies located in the industrial zone include companies that manufacture light processing goods such as perfumes, plastics, soaps, furniture, marble and packaging material.
- **High technology industries:** DIP's industrial zone provides space for the development of high technology industries and high-grade light manufacturing industrial activities, as well as associated warehousing, storage and transportation activities.
- **Warehouses:** DIP offers an extensive range of plot sizes for tenants to develop their own warehouse and storage facilities and logistics solutions. Furthermore, in both parts of Phase 8, DIPDC has itself constructed warehouses to suit the specific requirements of its tenants. This helps companies operating in DIP to ensure the flow of goods from the production line to customers without delay.

The table below shows the distribution of the industrial zone by use as at 30 June 2013.

	<b>As at 30 June 2013</b>
	<i>(per cent. of total leased area)</i>
Heavy industry.....	64
Light, medium and high technology industries .....	19
Warehouses .....	17
<b>Total</b> .....	<b>100</b>

Within the industrial zone, the tenants are involved in a variety of manufacturing sectors. The table below shows the distribution of the industrial zone by manufacturing sector as at 30 June 2013.

	<b>As at 30 June 2013</b>
	<i>(per cent. of total leased area)</i>
Building materials .....	63
Food and beverages.....	10
Furniture.....	8
Plastics.....	7
Power and utilities.....	2
Printing .....	2
Construction.....	2
Pharmaceutical.....	2
Textiles.....	2
Oil and gas.....	2
<b>Total</b> .....	<b>100</b>

### **Commercial zone**

The total leasable area in the commercial zone is approximately 1.4 million m<sup>2</sup>, of which approximately 1.3 million m<sup>2</sup> (comprising 112 plots) was leased at 30 June 2013.

As at 30 June 2013, 86 of the 112 commercial leases had an original maturity of 30 years. The average remaining tenure of leases within the commercial zone was 23.6 years at 30 September 2013.

The table below shows the percentage of commercial leases which have rent reviews in each of 2014 through 2018. All of these rent reviews are second or subsequent reviews and are not therefore subject to the 20 per cent. cap on rental increases.

<b>Year ended 31 December:</b>	<b>No. of leased plots</b>	<b>Percentage of total leased plots</b>	<b>Total leased area</b>	<b>Percentage of leased area</b>
2014 .....	16	14.3%	135,792	10.3%
2015 .....	41	36.6%	515,395	39.2%
2016 .....	19	17.0%	162,557	12.4%
2017 .....	10	8.9%	170,982	13.0%
2018 .....	5	4.5%	34,876	2.7%

As at 30 June 2013, 49 per cent. of the leased area in the commercial zone has been fully developed and was operational. An additional 30 per cent. of the leased area was in different stages of design and construction and 21 per cent. of the leased area was undeveloped.

Facilities within the commercial zone include:

- **Offices:** As at 30 June 2013, DIPDC had leases in respect of approximately 472,000 m<sup>2</sup> of office development plots. A range of offices have been built by third party developers and which are either sub-leased or are available for sub-lease.
- **Showrooms:** As at 30 June 2013, DIPDC had leases in respect of approximately 259,000 m<sup>2</sup> of showroom development plots. Tenants include automobile dealers and home furnishing, clothing, electronics and other businesses.
- **Retail:** As at 30 June 2013, DIPDC had leases in respect of approximately 169,000 m<sup>2</sup> of retail development plots (including 2,788 m<sup>2</sup> of plots pre-developed by DIPDC). DIP's retail spaces are suitable for major retailers and small entrepreneurs, and are well located, providing easy access to both residents and visitors.
- **Schools:** As at 30 June 2013, DIPDC had leases in respect of approximately 213,000 m<sup>2</sup> of school development plots. DIP has four operational schools which are conveniently located within easy reach of the different residential areas in DIP. These schools cater to students from kindergarten to pre-university age and offer a range of different curricula. In total, the operational schools have approximately 4,000 students.
- **Hospitality:** As at 30 June 2013, DIPDC had leases in respect of approximately 46,000 m<sup>2</sup> of hotel development plots. Three hotels are currently operational.
- **Healthcare:** As at 30 June 2013, DIPDC had leases in respect of approximately 137,000 m<sup>2</sup> of healthcare development plots. DIP currently has two operational private clinics for residents which provide general medical services, one of which was constructed by DIPDC and is leased to an operator. This medical facility is built on a land area of approximately 6,500 m<sup>2</sup>.

### **Residential zone**

A wide selection of accommodation ranging from high-end residential accommodation (including villas and town houses) to an array of apartments, as well as staff quarters and labour accommodation, is available within DIP.

Excluding long-term finance leases granted to developers, the residential zone comprises plots of land leased to tenants and on which they have built staff quarters or labour accommodation, as well as one 90-year operating lease of a plot to a property developer.

The total leasable area in the residential zone is approximately 1.9 million m<sup>2</sup> (comprising 224 plots) of which approximately 1.3 million m<sup>2</sup> had been leased to developers and companies building employee accommodation at 30 June 2013. As at 30 June 2013, 222 of the 224 residential leases had an original maturity of 30 years. The average remaining tenure of leases within the residential zone was 22.7 years at 30 September 2013.

The table below shows the percentage of residential operating leases which have rent reviews in each of 2014 through 2018. All of these reviews are second or subsequent reviews and are not therefore subject to the 20 per cent. cap on rental increases.

<b>Year ended 31 December:</b>	<b>No. of leased plots</b>	<b>Percentage of total leased plots</b>	<b>Total leased area</b>	<b>Percentage of leased area</b>
2014 .....	30	13.4%	321,065	24.2%
2015 .....	56	25.0%	270,287	20.4%
2016 .....	32	14.3%	125,484	9.5%
2017 .....	67	29.9%	232,488	17.5%
2018 .....	22	9.8%	348,606	26.3%

As at 30 June 2013, 81 per cent. of the leased area in the residential zone has been fully developed and was operational. An additional six per cent. of the leased area was in different stages of design and construction and 13 per cent. of the leased area was undeveloped.

As at 30 June 2013, DIPDC estimates that there were approximately 80,000 residents in DIP, based on the number of occupied residential units, the number of labour camps and average sewerage usage.

**Competition**

Although DIP is a unique, integrated and self-contained complex, since it has a large area allocated to the industrial zone, DIP faces competition for tenants from existing industrial areas located across the UAE (some of which are being expanded) and expects to face competition for tenants from other industrial areas currently under development within the UAE. Within Dubai, these areas include:

**Jebel Ali Free Zone:** Jebel Ali Free Zone (“JAFZ”) is a Government-established industrial/commercial area that allows 100 per cent. foreign ownership and thus to a large extent attracts international tenants, whereas DIP is focused on attracting companies registered in the UAE.

**Dubai Industrial City:** Dubai Industrial City is located close to the Al Maktoum International Airport. Similarly to DIP, this industrial zone also seeks to attract manufacturing tenants. However, competition for these tenants is mitigated by the fact that the vast majority of DIP’s current tenants have long-term leases and the fact that DIP’s tenants have invested substantially in building facilities on their respective plots means that it would not make economic sense for them to move to a competing location.

There are also other industrial areas in Dubai, such as Al Quoz Industrial Area, Ras Al Khor Industrial Area and Al Qusais Industrial Area, but these are generally fully occupied. Furthermore, some of them are located closer to the city and, as a result, have restrictions on the movement of goods at certain times of the day. In addition, there are also a number of industrial parks and free zones in the Emirates of Abu Dhabi, Sharjah and Ras Al Khaimah.

**Safety and Environment**

DIPDC has adopted safety standards in accordance with applicable laws and regulations in the UAE. All tenants are required to meet certain safety requirements in relation to fire, safety, health and environmental

requirements (“EHS Requirements”) and, accordingly, each tenant is responsible for making all relevant licence applications related to its business. The particular EHS Requirements to be observed by each tenant depend on the nature of the facilities used.

### **Insurance**

DIPDC’s finance department co-ordinates with insurance companies to advise applicable limits, coverage, scope and deductibles that DIPDC believes are reasonable and prudent.

DIPDC’s operations are subject to a variety of operational risks, including accidents, fire and weather-related perils. DIPDC has the benefit of various types of insurance policies to protect against property risks in respect of the buildings constructed by DIPDC (principally Phase 8 warehouses, a medical centre and a retail centre), public liability, third party and other relevant risks. DIPDC believes that its insurance policies reflect prevailing industry standards. These policies contain various exclusions, including exclusions in relation to war, latent defects, radioactive damage, wear and tear, sabotage and terrorism.

### **Information Technology**

DIPDC’s IT strategy is designed to meet its policy of providing the highest quality customer service and to enable the support of an increasing customer base as well as to ensure the best cost recovery. Much of DIPDC’s IT processes and data centres are centralised with and managed by a subsidiary of Dubai Investments for the purpose of creating efficiencies through economies of scale.

DIPDC believes that its IT infrastructure is professionally maintained and deployed, ensuring maximum up-time and rapid disaster recovery. DIPDC has data backup and offsite data storage systems in place to ensure continuity in business operations.

### **Dividend Policy**

DIPDC’s dividend policy aims to provide sustainable returns to its shareholder. Any distribution is made based on available retained earnings and DIPDC’s cash position after making appropriate allowances for anticipated maintenance and development expenditure. DIPDC’s Board recommends the dividend which is paid after approval by the shareholder. The Board may also recommend an interim dividend at its discretion.

### **Litigation**

There is an on-going dispute between DIPDC and a single customer in respect of four post-dated cheques, amounting to approximately AED 210.1 million, which were issued by the customer to DIPDC but which were not honoured by the customer. Such cheques represent the final four instalments of the purchase price payable by the customer to DIPDC in respect of the sale in 2005 by DIPDC to the customer of a 90-year usufruct right in a plot of land located in DIP for a high-end residential property development, the first eight instalments (amounting to approximately AED 373.5 million in aggregate) having been paid by the customer in full. The dispute also extends to outstanding service charges payable by the customer, amounting to approximately AED 7.8 million, relating to services provided by DIPDC in respect of the plot of land (see “*Financial Review – Certain Statements of Financial Position Items – Trade Receivables*”).

On 10 September 2012, DIPDC filed a claim for approximately AED 210.1 million with the Dubai Court of First Instance in respect of the dishonoured cheques and, on 16 December 2012, DIPDC filed a revised claim for approximately AED 217.9 million, which included an additional claim of approximately AED 7.8 million in respect of the outstanding service charges referred to above. On 19 February 2013, the Dubai Court of First Instance issued a judgment in favour of DIPDC for payment of this amount, together with accrued interest and costs.

On 13 March 2013, the customer gave notice of the intention to file an appeal (the “13 March 2013 Appeal”) against this judgment with the Dubai Court of Appeal and, subsequently on 8 April 2013, the customer filed the appeal claiming that, among other things, the Dubai Court of First Instance did not have jurisdiction to hear the case and that it should be heard by the Special Judicial Committee for Settling Real Estate

Transactions Cheques, the permitted buildable area in respect of the relevant plot of land was less than that which had been agreed with DIPDC, the plot was not fit for use due to the existence of a road dividing the plot into two parts, which the customer alleged caused delays in the commencement of the property development, and the customer was not able to register the usufruct right in the plot with the Dubai Land Department as DIPDC was not itself registered as the owner of the plot. Based on these claims, the customer also alleged that substantial losses had been suffered, being significantly in excess of the purchase price for the usufruct right in the land in question, and requested an independent engineering expert to be appointed to determine the quantum of the damages suffered by the customer. On 14 March 2013, DIPDC also filed an appeal in relation to the manner in which interest was calculated by the Dubai Court of First Instance. On 8 May 2013, DIPDC submitted its response to the claims made by the customer in the 13 March 2013 Appeal, whereby DIPDC rebutted each of these claims.

On 24 July 2013, the Dubai Court of Appeal merged the appeals filed by the customer and DIPDC into a single proceeding and appointed a panel of three experts (comprising two engineers and one accountant) for the purposes of verifying the appeals made by the customer and DIPDC, respectively. On 30 December 2013, the customer filed an objection with the Dubai Court of Appeal in relation to the identity of the three experts appointed by the Dubai Court of Appeal. On the same day the Dubai Court of Appeal rejected the objection raised by the customer in respect of the identity of the two engineering experts appointed by it but upheld the objection raised by the customer in relation to the identity of the accounting expert. On 8 January 2014, the Dubai Court of Appeal confirmed the appointment of a new accounting expert to the panel of three experts. The Dubai Court of Appeal has requested the panel to submit its expert report on 10 March 2014. Based upon formal legal advice that it has received, DIPDC believes that the customer's appeal is entirely without merit and that the Dubai Court of Appeal will issue its judgment in favour of DIPDC.

Separately, but in relation to the sale of the same usufruct right referred to above, on 6 May 2013 the customer submitted an application (the "Application") to the Dubai Court of First Instance that was referred to the Centre for Amicable Settlement of Disputes (the "Centre"), a mediation centre established by Dubai Law No. 16 of 2009 to encourage the settlement of disputes amicably between parties prior to the referral of the matter back to the Dubai courts if an amicable settlement cannot be reached. In the Application, the customer made the same substantive claims as were made in the 13 March 2013 Appeal. Based on these claims, the customer also alleged, as in the case of the 13 March 2013 Appeal, that substantial damages had been suffered (including loss of future opportunity) and requested an independent engineering expert to be appointed to determine the quantum of the damages which should be paid to the customer.

As requested by the customer, an independent engineering expert was appointed by the Centre on 15 July 2013 to assess the damages payable to the customer. In August 2013 and September 2013, respectively, the independent engineering expert submitted his reports to the Centre which stated that, in the independent engineering expert's opinion, DIPDC had not breached the agreement entered into with the customer and that the customer had no entitlement to claim any damages from DIPDC. As the parties were not able to settle the matter amicably following the submission of these reports, the Centre referred the matter back to the Dubai courts.

Accordingly, on 29 December 2013, the customer filed a memorandum (the "Memorandum") with the Dubai Court of First Instance contesting the findings in the independent engineering expert's reports. Furthermore, the customer requested that the Dubai Court of First Instance should re-appoint the independent engineering expert to reassess the damages payable to the customer on the basis that the expert had not evaluated the damages to be paid to the customer in the two reports previously submitted to the Centre. In the Memorandum, the customer also made the same substantive claims that were made in the 13 March 2013 Appeal, save that the customer amended the claim relating to the plot of land not being fit for purpose due to the road dividing the plot into two parts and instead claimed that there was an area of land which was allocated for a side road and set back from the side road which the customer believed should be deducted from the total area of the plot of land, and that the monetary value of this land should be deducted from the outstanding purchase price owed by the customer to DIPDC. In the Memorandum, the customer attributed a monetary value to certain of the claims outlined above in support of the damages claimed to be payable to the customer and also claimed for interest to be paid on the amount of damages and the right to set-off

approximately AED 210.1 million owed by the customer to DIPDC in respect of the dishonoured cheques against such damages.

DIPDC submitted its response to the Memorandum on 26 January 2014 (the “DIPDC Response”), in which it rebutted each of the claims made by the customer. In addition, on the same day, DIPDC made a counter-claim for damages suffered by DIPDC as a result of the failure by the customer to perform the obligations owed to DIPDC under the agreement between DIPDC and the customer. On 9 February 2014, the customer submitted a memorandum to the Dubai Court of First Instance in which the customer challenged the supporting documentation submitted by DIPDC as part of the DIPDC Response. The Dubai Court of First Instance has since notified DIPDC to provide its response by 16 March 2014.

Based upon formal legal advice that it has received and the reports issued by the independent engineering expert referred to above, DIPDC believes that the customer’s claims remain entirely without merit and that DIPDC has meritorious defences to each of the customer’s claims. DIPDC considers the customer’s claims to be frivolous and a delaying tactic employed by the customer as a result of the judgment issued by the Dubai Court of First Instance against the customer in relation to the matter referred to above (such claims having been pursued through the courts for the first time only after the date of such judgment). For these reasons, as at 30 June 2013, no provision has been made (and, as at 31 December 2013, no provision is expected to be made) by DIPDC in its financial statements in respect of (i) the outstanding amount payable by the customer to DIPDC in respect of the sale of the usufruct right; or (ii) any damages that may become payable by DIPDC to the customer in connection with the claims made by the customer. See “*Risk Factors – Risks relating to DIPDC – DIPDC is currently involved in an on-going dispute with a single customer in relation to the sale of a usufruct right in a plot of land located in DIP*”.

## CERTAIN PUBLIC INFORMATION RELATING TO DUBAI INVESTMENTS

*Information in this section has been extracted from Dubai Investments' website, its 2012 annual report and the Dubai Financial Market website. Dubai Investments is the parent company of DIPDC but will not guarantee or provide any other commitment to support the Certificates and/or DIPDC's obligations under the Transaction Documents. See "Risk Factors — Risks relating to DIPDC — Dubai Investments' interests may, in certain circumstances, be different from the interests of the Certificateholders", "Risk Factors — Risks relating to DIPDC — Dubai Investments does not guarantee DIPDC's obligations under the Transaction Documents" and "Risk Factors — Risks relating to DIPDC — DIPDC's rating is in part dependent on its shareholder".*

### Overview

Dubai Investments was established by the Government in July 1995 to promote investments in industrial and commercial projects in the emirate.

Dubai Investments is a listed entity with nearly 20,000 shareholders and over 35 subsidiary companies. Dubai Investments is the largest investment company listed on the Dubai Financial Market and, as at 31 December 2013, its market capitalisation was approximately AED 8.89 billion.

Dubai Investments maintains a well-diversified portfolio of investments across diverse sectors, including real estate, contracting, glass manufacturing and processing, pharmaceuticals, dairy products, edible oils, building systems, extrusion, utility and aluminium, across the Middle East region.

Dubai Investments operates in four reportable operating segments:

- **Manufacturing and contracting:** manufacture and sale of materials used in building construction projects, executing construction contracts, pharmaceuticals, aluminium extruded products and laboratory furniture;
- **FMCG:** production and distribution of dairy products;
- **Investments:** strategic minority investments in start up ventures and initial public offerings, bonds, funds and shares held for trading purposes; and
- **Property:** development of real estate projects for rental or sale of developed property units.

### Shareholders

As at 31 December 2012, 3,570,395,400 shares in Dubai Investments were held by 19,252 shareholders. These shareholders included:

- 19,022 individuals holding 62.94 per cent. of the shares, with the largest individual shareholder holding 5.08 per cent. of the shares;
- 20 banks holding 3.03 per cent. of the shares;
- 196 companies holding 15.91 per cent. of the shares, with the largest corporate shareholder holding 6.05 per cent. of the shares; and
- three UAE government entities and 11 UAE institutions holding 11.96 per cent. and 6.15 per cent. of the shares, respectively, with the largest such shareholder, Investment Corporation of Dubai, holding 11.54 per cent. of the shares.

### Further Information

Further information on DI's business and operations, together with certain financial information, is included on DI's website ([www.dubaiinvestments.com](http://www.dubaiinvestments.com)). The information on such website does not form part of this Prospectus.

## MANAGEMENT

### Board of Directors

DIPDC's Board of Directors (the "Board") is responsible for formulating its business strategy as well as day to day management of the business. The Board meets at least four times a year. The table below shows the current members of the Board.

<u>Name</u>	<u>Role</u>	<u>Principal other positions</u>
Mr Khalid Jassim Mohd Bin Kalban	Chairman	Managing Director and Chief Executive Officer of Dubai Investments
Mr AbdulAziz Bin Yagub Bin Yousef Alserkal	Director	General Manager of Dubai Investments
Mr Shukri Al Muhairi	Director	General Manager of Dubai Investments Industries LLC

A short biography of each member of the Board is set out below.

#### *Mr Khalid Jassim Mohd Bin Kalban*

Mr Kalban is the Managing Director and Chief Executive Officer of Dubai Investments.

Mr Kalban is a businessman with experience in different fields including the industrial, financial, investment and real estate sectors. Mr Kalban has helped establish a number of companies in the UAE. He is currently the Managing Director and Chief Executive Officer of Dubai Investments (a position he has held since 1998) and is a director of National General Insurance PJSC. He is also the Chairman of Union Properties PJSC.

Mr Kalban was also general manager and director of Al Khaleej Investment PTE-LTD. in Singapore from 1992-1995.

Mr Kalban has also served as a director of EmiratesNBD PJSC and was also the Chairman of its audit committee.

Mr Kalban has a degree in Business Management from the United States, and also majored in Management at the Metropolitan State College, USA.

#### *Mr AbdulAziz Bin Yagub Bin Yousef Alserkal*

Mr Alserkal is the General Manager of Dubai Investments and is responsible for all the industrial and overseas investments of Dubai Investments.

Mr Alserkal is currently the Chairman of a number of companies including Emirates District Cooling, Edible Oil Company and International Rubber Company. He is also a director of Union Properties, Al Taif Investments and other Dubai Investments group companies.

Mr Alserkal previously served as the Chief Executive Officer of Dubai-based Masharie LLC, a subsidiary of Dubai Investments and, before that, as the Director of Projects at Dubai Investments where he was involved in a number of industrial projects.

Before joining Dubai Investments, Mr Alserkal worked at Emirates Industrial Bank, a federal government financial institution supporting industrial development in the UAE for 13 years. During this time, he evaluated the potential performance and resource requirements of projects across a number of industrial sectors.

Mr Alserkal majored in Industrial and System Engineering at the University of Southern California, USA.



*Mr Shukri Al Muhairi*

Mr Al Muhairi is the General Manager of Dubai Investments Industries LLC.

Mr Al Muhairi joined Dubai Investments in November 2001 as Business Development Manager. In that role, Mr Al Muhairi evaluated a number of project proposals for venture capital investments in sectors such as health, infrastructure, shipping, food and environmental industries. Mr Al Muhairi is also a director of a number of Dubai Investments subsidiaries as well as Al Wathba National Insurance Co. and Emirates Insurance Association.

Mr Al Muhairi was also responsible for establishing Dubai Investments Industries LLC and is its General Manager. Dubai Investments Industries LLC promotes new manufacturing ventures and monitors all existing greenfield industrial ventures of Dubai Investments.

Prior to joining Dubai Investments, Mr Al Muhairi was the Executive Manager at Abu Dhabi Investment Company where he established two new ventures in the UAE and abroad, namely Oman Emirates Holding (UAE Branch) and Medical Instrument Group in UK. He has also worked with Ministry of Health and Abu Dhabi National Oil Company.

Mr Al Muhairi holds a Master of Development Administration degree from the Western Michigan University, the United States and a BSc in Economics from Indiana University, the United States.

### **Conflicts**

No member of the Board has any actual or potential conflicts of interest between his duties owed to DIPDC and his private interests and/or other duties.

### **Executive Management**

DIPDC employs an experienced senior management team, which is responsible for implementing DIPDC's overall strategic and operational plans. The table below shows the current members of senior management.

<b>Name</b>	<b>Position</b>
Mr Khalid Jassim Mohd Bin Kalban	Chairman and Managing Director
Mr Omar Al Mesmar	General Manager
Mr Aftab Attari	Financial Controller & Planning Manager
Mr Ammar Al Duwaikh	Sales & Marketing Manager
Mr Saeed MS Bugaraah	Chief Operating Officer
Mr Nasser Bin Jarsh	Tenant Relationship Manager

A short biography of each member of senior management (other than Mr Kalban) is set out below.

*Mr Omar Al Mesmar*

Mr Al Mesmar is DIPDC's General Manager. He has been associated with DIP since 2002. He started as a Deputy General Manager and has been promoted thereafter to various positions including Chief Operating Officer and, since 2006, General Manager. He also serves as a director and member of the audit committee of certain Dubai Investments subsidiaries and joint ventures.

Prior to joining DIPDC, Mr Al Mesmar was employed with Emirates Bank International – Singapore Branch. He holds a Higher Diploma from Higher Colleges of Technology in Business Administration.

*Mr Aftab Attari*

Mr Attari is DIPDC's Financial Controller and Planning Manager. He started as Assistant Finance Manager in 2005 and was promoted to Finance Manager and then to Financial Controller (overall head of the finance

department) in 2008. His major responsibilities include financial planning, treasury and fund management and management information systems.

Prior to joining DIPDC, Mr Attari worked with KPMG in Dubai as a senior auditor. He is a Chartered Accountant from India.

*Mr Ammar Al Duwaikh*

Mr Duwaikh is DIPDC's Sales and Marketing Manager. He joined DIPDC as a Marketing Executive in 2006 and was promoted to his current position in 2008.

He has a bachelor's degree in Public Administration from the American University in Sharjah.

*Mr Saeed MS Bugaraah*

Mr Bugaraah is DIPDC's Chief Operating Officer and is responsible for various functions including Engineering, Maintenance and Inspection, Safety and Civil Defence and Tenant Services (Government Liaison). He joined DIPDC in 2005 in his current capacity. Prior to joining DIPDC, Mr Bugaraah was a Senior Engineer at Dubai Natural Gas Company Limited.

He has a bachelor's degree in Electronics Engineering from Wentworth Institute of Technology, Boston, U.S.A.

*Mr Nasser Bin Jarsh*

Mr Bin Jarsh is DIPDC's Tenant Relationship Manager. He joined DIPDC in October 2006 as Tenant Relationship Executive and was promoted to his current position in 2011.

**Conflicts**

There are no potential conflicts of interest between the duties owed by the members of senior management to DIPDC and their private interests or other duties.

**Employees**

As at 30 June 2013, DIPDC had 65 staff members, of whom 11 per cent. were UAE nationals. DIPDC believes that its relationship with its employees is strong, as evidenced by an average annual employee turnover rate over the last three years of approximately 2 per cent. DIPDC also operates a programme to identify the training needs of its staff and offers a range of in-house and external courses to address those needs.

None of DIPDC's staff belong to trade unions, labour or workers' syndicates. There are no collective bargaining agreements between DIPDC and its employees.

## OVERVIEW OF THE UAE AND THE EMIRATE OF DUBAI

### 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. There is a federal government which is headed by the President. The federal budget is principally funded by the Emirate of Abu Dhabi.

The UAE as a whole extends along the West coast of the Arabian Gulf, from the coast of the Kingdom of Saudi Arabia near the base of the State of Qatar peninsula in the West to the Emirate of Ras Al Khaimah in the North and across the Mussandum peninsula to the Gulf of Oman in the East, covering an area of approximately 83,699 square kilometres in total.

The federation is governed by the Supreme Council of the Rulers of all the emirates (the “Supreme Council”) 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 World Economic Outlook data published by the International Monetary Fund (the “IMF”) in April 2013, the UAE is the third largest economy in the Gulf region after the Kingdom of Saudi Arabia and the Islamic Republic of Iran, based on nominal GDP. It has a more diversified economy than most of the other countries in the Gulf Co-operation Council (the “GCC”). According to OPEC data, at 31 December 2012, the UAE had approximately 6.6 per cent. of the world’s proven global oil reserves (giving it the sixth largest oil reserves in the world). and according to data produced by the UAE National Bureau of Statistics, 40.2 per cent. of the UAE’s real GDP in 2012 was attributable to oil and natural gas. Based on IMF data (extracted from the World Economic Outlook (April 2013)) real GDP growth in the UAE increased by 3.9 per cent. in 2012, 5.2 per cent. in 2011 and 1.3 per cent. in 2010 after having decreased by 4.8 per cent. in 2009 and increased by 5.3 per cent. in 2008 and 6.5 per cent. in 2007 and is projected to increase by 3.1 per cent. in 2013 and 3.6 per cent. in 2014.

On 11 August 2013, Moody’s Investors Service Singapore Pte. Ltd. reaffirmed the UAE’s long term credit rating of Aa2 with a stable outlook. The principal reason cited for this high investment grade rating is the assumption that the obligations of the federal government will be fully supported by the Emirate of Abu Dhabi. The UAE is not rated by the other rating agencies.

### The Emirate of Dubai

The Emirate of Dubai (“Dubai”) is the second largest emirate in the UAE after the Emirate of Abu Dhabi, and is situated on the west coast of the UAE in the south-western part of the Arabian Gulf. It covers an area of 3,885 square kilometres and, except for a tiny enclave in the Hajar Mountains at Hatta, the emirate comprises one contiguous block of territory. The Ruler of Dubai is Sheikh Mohammed bin Rashid Al Maktoum who is also the Vice President and Prime Minister of the UAE.

Dubai started as a pearl diving and fishing village in the first half of the eighteenth century. The growth of the emirate began in the early part of the nineteenth century when members of the Bani Yas tribe, led by H.H. Sheikh Maktoum Bin Butti, left the Emirate of Abu Dhabi and migrated north to found an independent sheikhdom in the area now known as Dubai.

In the nineteenth century, Dubai, split by a 14 kilometre long creek that leads into a natural harbour, established itself as a centre for the import and re-export of merchandise and this trade activity, along with the pearling industry, were the most important pillars of Dubai’s economic activity during the nineteenth century.

In the early part of the twentieth century, to counter the loss of economic activity from the decline in the pearling industry following the First World War, Dubai sought to attract traders through its liberal business policies and low taxes, enabling the emirate to establish itself as a centre for trade in gold bullion, textiles and consumer durables.

In the 1930s and 1940s, oil was discovered in Kuwait, Qatar and Saudi Arabia, adding to that already found in Iran, Iraq and Bahrain. In 1958, oil was found off the shore of Abu Dhabi and, in 1966, oil was first discovered by the Dubai Petroleum Company at Fateh, which lies 92 km off the coast of Dubai. Over the years, oil revenues have been used to create and develop the economic and social infrastructure of the emirate. In addition, as a regional trading hub, Dubai was well-placed to capitalise on the increase in Middle East business activity that came with oil exports.

Since the establishment of the UAE in 1971, Dubai has developed its status as a major city, enhancing the well-being of its people and creating an environment that attracts businesses and individuals. To support, maintain and develop this status, the Government intends to focus on: (i) achieving comprehensive development and building human resources; (ii) promoting economic development and government modernisation; (iii) sustaining growth and prosperity; (iv) protecting UAE nationals' interests, the public interest and well-being; and (v) providing an environment conducive for growth and prosperity in all sectors.

### **Strategy of Dubai**

In 2007, the Government adopted a set of guiding principles for the various sectors that comprise the Dubai Strategic Plan 2015 (the "DSP 2015"). The aim of the DSP 2015 is to ensure an understanding of the Government's vision among all government entities and a common framework for the operations of these entities. The DSP 2015 focuses on the core areas of economic development; social development; security, justice and safety; infrastructure, land and development; and government excellence.

The DSP 2015 envisages that future economic growth will be focused on the following six sectors: travel and tourism; financial services; professional services; transport and logistics; trade and storage. These sectors were identified based on their then current status, international competitiveness, Dubai's capacity to develop them and the availability of necessary enabling factors.

The global economic crisis significantly impacted the Government's economic development plans and, as a result, the government has reassessed the stated aims of the DSP 2015 in the area of economic development. The Dubai Department of Economic Development, which was given responsibility for revision of these aims, has prepared a revised Medium Term Economic Plan to be implemented through to 2015 (the "Medium Term Economic Plan"). The Medium Term Economic Plan is broadly envisioned to emphasise three goals. First, it will focus on reinforcing and growing Dubai's already established position as a regional and global hub for travel, tourism, trade, transportation and logistics services. Second, it will promote the expansion of Dubai's knowledge based economy by creating a regulatory and economic environment conducive for growing the financial and professional services industries, by attracting international companies to establish their headquarters in Dubai and by further establishing Dubai as a regional centre for the construction services industry. Third, it will continue to encourage major Dubai-based companies to expand globally, thereby deepening Dubai's interconnectedness with the global economy. Economic sectors such as retail and trade, transportation and logistics, manufacturing, tourism and financial services are therefore expected to remain important drivers of Dubai's economic growth in the future and investment parks, such as DIP, that foster some or all these sectors will remain important enablers of the Government's strategy.

### **Population**

The population of the UAE, based on a census carried out in 2005 and, according to the UAE National Bureau of Statistics (the "NBS"), was approximately 4.1 million, of whom approximately 1.3 million resided in Dubai. The NBS estimated the population of the UAE to be approximately 8.3 million in 2010. The Dubai Statistics Centre has estimated the population of Dubai to be approximately 2.1 million at 31 December 2012.

The populations of both the UAE and Dubai have grown significantly since 1985, 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 1985:

	<u>1985</u>	<u>1995</u>	<u>2005</u>	<u>2010/12</u>
Total population.....	1,379,303	2,411,041	4,106,427	8,264,070
Dubai population.....	370,788	689,420	1,321,453	2,105,875

*Source:* Official UAE census data (1985 to 2005); NBS estimates (2010) and Dubai Statistics Centre estimates (2012).

The majority of the population of Dubai is estimated to be non-UAE nationals, mainly drawn from the Indian sub-continent, Europe and other Arab countries. Approximately 76 per cent. of the population is estimated to be male and 24 per cent. female, reflecting the large male expatriate workforce.

**Governance, Legislation and Judiciary**

**The UAE**

*UAE constitution*

The original constitution of the UAE (the “Constitution”) was initially provisional and provided the legal framework for the federation. The Constitution was made permanent pursuant to a constitutional amendment in May 1996.

The major principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was confined to the federal government, but the local governments of the seven emirates were authorised to regulate those matters that were not the subject of legislation by the federal government.

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs; security and defence; nationality and immigration; education; public health; the currency; postal, telephone and other communications services; air traffic control and the licensing of aircraft and a number of other matters including labour relations; banking; the delimitation of territorial waters; and the extradition of criminals. Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Defence, Economy, Finance, Foreign Affairs and Justice. Although most of the federal government ministries are based in the Emirate of Abu Dhabi, many also maintain offices in Dubai. The UAE’s monetary and exchange rate policy is managed on a federal basis by the UAE Central Bank. Article 122 of the Constitution states that the emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the federation, in accordance with the provision of the preceding two Articles.

The individual emirates are given flexibility in the governance and management of their own emirates. The Constitution permits individual emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, Dubai has elected to assume responsibility for its own education, judicial and public health systems. The natural resources and wealth in each emirate are considered to be the public property of that emirate.

Each emirate manages its own budget on an independent basis and no emirate has any obligation to contribute to the budget of any other emirate. Each emirate makes contributions to the federal budget in agreed amounts.

*Federal Supreme Council*

The UAE is governed by the Supreme Council. This is the highest federal governing body and consists of the Rulers of the seven emirates. The Supreme Council elects from its own membership the President and the Vice President of the UAE (for renewable five-year terms). Decisions relating to substantive matters are decided by a majority vote of five emirates, provided that the votes of both the Emirate of Abu Dhabi and Dubai are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees, plans general policy and approves the nomination of the Prime Minister and accepts his resignation. It also relieves him from his post upon the recommendation of the President.

The then Ruler of the Emirate of Abu Dhabi, H.H. Sheikh Zayed bin Sultan Al Nahyan, was elected in 1971 as the first President of the UAE and was re-elected as President for successive five-year terms until his death in November 2004. The then Ruler of Dubai, H.H. Sheikh Rashid bin Saeed Al Maktoum, was elected in 1971 as the first Vice President of the UAE and continued as Vice President until his death in 1990. H.H. Sheikh Zayed bin Sultan Al Nahyan was succeeded by his son H.H. Sheikh Khalifa bin Zayed Al Nahyan as Ruler of Abu Dhabi who was elected as President of the UAE in November 2004 by the members of the Supreme Council. H.H. Sheikh Mohammed bin Rashid Al Maktoum became the Ruler of Dubai in January 2006 upon the death of his elder brother H.H. Sheikh Maktoum bin Rashid Al Maktoum who had ruled Dubai since 1990. He was also nominated by the President of the UAE, H.H. Sheikh Khalifa bin Zayed Al Nahyan, to be the next Prime Minister and Vice President of the UAE in January 2006. The members of the Supreme Council accepted the President's nomination shortly thereafter.

### ***Federal Council of Ministers***

The Federal Council of Ministers (the "Cabinet") is described in the Constitution as the executive authority for the federation and is responsible for implementing policy decisions of the Supreme Council. The Cabinet is the principal executive body of the federation. The Constitution defines the responsibilities of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual federal budget.

Based in the Emirate of Abu Dhabi, the Cabinet is headed by the Prime Minister and consists of the Deputy Prime Minister and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

### ***Federal National Council***

The Federal National Council (the "FNC") is a parliamentary body which comprises 40 members who are UAE nationals. Each emirate appoints members for a particular number of seats based on such emirate's population and size. The Emirates of Abu Dhabi and Dubai have eight members each, the Emirates of Ras Al Khaimah and Sharjah have six members each and the other emirates have four members each. The nomination of representative members is left to the discretion of each emirate, and the members' legislative term is four calendar years. The members represent the UAE as a whole rather than their individual emirates.

Presided over by a speaker, or either of two deputy speakers elected from amongst its members, the FNC has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the Federal National Council is to discuss the annual budget of the UAE. Although the Federal National Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

The inaugural FNC elections were held in December 2006, following reforms to enhance public participation in the electoral process. Under these reforms, the Ruler of each emirate selected an electoral college numbering approximately 100 times the number of FNC members for the relevant emirate. The members of each electoral college elected half of the FNC members for their emirate, with the remainder being appointed by the Ruler.

The most recent FNC elections were held in September 2011, following the issuance of new electoral guidelines by the National Election Commission in May 2011, addressing the methods of selection of representatives to the FNC, the role of the National Election Commission and its sub-committees and general rules on the elections, nominations, campaign, filing of appeals and timeline for the electoral process. On 24 September 2011, 468 candidates stood for election to the 20 elected positions on the FNC, with a voter turnout across the UAE of 35,877, or 27.8 per cent. of an expanded electoral college of 129,274.

## ***Legal and court system***

There are three primary sources of law in the UAE, namely: (i) federal laws and decrees (applicable in all seven emirates); (ii) local laws and decrees (i.e. laws and regulations enacted by the emirates individually); and (iii) the *Shari'a* (Islamic law). The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler or local government of each emirate can apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance. The Federal Supreme Court consists of five judges appointed by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-emirate disputes and disputes between the federal government and the emirates.

In accordance with the Constitution, three of the seven emirates (Abu Dhabi, Dubai and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective emirates.

The judicial system in Dubai (excluding the Dubai International Financial Centre) is comprised of: (i) a Court of First Instance; (ii) a Court of Appeal; and (iii) a Court of Cassation. The laws and regulations of the Dubai International Financial Centre are applied by the DIFC Courts, which are independent of the Dubai Courts and the UAE Federal Courts, and consist of a Court of First Instance and a Court of Appeal.

### **Dubai**

The laws of Dubai are passed by Decree of the Ruler, Sheikh Mohammed bin Rashid Al Maktoum, who is also the Vice President and Prime Minister of UAE. The Crown Prince of Dubai is Sheikh Hamdan bin Mohammed Al Maktoum. The Deputy Rulers are Sheikh Hamdan bin Rashid Al Maktoum and Sheikh Maktoum bin Mohammed Al Maktoum.

The key entities in the structure of the Government are: (i) the Ruler's Court; (ii) the Supreme Fiscal Committee (the "SFC"); and (iii) the Executive Council (the "Executive Council"). The Dubai Department of Economic Development (the "DED") and the Dubai Department of Finance (the "DOF") are administrative bodies. All five of these entities have distinct roles:

***The Ruler's Court:*** Except in relation to applicable federal laws, His Highness the Ruler of Dubai is the sole legislator for the emirate and all Dubai laws are passed by His Highness after drafts of the laws have been approved by the Ruler's Court in consultation with the Executive Council. All other matters that require the involvement of His Highness the Ruler of Dubai are channelled through the Ruler's Court.

***Supreme Fiscal Committee:*** The SFC was established in November 2007 to formulate the fiscal policies of the Government, establish and approve priorities, financing methods and completion dates for major Government projects, determine the public debt and expenditure limits and to issue recommendations in relation to key economic issues to the Ruler of Dubai. The SFC also aims to improve coordination between various Government entities and to enable these entities to meet their respective development targets in a cost-efficient manner.

***Executive Council:*** The Executive Council seeks to ensure coordination amongst Government departments such as the courts, the police, the Health Authority, the Land Department, the Department of Civil Aviation, the DED and the Department of Tourism and Commerce Marketing. The Executive Council works with these departments to implement an overall strategy for the Government, while considering the requirements and strategies of each particular department. In addition, the Executive Council works with the DOF to prepare an overall budget to fund the requirements of the various government departments. In addition to this broad coordination role, the Executive Council also recommends new laws and regulations, and is involved in the implementation of laws promulgated at both the emirate and federal levels.

***Department of Economic Development:*** The DED is a regulatory and administrative body responsible for licensing and regulation of the business sector. All businesses operating in Dubai are required to be registered with and licensed by the DED. The DED also helps formulate Government policy in relation to economic

planning and the promotion of Dubai as a business centre. The DED works closely with relevant government bodies such as the Ministry of Labour and the Real Estate Regulatory Authority.

**Department of Finance:** The DOF is the local ministry of finance and treasury for the Government. All revenues of the Government are collected within the DOF and all Government authorities are funded through the DOF. In addition, the DOF also functions as an administrative office of the SFC for executing and monitoring compliance with the SFC's decisions.

### Economy of the UAE

The UAE is the third largest economy in the Gulf region after Saudi Arabia and Iran. According to the Organisation of Petroleum Exporting Countries (OPEC) data, as at 31 December 2012, the UAE had approximately 6.6 per cent. of proven global oil reserves (giving it the sixth largest oil reserves in the world). The UAE's oil reserves generated approximately 32.7 per cent. of the UAE's real GDP in 2012 (according to the NBS) and approximately 33.7 per cent. of its export earnings (including re-exports) in 2012 according to the UAE Central Bank).

The NBS has estimated that real GDP in the UAE for 2012 was AED 1,025.6 billion, representing a real GDP growth rate of 4.4 per cent., reflecting the general economic recovery in the wake of the global economic crisis.

The table below shows the UAE's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
UAE nominal GDP ( <i>AED millions</i> ).....	935,766	1,055,557	1,280,215	1,409,502
UAE nominal GDP growth rates ( <i>per cent.</i> ).....	(19.2)	12.8	21.3	10.1
UAE real GDP ( <i>AED millions</i> ) .....	930,475	946,021	982,725	1,025,623
UAE real GDP growth rates ( <i>per cent.</i> ).....	(4.8)	1.7	3.9	4.4

*Source:* UAE National Bureau of Statistics

Although it has one of the most diversified economies in the GCC, the UAE's wealth remains largely based on oil and gas. Whilst fluctuations in energy prices do have a bearing on economic growth, the UAE is generally viewed as being less vulnerable than some of its GCC neighbours, due to the growth in the non-oil sector, particularly trading, finance, real estate and tourism.

### Economy of Dubai

Dubai has a diversified economy which has demonstrated renewed growth, with real GDP increasing by approximately 4.4 per cent. in 2012 and 3.3 per cent. in 2011. Since the UAE was established, when approximately 50 per cent. of Dubai's GDP was oil related, the emirate's reliance on oil has decreased significantly, with the oil sector accounting for approximately 1.5 per cent. of GDP in 2012.

Reflecting the emirate's strategic geographic location, rising levels of international trade and the Government's long-standing strategy of positioning the emirate as a trading centre, the wholesale and retail trade and repairing services sector is the principal contributor to GDP, accounting for 30.3 per cent. of Dubai's real GDP in 2012. The wholesale and retail trade and repairing services sector grew by 2.3 per cent. in real terms in 2012.

Other significant growth sectors for the emirate in 2012 were the manufacturing; transport, storage and communication; and real estate and business services sectors, which accounted for 15.4 per cent., 14.4 per cent. and 12.5 per cent., respectively, of Dubai's real GDP in 2012. In addition, each of these sectors has benefited from the Government's policies aimed at improving the business and investment environment and positioning Dubai as a regional hub, including specific high profile developments initiated by the Government and the establishment of a range of specialised free zones designed to attract new companies and investment.



In addition, other supply side factors supporting the emirate's longer term economic growth have included the availability of labour and land for real estate development, significant levels of liquidity prior to late 2008 and increasing consumer wealth in the GCC and elsewhere, in part reflecting generally high oil and gas prices, an appropriate legal and regulatory framework and good infrastructure.

The Government continues to focus on economic diversification and in this respect is targeting the travel and tourism, financial services, professional services, transport and logistics, trade and storage and construction sectors in particular as areas for future growth.

Since the middle of 2008 and reflecting the global financial crisis and sharp falls in international oil and gas prices, there have been significant declines in real estate sales prices and rental rates in the UAE as a whole and a significant slowdown in construction activity. These factors adversely impacted the emirate's GDP in 2010 and 2011, with the real estate and construction sectors declining in real terms in 2010 by 2.6 per cent. and 14.7 per cent., respectively, and in 2011 by 2.6 per cent. and 5.7 per cent., respectively. In 2012, the real estate and business services sector grew by 1.7 per cent. whilst the construction sector declined by 4.2 per cent. in real terms.

The table below shows Dubai's nominal and real GDP and nominal and real GDP growth rates for each of the years indicated:

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012<sup>(1)</sup></b>
Dubai nominal GDP ( <i>AED millions</i> ).....	295,441	304,585	315,392	–
Dubai nominal GDP growth rates ( <i>per cent.</i> ).....	– <sup>(1)</sup>	3.1	3.5	–
Dubai real GDP ( <i>AED millions</i> ).....	285,162	295,256	304,989	318,379
Dubai real GDP growth rates ( <i>per cent.</i> ).....	(2.7)	3.5	3.3	4.4

Source: Dubai Statistics Centre

Note:

(1) Dubai nominal GDP data for 2012 and the growth rate for 2009 are not published by the Dubai Statistics Centre on its website.

Nominal GDP data for 2012 and the growth rate for 2009 are not published by the Dubai Statistics Centre on its website. Dubai's real GDP in 2012 was AED 318,379 million, 4.4 per cent. higher than the AED 304,989 million in 2011.

The real GDP of Dubai in 2012 equalled 31.0 per cent. of the real GDP of the UAE in the same year. In 2011, 2010 and 2009, the equivalent proportions were 31.2 per cent., 31.2 per cent. and 30.8 per cent., respectively.

Dubai's real GDP decreased by 2.7 per cent. in 2009 and increased by 3.5 per cent., 3.3 per cent. and 4.4 per cent. in 2010, 2011 and 2012, respectively, reaching AED 318.4 billion in 2012. Dubai's real GDP per capita in 2012 was approximately U.S.\$41,167, based on an assumed population of 2,105,875 million and an exchange rate of U.S.\$1.00 = AED 3.6725.

Within Dubai, no single economic sector contributed more than 31 per cent. to total GDP in 2012, with the largest sector being the wholesale and retail trade and repairing services sector which contributed AED 96.3 billion, or 30.3 per cent., of the emirate's real GDP. Other significant contributors to real GDP in 2012 include the manufacturing sector, which contributed AED 48.9 billion, or 15.4 per cent., to real GDP; the transport, storage and communications sector, which contributed AED 45.8 billion, or 14.4 per cent., to real GDP; the real estate and business services sector, which contributed AED 39.9 billion, or 12.5 per cent., to real GDP; the financial corporations sector, which contributed AED 35.4 billion, or 11.1 per cent., to real GDP and the construction sector, which contributed AED 24.8 billion, or 7.8 per cent., to real GDP. Together, these six sectors contributed 91.5 per cent. of total real GDP in 2012. By contrast, the government services sector contributed 5.6 per cent., the restaurants and hotels sector contributed 4.5 per cent. and the mining and quarrying (principally oil and gas) sector contributed 1.5 per cent. to real GDP in 2012.

In terms of growth, the four strongest principal sectors in recent years have been the electricity and water sector, with a compound annual GDP growth rate of 10.4 per cent. between 2009 and 2012, the restaurants and hotels sector, with a compound annual GDP growth rate of 9.2 per cent. from 2009 to 2012, the

manufacturing sector, with a compound annual GDP growth rate of 8.6 per cent. between 2009 and 2012 and the transport, storage and communications sector, with a compound annual GDP growth rate of 4.7 per cent. between 2009 and 2012.

All GDP data in this section is derived from publications of the Dubai Statistics Centre.

### **The Government's Support of Strategic Government Related Entities and the Restructuring of the Dubai World Group**

The Government owns, or has significant investments in, strategic Government-related entities ("GREs") which have played a significant role in supporting and facilitating the Government's strategic development plan. Certain GREs have incurred indebtedness, including indebtedness from international financial institutions and in the international capital markets. As a result of the global financial crisis, sharp falls in international oil and gas prices, financial sector instability, limited access to credit and the significant decline in real estate values, both globally and in the Emirate of Dubai and the UAE, certain GREs have suffered from asset value deterioration, limited cash flow and a lack of liquidity. Whilst not legally obliged to do so (under any guarantee or otherwise), the Government announced its intention to support certain entities in order to maintain stability in the UAE economy, the banking system and investor confidence.

On 25 November 2009, Dubai World, with the support of the Government, announced its intention to seek a standstill with the lenders of the Dubai World group in respect of the indebtedness of the Dubai World group and initiated the restructuring process in order to ensure the continuity of the Dubai World group's business operations. Dubai World's restructuring was fully implemented on 29 June 2011. Dubai World's post-restructuring financial indebtedness was approximately U.S.\$14.4 billion in total, comprising two tranches of U.S.\$4.4 billion and approximately U.S.\$10.0 billion, with five- and eight-year maturities, respectively. The Government also agreed to (i) recapitalise Dubai World through the equitisation of the U.S.\$8.9 billion debt owed by Dubai World to the Dubai Financial Support Fund (the "DFSF"); (ii) commit up to a further U.S.\$1.5 billion in new funds; and (iii) provide a stop-loss guarantee of U.S.\$2.2 billion in respect of certain of Dubai World's post restructuring financial indebtedness.

On 14 July 2010, Nakheel (then a Dubai World group company) held a formal meeting in Dubai with creditor banks to formally present the restructuring of certain existing indebtedness of Nakheel and certain of its subsidiaries together with any related security and guarantees in respect thereof. The terms of the Nakheel restructuring were approved and the restructuring was implemented on or about 24 August 2011 on a contractual basis through binding agreements with Nakheel's creditors. The Nakheel restructuring caused trade and financial claims against Nakheel to be reduced from AED 59.3 billion to AED 17.6 billion as a result of a substantial recapitalisation of the business through the injection of AED 26.8 billion of new capital and the equitisation of existing claims by the Government through the DFSF. The Nakheel restructuring involved the separation of the Nakheel group from the rest of the Dubai World group. As such, all the existing shares of the Nakheel holding companies were directly or indirectly transferred to the DFSF, against which transfer the DFSF released Nakheel from all of its obligations and liabilities under the various support facilities extended to the Nakheel group by the DFSF during the course of the Nakheel restructuring.

### **UAE 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 multi-lateral development 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. In December 2009, the UAE entered into a 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 enjoys good relations with the other states in the GCC. However, the UAE has an on-going dispute with the Islamic Republic of Iran and continuing discussions with the Kingdom of Saudi Arabia and the State of Qatar 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 which claims sovereignty over them 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 UN Secretary General.

## SUMMARY OF THE GOVERNMENT LEASE

This section summarises the provisions of the 99-year lease (the “Headlease”) of DIP granted by the Government to Dubai Investments, the parent company of DIPDC. The Headlease was originally granted for a term of 30 years on 1 February 1999 and was extended to a term of 99 years (expiring on 1 February 2098) by an amendment to the Headlease dated 1 March 2003.

The rights and obligations of Dubai Investments under the Headlease have been assigned to DIPDC pursuant to an assignment agreement (the “Assignment”) between Dubai Investments and DIPDC, executed on 8 October 2003 and amended and restated on 22 January 2008. The leasehold interest of DIPDC obtained pursuant to the Headlease and the Assignment is registered with the Dubai Land Department.

Accordingly, notwithstanding that the Headlease was originally entered into by the Government and Dubai Investments, the summary of the Headlease below refers to DIPDC in place of Dubai Investments on the basis of the Assignment referred to above. See further, “*Risk Factors — Risks relating to DIPDC — DIPDC’s right to use the land comprising the Dubai Investments Park, and to generate revenues therefrom, is conditional and may be subject to challenge in certain limited circumstances outside its control*”.

Under the Headlease, the Government has leased to DIPDC an aggregate area of approximately 23 million m<sup>2</sup> for the purpose of establishing an industrial, commercial and residential park project. The Headlease requires that industrial, residential and commercial usage should not exceed 34.71 per cent., 15.63 per cent. and 2.36 per cent., respectively, of the total area, with the remaining 47.3 per cent. of the total area to be used in accordance with a structural plan, as agreed from time to time with the Dubai Municipality. Once the development of Phase 8, which is the final phase of development of DIP, is completed, the proportion of the total area of the land used for industrial, residential and commercial usage will, pursuant to a structural plan subsequently agreed with the Dubai Municipality, be 43.1 per cent., 18.7 per cent. and 4.8 per cent., respectively, with the remaining 33.4 per cent. of the total area to be used for common facilities such as roads and related infrastructure, parks, police stations, fire stations and petrol stations.

The Headlease originally provided for an area of 31.2 km<sup>2</sup> to be leased, however in 2006 the Government and DIPDC agreed that approximately 8.2 km<sup>2</sup> of this area, which had not yet been developed, shall be returned to the Government (for use by the Government in connection with separate projects unrelated to DIP), by way of a subdivision of the land. The Lease has not yet been amended to reflect these arrangements.

The Lease provided for the first 10 years to be rent free, with the rent payable from 2009 being equal to 20 per cent. of the annual net realised profits from the project, based on a report to be prepared by DIPDC annually and approved by the Audit Department at the Ruler’s Office. Accordingly, DIPDC has paid rent with effect from 1 February 2009.

The Lease provides that the Government is not responsible for any claims or losses sustained by DIPDC or any third party through its occupation and utilisation of the leased land, or from any accidents or force majeure events.

Under the Lease, DIPDC has undertaken to, among other matters:

- develop and maintain in good condition the leased land and construct all public services on the leased land, in all cases at its own expense;
- pay all Governmental fees and expenses, including utility costs;
- ensure that the tenants obtain all necessary Governmental licences for their activities and not to permit any tenant use which is contrary to applicable law;
- use the plots only for the agreed purposes; and
- ensure that all waste is appropriately treated and not to allow any polluting activities.

The Government may terminate the Lease before the expiry of its term if:

- DIPDC fails to pay the full amount of rent due for a period of more than three months;
- DIPDC fails to comply with its undertakings for a period of more than two months after written notice requiring it to comply has been delivered; or
- DIPDC is dissolved for any reason.

If any of these events occur, then the Government or its nominee will have the right, through appropriate legal process, to enter and reclaim the land, any fixed installations and any other assets belonging to DIPDC in an amount equal to the full amount of rent outstanding along with any other amounts owed by DIPDC to the Government.

Following expiry of the Lease term and if the term is not renewed (which is not automatic and would require agreement between the Government and DIPDC), the leased land and all installations on it will revert to the Government with no compensation payable to DIPDC or any occupier of DIP.

## SUMMARY OF DIPDC'S STANDARD FORM 30-YEAR LEASE

As at 30 June 2013, 96.3 per cent. of the leases entered into by DIPDC with its tenants had an original term of 30 years. All of these leases are based on the standard form lease summarised below.

### **Rent review**

The 30-year standard form lease provides that the rental payable is fixed for the first five years of each lease term and is subject to review in respect of every five year term thereafter. The rental payable in the second five-year term of the lease is subject to a maximum 20 per cent. rental increase. Rental amounts for subsequent terms must be commensurate with the rents then prevailing, for similar land use, in DIP.

Where a lessee fails to pay any rent or other amounts due under the lease, the 30-year standard form lease provides that DIPDC may charge a penalty calculated at two per cent. above EIBOR on the overdue amount for the period during which it is overdue.

### **Annual service charges charged by DIPDC in respect of its leases**

Under the 30-year standard form lease, DIPDC is responsible for maintaining and keeping in substantial repair all common facilities in DIP including all street lighting, utilities, roads, sidewalks, common areas and landscaping of common areas. DIPDC charges an annual service charge for these services at a specified amount per square metre of plot area leased. The service charge is levied annually in advance and is subject to annual review.

Lessees are responsible for the payment of all rates, taxes, duties and other charges imposed or payable in respect of their leased land during the period of their lease.

### **Damage to the leased premises**

Under the 30-year standard form lease:

- where a lessee's leased premises are damaged through the lessee's fault, the lessee must restore the premises at its own cost within a period of one year and must continue paying rent and other amounts due under the lease; and
- where any other part of DIP is damaged in a manner that renders a lessee's premises substantially unfit for use and such damage is not attributable to the lessee, then:
- some or all of the total rent payable by the lessee may be suspended until the damage is rectified;
- DIPDC is not under any obligation to rectify the damage if it considers such rectification to be commercially impracticable, in which case the lease shall terminate and any rental balance shall be repaid to the lessee; and
- DIPDC shall not be liable to the lessee for any other losses suffered by it as a result.

### **Sub-leasing and transfers**

Under the 30-year standard lease, each lessee undertakes not to assign its rights and interest in the lease, and not to sell, transfer, sublet, charge or encumber the leased premises, or any part of it, without the prior written approval of DIPDC.

DIPDC provides written approval to tenants who wish to sub-let on payment of a fee which is typically equal to 15 per cent. of the sub-let value. However, in some cases, based on the nature of the activity, the sub-leasing fee varies from 5 per cent. to 25 per cent. of the sub-let value. The terms of payment of sub-leasing fees by a tenant to DIPDC typically mirror the agreement between the tenant and the sub-tenant. In addition, DIPDC charges a fee equal to 2.5 per cent. of the transfer price of the property, on any plots transferred by its tenants.

## **Indemnity and insurance**

Under the 30-year standard form lease, the lessee is required to keep DIPDC indemnified against any liability, loss, damage, injury or fatality caused to any person or property directly or indirectly through the defective or damaged condition of its leased premises or any act, default or neglect by it or its servants, agents, contractors, employees, invitees, licensees or customers. The lessee is also required to maintain prescribed insurance policies with reputable insurers and the policies must (i) name DIPDC and its directors, officers, employees and agents as additional insured persons, (ii) waive any rights of subrogation against them, (iii) provide that the insurance be primary with respect to the interests of DIPDC and its directors, officers, employees and agents and (iv) confirm that any other insurance maintained by DIPDC and its directors, officers, employees and agents is excess and not contributory to the lessee's policies.

## **Assignment**

The 30-year standard form lease provides that DIPDC may assign its rights under the lease to any associate of DIPDC, by way of security or to any other person having the legal, financial and technical status and ability to perform the obligations of the lessor under the lease. An assignment of rights, such as the right to receive payments under a lease agreement, is permitted under Dubai law, though perfection of such assignment requires either the assignor or assignee giving the counterparty to the lease agreement notice of the assignment.

## **Termination**

The 30-year standard form lease provides that:

- A lessee may terminate its lease by giving DIPDC at least 12 months' prior written notice. Such notice may not be given earlier than the fifth anniversary of the lease commencement date.
- DIPDC may terminate a lessee's lease on six months' prior written notice if:
  - the lessee fails to pay any amounts due under the lease for a period of six months or more;
  - the lessee breaches the lease and the breach is not remedied within four weeks;
  - the lessee enters liquidation, is declared bankrupt or other similar specified events occur;
  - the lessee assigns, sublets or allows a third party to occupy the premises without the prior consent of DIPDC; or
  - a rent review is not agreed by the lessee.

Upon any termination, the lessee is required to indemnify DIPDC for all losses it suffers as a result of the early termination. In addition, the lessee undertakes to:

- cease carrying on business from the leased land from the date of termination;
- pay the termination amount and any other amounts due; and
- carry out site clearance to the extent required by DIPDC at its own cost within 90 days of the termination of the lease (although this requirement is waived if the lessee has procured a new tenant that is acceptable to DIPDC).

The termination amount is typically two years' rent although (i) it may be greater where the lease is terminated by DIPDC in the first five years of its term and (ii) it will be reduced to the extent that a new tenant has been procured by the lessee and that new tenant pays rent within a specified period of the termination of the lessee's lease.

## SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

*The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions).*

### **Sale and Purchase Agreement**

The Sale and Purchase Agreement will be entered into on the Closing Date between DIP Sukuk Limited (in its capacities as Trustee and as Purchaser) and DIPDC (in its capacity as Seller) and will be governed by the laws of the Emirate of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. Pursuant to the Sale and Purchase Agreement, the Seller will sell to the Purchaser, and the Purchaser will buy from the Seller, the Initial Wakala Portfolio.

Under the Sale and Purchase Agreement, the Seller will undertake to the Purchaser that, with effect from: (i) the Closing Date (in the case of the Initial Wakala Portfolio sold pursuant to the Sale and Purchase Agreement); and (ii) the date on which new Wakala Assets become part of the Wakala Portfolio (in the case of any Wakala Assets added to the Wakala Portfolio from time to time) it will hold the title to the Wakala Assets in its name as an agent and nominee of the Purchaser.

### **Service Agency Agreement**

The Service Agency Agreement will be entered into on the Closing Date between DIP Sukuk Limited (in its capacity as Trustee) and DIPDC (as Servicing Agent of the Wakala Portfolio) and will be governed by English law.

### **Services**

Pursuant to the Service Agency Agreement, the Trustee will appoint the Servicing Agent to manage the Wakala Portfolio. In particular, the Servicing Agent will undertake to provide, amongst other things, the following services (the "Services"):

- (a) it will manage the Wakala Portfolio in accordance with the Wakala Management Plan set out in the schedule to the Service Agency Agreement, which includes the annual amount of expected Wakala Portfolio Revenues (as defined below) of the Wakala Portfolio (the "Expected Wakala Portfolio Revenues");
- (b) it will be obliged to ensure that for the life of the Certificates, the Wakala Portfolio will comprise only Real Estate Assets subject to Leases which relate to businesses generating *Shari'a* compliant cash flows;
- (c) it will use its best endeavours to manage the Wakala Portfolio such that the Wakala Portfolio Value is at all times at least equal to the aggregate Value of the Initial Wakala Portfolio as set out in the schedule to the Sale and Purchase Agreement less any relevant Surrender Amount and accordingly will at no time substitute any Wakala Asset(s) for any Wakala Asset(s) of a Value less than the Value of the Wakala Asset(s) so substituted;
- (d) it will carry out all Major Maintenance (if any) 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 activities;
  - (ii) conduct regular and proper inspection of the Wakala Assets; and
  - (iii) ensure that Major Maintenance 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;

- (e) it will, acting as agent for the Trustee, have and pursuant to the Service Agency Agreement is granted complete discretion, authority, power and right in the name of the Trustee:
  - (i) to enter into contractual arrangements with approved sub-contractors and consultants in order to assist it in performing the Services and its other obligations under the Service Agency Agreement;
  - (ii) to enter into, make and perform all agreements and other undertakings as may in the opinion of the Servicing Agent be necessary or advisable or incidental to the carrying out of the Services pursuant to the Service Agency Agreement; and
  - (iii) to the extent necessary to enable it properly to exercise its rights and carry out its duties under the Service Agency Agreement, to act for the Trustee and on the Trustee's behalf in the same manner and with the same force and effect as the Trustee might or could do;
- (f) (for so long as the Trustee remains the owner of the Wakala Assets in its name and on behalf of Certificateholders) it will pay promptly, 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 provide to the Trustee appropriate receipts or certificates from the relevant taxing authority for the full amount of all Proprietorship Taxes paid by it;
- (g) it will do all acts and things (including execution of such documents, issue of notices and commencement of any proceedings) that it considers reasonably necessary to ensure the assumption of, and compliance by each Lessee with its covenants, undertakings or other obligations under the Lease to which it is a party in accordance with applicable law and the terms of the Lease, in each case in respect of the Wakala Assets;
- (h) it will discharge or procure the discharge of all obligations to be discharged by DIPDC (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;
- (i) it will pay on behalf of the Trustee any actual costs, expenses and losses (excluding for the avoidance of doubt, interest, penalty payments, costs of funds and opportunity costs) which would otherwise be payable by the Trustee as a result of the Trustee's ownership of the Wakala Portfolio and, such actual costs, expenses and losses shall be reimbursed in accordance with the terms of the Service Agency Agreement;
- (j) it will use all reasonable endeavours to ensure the timely receipt of all Wakala Portfolio Revenues (as defined below), investigate non-payment of Wakala Portfolio Revenues and generally make all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues under all Leases as and when the same shall become due;
- (k) it will ensure that all Wakala Portfolio Revenues are received free and clear of, and without withholding and deduction for, Taxes (as defined therein);
- (l) it will use all reasonable endeavours to ensure that the Wakala Portfolio Revenues in respect of each Wakala Distribution Period are at least equal to the Expected Wakala Portfolio Revenues;
- (m) it will maintain the Collection Accounts in accordance with the terms of the Service Agency Agreement and as summarised below;
- (n) it will obtain all necessary authorisations in connection with any of the Wakala Assets and its obligations under or in connection with the Service Agency Agreement;
- (o) it will renew existing Leases relating to the Wakala Assets, or where such Leases are not to be renewed, source new tenants; and

(p) it will carry out any incidental matters relating to any of the above.

For these purposes:

“Lessee” means any tenant or other party to a Lease who has undertaken to make payments pursuant to the terms of such Lease;

“Major Maintenance” means all major maintenance (excluding Ordinary Maintenance), including doing such acts or things and taking such steps to ensure that the Wakala Assets suffer no damage, loss or diminution in value without which the Wakala Assets could not be reasonably and properly used;

“Ordinary Maintenance” means all acts, maintenance and upkeep works required for the general use and operation of the Wakala Assets and to keep, maintain and preserve the Wakala Assets in good order, state and condition;

“Proprietorship Taxes” means all taxes in relation to the Wakala Assets by law imposed, charged or levied against a proprietor, but excluding all taxes that are by law imposed, charged or levied against a lessee or tenant;

“Surrender Amount” means the aggregate face amount of any Certificates cancelled by the Trustee pursuant to Condition 8(g) and/or redeemed and cancelled pursuant to Condition 8(c); and

“Value” means, in respect of any Wakala Asset, the amount in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable Exchange Rate (as defined in the Service Agency Agreement)) determined by DIPDC as being equal to the value of that Wakala Asset on the day on which it formed part of the Wakala Portfolio (as set out in the Sale and Purchase Agreement or the relevant substitution request, as applicable).

#### ***Insurances and Total Loss Shortfall Amount***

The Servicing Agent will also irrevocably undertake with the Trustee, in relation to the Wakala Portfolio, that the Servicing Agent, on behalf of the Trustee, 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, will 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 will undertake 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” (being the aggregate face amount of the Certificates plus all accrued but unpaid Periodic Distribution Amounts relating to such Certificates);
- (b) promptly make a claim in respect of each loss relating to the Wakala Assets in accordance with the terms of the Insurances;
- (c) ensure that in the event of a Total Loss Event occurring all the proceeds of the Insurances against a Total Loss Event are paid in U.S. dollars directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event and that the insurer(s) will be directed accordingly.

If the Servicing Agent fails to comply with the above provisions and as a result of such breach the amount (if any) credited to the Transaction Account pursuant to the Service Agency Agreement is less than the Full Reinstatement Value (the difference between such Full Reinstatement Value and the amount credited to the Transaction Account being the “Total Loss Shortfall Amount”), then the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance) will irrevocably and unconditionally indemnify (on an after tax basis) the Trustee for the Total Loss Shortfall Amount, which will be payable (in same day, freely transferable, cleared funds) 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. Thereafter, and

subject to the Servicing Agent's strict compliance with this paragraph, any insurance proceeds received from such insurer will be for the Servicing Agent's sole account and the Trustee will have no further rights against the Servicing Agent in respect of its breach. Any such breach will not however constitute an Obligor Event.

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 Closing Date) it will use its reasonable endeavours to obtain such Insurances on a *takaful* basis if such *takaful* insurance is available on commercially viable terms. A breach of this requirement will not, however, constitute an Obligor Event.

### ***Records and documents***

The Servicing Agent will undertake that it will keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due in respect of the Wakala Assets.

The Servicing Agent will agree in the Service Agency Agreement to:

- (a) provide the Services in accordance with all applicable laws and regulations;
- (b) provide the Services with the degree of skill and care that it would exercise in respect of its own assets; and
- (c) manage the Wakala Assets in accordance with generally accepted *Shari'a* principles.

### ***Service Agency Liabilities Amounts and fees***

The Trustee and the Servicing Agent will agree that any Service Agency Liabilities Amounts incurred by the Servicing Agent in providing the Services shall be paid by the Trustee by way of the application of amounts standing to the credit of the Wakala Revenue Collection Account by the Servicing Agent on the Trustee's behalf in payment of such amounts following the repayment of any amounts advanced by way of a Liquidity Facility, as described below or otherwise on the Dissolution Date. For these purposes, "Service Agency Liabilities Amounts" means the amount of any actual claims, losses, costs and expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent (excluding for the avoidance of doubt, interest, penalty payments, costs of funds and opportunity costs) on behalf of the Trustee, in each case in providing the Services during a "Wakala Distribution Period" (being a period that corresponds with the Return Accumulation Period under the Certificates), but does not include amounts due to the Servicing Agent or any third party provider in respect of any Liquidity Facility.

DIPDC shall be entitled to receive a fixed fee of U.S.\$100 for acting as Servicing Agent under the Service Agency Agreement. In addition, following payment of all amounts due and payable under the Certificates on the final Dissolution Date, the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Collection Account for its own account as an incentive payment for acting as Servicing Agent.

### ***Asset substitutions***

In the Service Agency Agreement the Trustee and the Servicing Agent will agree that, provided no Dissolution Event has occurred and is continuing: (i) the DIPDC may at any time exercise its rights under the Sale Undertaking to substitute any one or more of the Wakala Assets as the Servicing Agent may select; (ii) promptly following any default in respect of any Wakala Asset, DIPDC shall be required to use its best endeavours to substitute the relevant defaulting Wakala Asset(s), and such substitution shall be effected by the Trustee pursuant to the Purchase Undertaking; (iii) immediately upon the Servicing Agent becoming aware that any Wakala Asset relates to a business generating non-*Shari'a* compliant cash flows, DIPDC shall be required to use its best endeavours to substitute the relevant non-compliant Wakala Asset(s), and such substitution shall be effected by the Trustee pursuant to the Purchase Undertaking; and (iv) immediately upon the Servicing Agent becoming aware that the Seller is in breach of any of the representations and warranties contained in the Sale and Purchase Agreement, DIPDC shall be required to use its best endeavours

to substitute the relevant non-compliant Wakala Asset(s), and such substitution shall be effected by the Trustee pursuant to the Purchase Undertaking.

### ***Collection Accounts***

The Servicing Agent will maintain two ledger accounts (such accounts being the “Wakala Revenue Collection Account” and the “Wakala Reserve Collection Account”, together, the “Collection Accounts”) in its books, each of which shall be denominated in U.S. dollars in which all revenues from the Wakala Assets (the “Wakala Portfolio Revenues”) will be recorded. The Wakala Portfolio Revenues include all rental and other amounts paid by the relevant lessee and all consideration, damages, insurance proceeds, compensation or other sums received by the Servicing Agent in respect of Wakala Assets. All Wakala Portfolio Revenues will be recorded in the Wakala Revenue Collection Account.

In addition, certain amounts may be debited from the Wakala Revenue Collection Account and credited to the Wakala Reserve Collection Account.

Amounts standing to the credit of the Wakala Revenue Collection Account will be applied by the Servicing Agent on each Wakala Distribution Determination Date (being the Business Day immediately prior to the relevant Periodic Distribution Date) in the following order of priority:

- (a) *first*, in repayment of any amounts advanced by way of a Liquidity Facility;
- (b) *second*, in payment of any Service Agency Liabilities Amounts for the Wakala Distribution Period ending immediately before the previous “Wakala Distribution Date” (being the date which corresponds with the relevant Periodic Distribution Date);
- (c) *third*, the Servicing Agent shall pay into the 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 Wakala Revenue Collection Account; and
- (d) *fourth*, any amounts still standing to the credit of the Wakala Revenue Collection Account immediately following payment of all of the above amounts shall be debited from the Wakala Revenue Collection Account and credited to the Wakala Reserve Collection Account.

The Servicing Agent may under the Service Agency Agreement deduct amounts standing to the credit of the Wakala Reserve Collection Account at any time and use such amounts for its own account, **provided that** it shall immediately re-credit such amounts if so required to fund a Shortfall (as described in the next paragraph) or as required following a Total Loss Event (as described below).

### ***Shortfalls and Liquidity Facilities***

If on a Wakala Distribution Determination Date (after payment of the relevant amounts standing to the credit of the Wakala Revenue Collection Account into the Transaction Account) there is a shortfall (a “Shortfall”) between:

- (a) the amounts standing to the credit of the Transaction Account; and
- (b) the Required Amount payable on the immediately following Periodic Distribution Date,

the Servicing Agent will pay into the Transaction Account on that Wakala Distribution Determination Date from the amounts standing to the credit of the Wakala Reserve Collection Account (if any) an amount equal to the lesser of the Shortfall and the then balance of the Wakala Reserve Collection Account). If any Shortfall still remains after payment to the Transaction Account of the amounts credited to the Wakala Reserve Collection Account (as described in this paragraph) and after payment to the Transaction Account of all other amounts payable pursuant to any other Transaction Document, the Servicing Agent may either: (A) provide non-interest bearing (or otherwise *Shari’a* compliant) funding itself or (B) procure non-interest bearing (or otherwise *Shari’a* compliant) funding from a third party, in each case, to the extent necessary, by payment of the same into the Transaction Account, on terms that such funding is repayable: (i) from future excess Wakala Portfolio Revenues in accordance with the Service Agency Agreement; or (ii) on the Scheduled

Dissolution Date through a deduction (by way of set-off) from the Exercise Price payable under the Sale Undertaking or the Purchase Undertaking, as applicable, to ensure that the Trustee receives on each Wakala Distribution Date the Required Amount payable by it in accordance with the Conditions on corresponding Periodic Distribution Date (such funding, a “Liquidity Facility”).

Upon the occurrence of a Total Loss Event, all of the Wakala Portfolio Revenues credited to the Collection Accounts (including all amounts standing to the credit of the Wakala Reserve Collection Account) will be paid by the Servicing Agent immediately into the Transaction Account.

#### ***Payments under the Service Agency Agreement***

The Servicing Agent will agree in the Service Agency Agreement that all payments by it under the Service Agency Agreement will be made without any deduction or withholding for any tax unless required by law and (save as set out therein) without set off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Servicing Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction or withholding had been made. The payment obligations of the Servicing Agent under the Service Agency Agreement will be direct, unconditional, unsubordinated and unsecured obligations of the Servicing Agent which (save for exceptions as provided for by applicable law and subject to the negative pledge provisions included in Condition 6(b)) rank equally with all other present and future unsecured and unsubordinated obligations of the Servicing Agent.

#### **Purchase Undertaking**

The Purchase Undertaking will be executed as a deed on the Closing Date by DIPDC in favour of DIP Sukuk Limited (in its capacity as Trustee) and the Delegate and will be governed by English law and any dispute, claim, difference or controversy arising out of, relating to, or having any connection with the Purchase Undertaking will be referred for resolution as provided for therein.

Pursuant to the Purchase Undertaking and subject to the provisions contained therein, the Trustee and/or the Delegate, as the case may be, will, by exercising their rights under the Purchase Undertaking, be able to oblige DIPDC to purchase all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio on the Scheduled Dissolution Date or any earlier Dissolution Date in respect of the Certificates at the “Wakala Portfolio Exercise Price”, which shall be an amount in U.S. dollars equal to the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates on the relevant Dissolution Date;
- (b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates;
- (c) (to the extent not previously satisfied in accordance with the Service Agency Agreement) the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; and
- (d) an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that DIPDC has received notification from the relevant party referred to in such Conditions of such amounts in accordance with the terms of the Purchase Undertaking.

If the Delegate exercises its option prior to the Scheduled Dissolution Date, an Exercise Notice will be required to be delivered by the Delegate under the Purchase Undertaking.

The Trustee will also be entitled to exercise its aforementioned entitlements under the Purchase Undertaking following any exercise by the Certificateholders of their right to require the Trustee to redeem their Certificates on a Relevant Event Put Right Date, in which case DIPDC will be required to purchase a portion of the Wakala Portfolio (such portion to comprise the “Relevant Event Wakala Assets”) with an aggregate Value no greater than the aggregate face amount of the Certificates to be redeemed. The exercise price (the “Relevant Event Exercise Price” and, together with the Wakala Portfolio Exercise Price, each an “Exercise

Price”) payable for the Relevant Event Wakala Assets will be calculated on a similar basis to the Wakala Portfolio Exercise Price save that the amounts described in paragraph (c) of that definition shall only apply in the event that 100 per cent. of Certificateholders exercise their right to require the Trustee to redeem their Certificates.

DIPDC will undertake in the Purchase Undertaking that if:

- (a) the sale and purchase, or transfer and assignment, of any rights, title, interests, benefits and entitlements in, to and under any of the Wakala Assets comprising the Initial Wakala Portfolio from DIPDC (in its capacity as seller) to the Trustee under the Sale and Purchase Agreement is not valid or effective, or becomes invalid or ineffective, in whole or in part, in any jurisdiction for any reason (other than as a result of a Total Loss Event occurring on or prior to the date of the sale and purchase, or transfer and assignment) (the “Initial Defective Sale”); or
- (b) the sale and purchase, or transfer and assignment, of any of the Trustee’s rights, title, interests, benefits and entitlements in, to and under any of: (i) the Wakala Assets comprising the Wakala Portfolio or the Relevant Event Wakala Assets pursuant to the exercise (or purported exercise, as the case may be) of the Purchase Undertaking by the Trustee or the Delegate (as applicable); or (ii) the Wakala Assets comprising the Wakala Portfolio, the Cancellation Wakala Assets, the New Wakala Assets or the Substituted Wakala Assets (each as defined in the Sale Undertaking) pursuant to the exercise (or purported exercise, as the case may be) of the Sale Undertaking by DIPDC, is not valid or effective, or becomes invalid or ineffective, in whole or in part, in any jurisdiction for any reason (other than as a result of a Total Loss Event occurring on or prior to the date of the sale and purchase, or transfer and assignment), including without limitation by reason of any Initial Defective Sale (a “Subsequent Defective Sale”),

and as a result of either the Initial Defective Sale or a Subsequent Defective Sale, the Trustee or the Delegate (as applicable) is unable to realise in full, or does not actually receive in full, the relevant Exercise Price which is expressed to be due and payable under the Purchase Undertaking at the relevant time, DIPDC shall:

- (A) in respect of the Initial Defective Sale, immediately on demand, make payment to the Trustee or the Delegate (as applicable) (each acting as trustee for the Certificateholders) of an amount equal to the Purchase Price (as defined in the Sale and Purchase Agreement) by way of restitution; and
- (B) in respect of any Subsequent Defective Sale, immediately on demand, indemnify fully the Trustee or the Delegate (as applicable) (each acting as trustee for the Certificateholders) for the relevant Exercise Price expressed to be due and payable under the relevant undertaking at the relevant time (without double counting any amounts actually received pursuant to paragraph (A) above).

In addition, if DIPDC fails to pay all or part of any Exercise Price that is due in accordance with the Purchase Undertaking and **provided that** no sale agreement has been entered into pursuant to the Purchase Undertaking, then DIPDC will agree in the Purchase Undertaking that it will irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to act as Servicing Agent for the provision of the Services in respect of the Wakala Portfolio on the terms and conditions, *mutatis mutandis*, of the Service Agency Agreement.

DIPDC will expressly declare in the Purchase Undertaking that:

- (a) the relevant Exercise Price represents a fair price for the purchase of all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio or the applicable Wakala Assets or the Relevant Event Wakala Assets, as the case may be;
- (b) it shall irrevocably and unconditionally fully accept all or any ownership interest the Trustee may have in the Wakala Portfolio or the applicable Wakala Assets or the Relevant Event Wakala Assets, as the case may be, and, accordingly, shall not dispute or challenge all or any ownership interest the Trustee may have in any way; and
- (c) if it breaches any declaration or undertaking set out above or if it or any administrator, liquidator or receiver of it disputes or challenges the rights, benefits and entitlements of the Trustee in, to and under

the Wakala Portfolio or the applicable Wakala Assets or the Relevant Event Wakala Assets, as the case may be, DIPDC shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price.

DIPDC will also agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of tax unless required by law and (save as set out therein) without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, DIPDC shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction or withholding had been made. The payment obligations of DIPDC under the Purchase Undertaking will be direct, unconditional, unsubordinated and unsecured obligations of DIPDC which (save for exceptions as provided for by applicable law and subject to the negative pledge provisions included in Condition 6(b)) rank equally with all other present and future unsecured and unsubordinated obligations of DIPDC.

DIPDC has agreed in the Purchase Undertaking that it shall comply with the covenants more particularly described in Condition 6(b).

### **Sale Undertaking**

The Sale Undertaking will be executed as a deed on the Closing Date by DIP Sukuk Limited (in its capacity as Trustee) in favour of DIPDC and will be governed by English law.

Provided there has been no Total Loss Event and pursuant to the Sale Undertaking and subject to the Trustee being entitled to redeem the Certificates for tax reasons in accordance with Condition 8(b), DIPDC will, by exercising its right under the Sale Undertaking and serving an Exercise Notice on the Trustee no later than 45 days prior to the relevant Dissolution Date, be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio at the Exercise Price. In addition, if 75 per cent. or more in face amount of the Certificates originally issued have been redeemed pursuant to Condition 8(c) (and/or previously purchased and cancelled pursuant to Condition 8(g)), DIPDC will, by exercising its right under the Sale Undertaking and serving an Exercise Notice on the Trustee no later than 45 days prior to the relevant Dissolution Date (which Exercise Notice must be delivered within 20 days of the Relevant Event Put Right Date), be able to oblige the Trustee to sell all of its rights, title, interests, benefits and entitlements in, to and under the Wakala Portfolio at the Exercise Price.

For these purposes, the “Exercise Price” will be an amount equal to the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates on the relevant Dissolution Date;
- (b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates;
- (c) (to the extent not previously satisfied in accordance with the Service Agency Agreement) the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; and
- (d) an amount equal to the amounts payable pursuant to Conditions 5(b)(i) and 5(b)(ii) (as the case may be), in each case provided that DIPDC has received notification from the relevant party referred to in such Conditions of such amounts in accordance with the terms of the Sale Undertaking.

DIPDC will be able to exercise its rights under the Sale Undertaking to effect the substitution of Wakala Assets, subject to any substitute Wakala Assets being of a Value not less than the Value of the Wakala Assets to be substituted. DIPDC will also be able to exercise its rights under the Sale Undertaking (following any purchase of Certificates by DIPDC pursuant to Condition 8(f) to provide for the transfer of the Cancellation Wakala Assets (as defined in the Sale Undertaking), together with all of the Trustee’s rights, title, interests, benefits and entitlements in, to and under the Cancellation Wakala Assets with an aggregate Value not greater than the aggregate face amount of the Certificates so purchased, against cancellation of such Certificates by the Principal Paying Agent pursuant to the Conditions.

## Declaration of Trust

The Declaration of Trust will be entered into on the Issue Date between DIPDC, the Administrator, the Trustee and the Delegate and will be governed by English law.

Pursuant to the Declaration of Trust, the Trustee will declare a trust for the benefit of the Certificateholders over the Trust Assets.

The Trust Assets comprise (i) the interest, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Wakala Portfolio which are purchased by the Trustee pursuant to the Sale and Purchase Agreement and which remain to be sold by the Obligor pursuant to the Service Agency Agreement, the Purchaser Undertaking or the Sale Undertaking (as the case may be); (ii) the interest, rights, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding (A) any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents and (B) the covenant given to the Trustee pursuant to Clause 18.1 of the Declaration of Trust); and (iii) all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing.

The Declaration of Trust shall provide that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available therefor from the Trust Assets, subject to the priority of payments set out in the Declaration of Trust. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (or any steps against the Delegate) or any other person to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished.

Pursuant to the Declaration of Trust, the Trustee will, *inter alia*:

- (a) hold the Trust Assets on trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the provisions of the Declaration of Trust and the Conditions; and
- (b) 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 Declaration of Trust and the Conditions.

In the Declaration of Trust, the Trustee shall irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deed, to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by the relevant provisions of the Declaration of Trust (including but not limited to the authority to request directions from any Certificateholders and the power to sub-delegate and to make any determinations to be made under the Declaration of Trust). The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and, subject to certain provisions of the Declaration of Trust, does not affect the Trustee's continuing role and obligations as trustee.

Pursuant to the Declaration of Trust:

- (a) upon the occurrence and continuation of a Dissolution Event, and upon receiving notice thereof under the Declaration of Trust or otherwise upon becoming aware thereof, the Delegate shall promptly give notice (a "Dissolution Notice") of the occurrence of the Dissolution Event to the Certificateholders and, if so requested in writing by Certificateholders holding at least 25 per cent., of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution (subject in either case to being indemnified and/or secured and/or pre-funded to its satisfaction), give 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; and upon receipt of such notice, the Trustee (failing which the Delegate) shall deliver an Exercise Notice under the Purchase Undertaking and shall use the proceeds of such exercise to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the Dissolution Notice;



- (b) upon the occurrence and continuation of a Dissolution Event, the Delegate may or shall upon being directed to do so by Certificateholders holding at least 25 per cent. of the then aggregate face amount of the Certificates then outstanding (subject, in either case, to it being indemnified and/or secured and/or pre-funded to its satisfaction) shall (i) enforce the provisions of the Purchase Undertaking against the Obligor and/or (ii) take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders.

A Transaction Account will be established in the name of the Trustee. Monies received in the Transaction Account will, *inter alia*, comprise payments of Periodic Distribution Amounts and Dissolution Distribution Amounts (if any) immediately prior to each Periodic Distribution Date. The Declaration of Trust shall provide that all monies credited to the Transaction Account from time to time will be applied in the order of priority set out in the Declaration of Trust.

### **Agency Agreement**

The Agency Agreement will be entered into on the Issue Date between the Trustee, DIPDC, the Delegate, the Principal Paying Agent, the Registrar and the Transfer Agent.

Pursuant to the Agency Agreement, the Registrar has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to authenticate and deliver the Global Certificate and, if any, each Definitive Certificate; the Principal Paying Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to pay all sums due under such Global Certificate; and the Transfer Agent has agreed to be appointed as agent of the Trustee and has agreed, amongst other things, to effect requests to transfer all or part of the Global Certificate and issue Definitive Certificates in accordance with each request.

On the Issue Date, the Registrar will (i) authenticate the Global Certificate in accordance with the terms of the Declaration of Trust; and (ii) deliver the Global Certificate to the Common Depository.

DIPDC shall cause to be deposited into the Transaction Account opened by the Trustee with the Principal Paying Agent, in same day freely transferable, cleared funds, any payment which may be due under the Certificates in accordance with the Conditions.

The Principal Paying Agent agrees that it shall, on each Periodic Distribution Date and on the date fixed for payment of the Dissolution Distribution Amount, or any earlier date specified for the redemption of the Certificates, apply the monies standing to the credit of the Transaction Account in accordance with the order of priority set out in the Declaration of Trust.

## TAXATION

*The following is a general description of certain tax considerations relating to the Certificates as in effect on the date of this Prospectus and is subject to any change in law or relevant fiscal rules and practice that may take effect after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all tax considerations relating to the Certificates and does not constitute legal or tax advice. Prospective purchasers of the Certificates should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the Cayman Islands and of the United Arab Emirates of acquiring, holding and disposing of Certificates and receiving payments under the Certificates.*

### **Cayman Islands**

Under existing Cayman Islands laws, payments by the Issuer on the Certificates 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 disposal 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 Issuer has applied for and expects to receive an undertaking from the Governor-in-Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (as amended) of the Cayman Islands, that for a period of 20 years from the grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profit, income, gains or appreciation shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which would include the Certificates) of the Issuer or by way of the withholding in whole or part of any relevant payment (as defined in the Tax Concessions Law (as amended)). No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. An instrument of transfer in respect of a Certificate will be stampable if executed in or brought to the Cayman Islands. An annual registration fee is payable by the Issuer to the Cayman Islands Registry of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

### **United Arab Emirates**

There is currently in force in Dubai legislation establishing a general corporate taxation regime (the Dubai Income Tax Decree 1969 (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 Dubai taxation in respect of payments made by the Obligor under the Transaction Documents to which it is a party and/or the Trustee under the Certificates. If any such withholding or deduction is required to be made in respect of payments due by the Obligor under the Transaction Documents to which it is a party, the Obligor has undertaken in the Transaction Documents to which it is a party to gross-up the payments due by it accordingly. If any such withholding or deduction is required to be made in respect of payments due by the Trustee under the Certificates, (i) the Trustee has undertaken to gross-up the payment(s) accordingly (subject to certain limited exceptions) and (ii) the Obligor has undertaken under the Transaction Documents to pay such additional amounts to the Trustee to enable the Trustee to discharge such obligation.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for 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.

## **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income, which may include Periodic Distribution Amounts) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. A number of non-EU countries and territories (including Switzerland) have agreed to adopt similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the Directive, which may if implemented amend or broaden the scope of the requirements described above.

## **The Proposed Financial Transactions Tax**

The European Commission has published a proposal for a Directive for a common financial transaction tax (“FTT”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals 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.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. 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 the Certificates are advised to seek their own professional advice in relation to the FTT.

## **Foreign Account Tax Compliance Act**

FATCA imposes a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “foreign financial institution”, or “FFI” (as defined by FATCA)) that does not become a “Participating FFI” by entering into an agreement with the U.S. Internal Revenue Service (the “IRS”) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of the Issuer (a “Recalcitrant Holder”). The Issuer may be classified as an FFI.

The new withholding regime will be phased in, beginning 1 July 2014 for payments from sources within the United States and will apply to “foreign passthru payments” (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any 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 after the “grandfathering date”, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the

grandfathering date and (ii) any Certificates characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “IGA”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “Reporting FI” not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being a “FATCA Withholding”) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

The United States has recently concluded several IGAs with jurisdictions in respect of FATCA. The Cayman Islands Government has agreed a Model 1 IGA with the United States. The terms of such IGA have not yet been published, but are expected to be broadly similar to those agreed with the United Kingdom and the Republic of Ireland, taking into account the nature of the Cayman Islands’ financial services. Under such IGA (which has yet to be formally signed by both parties), the Issuer will not be required to enter an agreement with the IRS, but may instead be required to register with the IRS to obtain a Global Intermediary Identification Number and then comply with Cayman Islands legislation that would be implemented to give effect to such IGA. The terms of such legislation are at this stage still uncertain and it is not yet clear whether the Issuer will be a certified deemed compliant entity with no reporting required or a registered deemed compliant entity which would require the Issuer to report to the Cayman Islands Tax Information Authority, which will exchange such information with the IRS under the terms of the IGA. It is also anticipated that, under the terms of the IGA, withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer to the Certificateholders, unless the IRS has specifically listed the Issuer as a non-participating financial institution, or the Issuer has otherwise assumed responsibility for withholding under United States tax law. The Issuer and financial institutions through which payments on the Certificates are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Certificates is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Certificates are in global form and held within Euroclear or Clearstream, Luxembourg (together, the “ICSDs”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Certificates by the Issuer, any paying agent and the Common Depositary, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Certificates. The documentation expressly contemplates the possibility that the Certificates may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Certificates will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and Model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Certificates.**

**TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the “Subscription Agreement”) dated 18 February 2014 between the Trustee, DIPDC, Al Hilal Bank P.J.S.C., Citigroup Global Markets Limited, Dubai Islamic Bank PJSC and Emirates NBD Capital Limited (together, the “Joint Lead Managers”), the Trustee has agreed to issue and sell to the Joint Lead Managers U.S.\$300,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Joint Lead Managers have jointly and severally agreed to subscribe for the Certificates.

The Subscription Agreement provides that the obligations of the Joint Lead Managers to pay for and accept delivery of the Certificates are subject to the approval of certain legal matters by their counsel and certain other conditions. The Joint Lead Managers will be paid certain commissions in respect of their services for managing the issue and sale of the Certificates. The Joint Lead Managers will also be reimbursed in respect of certain of their expenses, and each of the Trustee and DIPDC has agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue and offering of the Certificates.

Certain Joint Lead Managers may retain a certain proportion of such Certificates in their portfolios with an intention to hold to maturity and/or to trade. The holding of Certificates by these parties may adversely affect the liquidity of the Certificates and any sale of a material number of such Certificates in the future may also affect the prices of the Certificates in the secondary market. See “*Risk Factors — Risks Relating to the Certificates — Absence of secondary market/limited liquidity*”.

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to DIPDC, Dubai Investments and/or their respective affiliates in the ordinary course of business.

### **Selling Restrictions**

#### **United States**

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.

Each Joint Lead Manager has represented and agreed that it has not offered and sold any Certificates, and will not offer or sell any Certificates as part of its distribution at any time except in accordance with Rule 903 of Regulation S.

The foregoing restrictions apply to holders of beneficial interests in the Certificates, as well as holders of the Certificates.

Each Joint Lead Manager has represented and agreed that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Certificates.

Until 40 days after the commencement of the offering of the Certificates, an offer or sale of the Certificates within the United States by any dealer/manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

#### **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (a) 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 Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of any Certificate in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or DIPDC; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Certificates in, from or otherwise involving the United Kingdom.

### **Cayman Islands**

Each Joint Lead Manager has represented and agreed that it has not made and will not make any offer or invitation (whether directly or indirectly) to any member of the public in the Cayman Islands to subscribe for the Certificates.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

### **Dubai International Financial Centre**

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Certificates to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the “DFSA”); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

### **Kingdom of Bahrain**

Each Joint Lead Manager has represented and agreed 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;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

### **State of Qatar**

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell or deliver, directly or indirectly, any Certificates in the State of Qatar including the Qatar Financial Centre, except: (i) in compliance with all applicable laws and regulations of the State of Qatar including the Qatar Financial Centre; and (ii) 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.

### **Malaysia**

Each Joint Lead Manager has represented and agreed that:

- (a) this Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the “CMSA”); and

- (b) accordingly, the Certificates have not been and will not be offered or sold, 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 Schedule 6 or Section 229(1)(b) and 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.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Joint Lead Managers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

### **General**

Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief with all applicable laws and regulations in force in any jurisdiction in which it acquires, offers, sells or delivers Certificates or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Certificates and will obtain any consent, approval or permission required by it for the acquisition, offer, sale or delivery by it of any Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes such acquisition, offer, sale or delivery and none of the Issuer, the Trustee, the Delegate or any of the other Joint Lead Managers shall have any responsibility therefor.

None of the Issuer, the Trustee, DIPDC, any Joint Lead Manager or the Financial Adviser has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer, the Trustee, DIPDC or the Financial Adviser that would permit a public offering of the Certificates, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Certificates, in any country or jurisdiction where action for that purpose is required.

## GENERAL INFORMATION

### Approval of the Prospectus, Admission to Trading and Listing of Certificates

Application has been made to the Irish Stock Exchange for the Certificates to be admitted to the Official List and to trading on the Main Securities Market.

The Main Securities Market is a regulated market for the purposes of MiFID. It is expected that the listing of the Certificates on the Official List and admission of the Certificates to trading on the Main Securities Market will be granted on or around 21 February 2014. The total expenses related to the admission to trading are estimated to be €4,940.

Arthur Cox Listing Service Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Certificates and is not itself seeking admission of the Certificates to the Official List or to trading on the Main Securities Market.

Application has also been made to the DFSA for the Certificates to be admitted to the official list of securities maintained by the DFSA and to NASDAQ Dubai for such Certificates to be admitted to trading on NASDAQ Dubai. The total expenses relating to the admission to trading of the Certificates on NASDAQ Dubai are estimated to be U.S.\$4,000.

### Authorisation

The issue of the Certificates has been duly authorised by a resolution of the Board of Directors of the Trustee dated 4 December 2013. DIP Sukuk Limited, in its capacity as Issuer and Trustee, has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Certificates and the execution and performance of the Transaction Documents to which it is a party.

DIPDC has obtained all necessary consents, approvals and authorisations in connection with the Transaction Documents; the entry into and performance of the Transaction Documents to which DIPDC is a party was duly authorised by a written resolution of the Board of Directors of DIPDC dated 6 November 2013.

### Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records) under Common Code 103500753 and ISIN XS 1035007530.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, LI 855 Luxembourg.

### Significant or Material Change

There has been no significant change in the financial or trading position of DIPDC since 30 June 2013, and no material adverse change in the prospects of DIPDC since 31 December 2012. There has been no significant change in the financial or trading position of the Trustee and no material adverse change in the prospects of the Trustee, in each case since the date of its incorporation.

### Litigation

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

Save as disclosed under the heading "*Business Description — Litigation*", DIPDC has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or



threatened of which DIPDC is aware) during the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of DIPDC.

### **Auditors**

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee has no subsidiaries. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

KPMG Lower Gulf, Dubai Branch, of P.O. Box 341145, Dubai, UAE, is regulated in the UAE by the UAE Ministry of Economy which has issued KPMG Lower Gulf with a licence to practice as auditors. There is no professional institute of auditors in the UAE and, accordingly, KPMG Lower Gulf is not a member of a professional body in the UAE. All of KPMG Lower Gulf's audit professionals and partners are members of the institutes from which they received their professional qualification. KPMG Lower Gulf have audited, and delivered unqualified audit reports on, the consolidated financial statements of DIPDC as of and for the years ended 31 December 2012 and 2011 included in this Prospectus. The condensed interim financial information of DIPDC as at 30 June 2012 and 30 June 2013 have been reviewed by KPMG Lower Gulf, as stated in their review report included in this Prospectus, and accordingly KPMG Lower Gulf do not express an audit opinion in respect of the condensed interim financial information of DIPDC as at 30 June 2012 and 30 June 2013.

### **Documents Available**

For so long as any Certificates remain outstanding, physical copies (and English translations, which will be accurate and direct translations, where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Principal Paying Agent:

- (a) the Memorandum and Articles of Association of the Trustee;
- (b) an English translation of the memorandum of association of DIPDC;
- (c) the Transaction Documents;
- (d) the Interim Financial Statements;
- (e) the Annual Financial Statements; and
- (f) a copy of this Prospectus together with any supplement to this Prospectus.

### **Shari'a Approvals**

The transaction structure relating to the Certificates (as described in this Prospectus) has been approved by the Executive Committee of the Fatwa and Shariah Supervisory Board of Dubai Islamic Bank PJSC, the Sharia Committee of Dar Al Sharia and the Shariah Advisory Board of Citi Islamic Investment Bank E.C. 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.

### ***Description of members of the Executive Committee of the Fatwa and Shariah Supervisory Board of Dubai Islamic Bank PJSC and the Shariah Advisory Board of Citi Islamic Investment Bank E. C.***

#### ***The Executive Committee of the Fatwa and Shariah Supervisory Board of Dubai Islamic Bank PJSC***

#### **Dr. Hussain Hamed Hassan**

Dr. Hussain Hamed Hassan holds a PhD and is the head of the Shariah Supervisory Board of Dubai Islamic Bank PJSC and a member of Fatwa and *Shari'a* boards of numerous other leading global Islamic finance institutions including Islamic Development Bank (IDB), Jeddah.

For over 50 years, he has advised various central banks and regulators, has supervised the establishment and conversion of various Islamic financial institutions and advised presidents of various Islamic Republics. He has established Islamic universities and faculties worldwide, including in Makkah, Islamabad, Kazakhstan and Libya. He is member of Accounting and Auditing Organisation for Islamic Financial Institutions and the Islamic Financial Services Board, the International Fiqh Academy of OIC (Organisation of Islamic Cooperation), the Fiqh Academy of Muslim World League, Saudi Arabia and is also a President of American Muslim Jurists Association. Dr. Hussain has authored 21 books and over 400 articles, has supervised translation of the Holy Quran into Russian and of 200 Islamic books into various languages.

#### **Dr. Mohamed Zoair**

Dr. Mohamed Zoair holds a PhD in Islamic Economy and is a member of many Islamic Banks across the Middle East and Africa and he has many researches and studies in Islamic Finance and banking. He is a *Shari'a* inspector, Secretary General of Board of Shari'a at Dubai Islamic Bank PJSC and Chief Editor of Islamic Economics magazine.

#### **Dr. Muhammad Qaseem**

Dr. Muhammad Qaseem holds a PhD in Islamic Studies from Faculty of Usul ud Dinis, country head of *Shari'a* of Dubai Islamic Bank Pakistan Limited (DIBPL) and served as *Shari'a* Board member of many other institutions. He also has written various articles on Islamic Banking.

He has been teaching various courses in various BA and MA programmes of International Islamic University, Islamabad (IIUI). Dr. Muhammad Qaseem has many academic contributions, articles and literary and translation work.

*Shariah Advisory Board of Citi Islamic Investment Bank E. C.*

#### **Dr. Nazih Hammad**

Dr. Nazih Hammad is a graduate of Faculty of *Shari'a* at University of Damascus, Syria and holds a PhD in Islamic Jurisprudence from Cairo University, Egypt. He has taught in the faculty of *Shari'a* at Um Alqura University, Makkah for 17 years. In addition to advising Citi Islamic Investment Bank E.C. and other Islamic finance institutions and funds, he is a member of the Islamic Fiqh Academy, Auditing and Accounting Organisation for Islamic Financial Institutions and Fiqh Islamic Council of North America. Dr. Nazih Hammad is the author of several research papers and books on Islamic jurisprudence and banking and finance.

#### **Sheikh Nizam Yaquby**

Sheikh Nizam Yaquby studied traditional Islamic studies under the guidance of eminent Islamic scholars from different parts of the world. He has a BA in economics & comparative religions from McGill University, Canada. He has served in Bahrain Mosques from 1981 to 1990 where he taught Tafsir, Hadith and Fiqh in Bahrain since 1976. In addition to advising Citi Islamic Investment Bank E.C. and other Islamic finance institutions and funds, Sheikh Nizam Yaquby is a member of the Islamic Fiqh Academy and Auditing and Accounting Organisation for Islamic Financial Institutions. He has published several articles and books on various Islamic subjects including banking and finance.

#### **Dr. Mohammed Ali Elgari**

Dr. Mohammed Ali Elgari holds a PhD in economics from the University of California. Dr. Mohammed Ali Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in Saudi Arabia, where he also served as a Professor of Islamic Economics. In addition to advising Citi Islamic Investment Bank E.C. and other Islamic finance institutions and funds, he is a member of the Islamic Fiqh Academy and is the Director of Center for Research in Islamic Economics at King Abdulaziz University in Jeddah. He has published numerous articles and books on

Islamic banking and finance and is the editor of the Review of Islamic Economics and a member of the Academic Committee of Islamic Development Bank.

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Dubai Investments Park  
Development Company LLC

Condensed interim financial  
information

*30 June 2013*

# Dubai Investments Park Development Company LLC

Condensed interim financial information  
30 June 2013

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## **Independent Auditors' Report on Review of Condensed Interim Financial Information**

The Shareholders  
Dubai Investments Park Development Company LLC

### **Introduction**

We have reviewed the accompanying 30 June 2013 condensed interim financial information of Dubai Investments Park Development Company LLC ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2013;
- the condensed statement of comprehensive income for the six month period ended 30 June 2013;
- the condensed statement of changes in equity for the six month period ended 30 June 2013;
- the condensed statement of cash flows for the six month period ended 30 June 2013; and
- notes to the interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2013 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

11 NOV 2013

Munther Dajani  
Registration No. 268  
Abu Dhabi, United Arab Emirates

# Dubai Investments Park Development Company LLC

## Condensed statement of comprehensive income for the six month period ended 30 June (unaudited)

	Note	Six month period ended 30 June (Unaudited)	
		2013 AED'000	2012 AED'000
<b>Revenue</b>	5	<b>211,480</b>	195,372
Direct operating costs		<b>(68,843)</b>	(60,431)
Administrative and general expenses	6	<b>(16,345)</b>	(12,446)
Finance expense	7	<b>(15,689)</b>	(16,032)
Finance income		<b>510</b>	200
Other income	8	<b>34,681</b>	24,500
		<b>-----</b>	<b>-----</b>
<b>Profit before gain on fair valuation of investment properties</b>		<b>145,794</b>	131,163
Gain on fair valuation of investment properties		<b>184,223</b>	24,000
		<b>-----</b>	<b>-----</b>
<b>Profit for the period</b>		<b>330,017</b>	155,163
Other comprehensive income for the period		<b>-</b>	-
		<b>-----</b>	<b>-----</b>
<b>Total comprehensive income for the period</b>		<b>330,017</b>	155,163
		<b>=====</b>	<b>=====</b>

The notes set out on pages 6 to 12 form part of the condensed interim financial information.




# Dubai Investments Park Development Company LLC

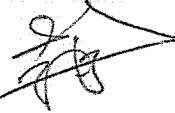
## Condensed statement of financial position

	<i>Note</i>	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000
<b>Property, plant and equipment</b>		5,645	6,724
<b>Investment properties</b>	9	3,690,154	3,542,356
<b>Development properties</b>	10	57,692	21,787
<b>Long term rent receivable</b>	11	49,464	66,143
<b>Long term other receivable</b>	12	73,358	82,377
<b>Current assets</b>			
Trade and other receivables	12	832,157	784,536
Due from related parties	13	119,019	113,120
Cash and cash equivalents	14	176,172	123,927
		<u>1,127,348</u>	<u>1,021,583</u>
<b>Current liabilities</b>			
Trade and other payables	15	320,969	275,954
Due to related parties	13	479	1,617
Unearned rent	16	56,637	35,340
Current portion of long term bank loans	17	180,000	150,000
		<u>558,085</u>	<u>462,911</u>
<b>Net current assets</b>		569,263	558,672
<b>Long term bank loans</b>	17	(620,000)	(522,500)
<b>Net assets</b>		<u>3,825,576</u>	<u>3,755,559</u>
<b>Represented by</b>			
Share capital	18	300	300
Proposed increase in share capital	18	19,700	19,700
		<u>20,000</u>	<u>20,000</u>
Statutory reserve	19	10,000	10,000
General reserve		553,955	553,955
Retained earnings		3,241,621	3,171,604
		<u>3,825,576</u>	<u>3,755,559</u>

The notes set out on pages 6 to 12 form part of the condensed interim financial information.

These condensed interim financial information was authorised for issue on behalf of the Board of Directors on 11 NOV 2013

  
Chairman and Managing Director

  
Director

# Dubai Investments Park Development Company LLC

## Condensed statement of cash flows

for the six months period ended 30 June (unaudited)

	<b>Six month period ended</b>	
	<b>30 June (Unaudited)</b>	
	<b>2013</b>	<b>2012</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Operating activities</b>		
Profit for the period	330,017	155,163
<i>Adjustments for:</i>		
Depreciation	1,093	1,007
Gain on sale of investment properties	(13,240)	-
Gain on fair valuation of investment properties	(184,223)	(24,000)
	-----	-----
<i>Operating profit before working capital changes</i>	133,647	132,170
Proceeds from sale of investment properties	49,665	-
Change in trade and other receivables	(38,602)	(87,012)
Change in due from related parties	(5,899)	(1,266)
Change in trade and other payables	45,015	(6,855)
Change in due to related parties	(1,138)	(1,277)
Change in long term rent receivable	16,679	84,047
Change in unearned rent	21,297	23,251
	-----	-----
<i>Net cash from operating activities</i>	220,664	143,058
	-----	-----
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(14)	(1,360)
Addition to development properties	(35,905)	(59,812)
Net movement in deposits under lien	-	(10,000)
	-----	-----
<i>Net cash used in investing activities</i>	(35,919)	(71,172)
	-----	-----
<b>Financing activities</b>		
Dividend paid	(260,000)	(200,000)
Long term loans obtained during the period	500,000	350,000
Repayment of long term loans	(372,500)	(205,000)
	-----	-----
<i>Net cash used in financing activities</i>	(132,500)	(55,000)
	-----	-----
<b>Net increase in cash and cash equivalents</b>	<b>52,245</b>	<b>16,886</b>
Cash and cash equivalent at the beginning of the period	86,427	11,876
	-----	-----
<b>Cash and cash equivalents at end of the period</b>	<b>138,672</b>	<b>28,762</b>
	=====	=====
<i>Cash and cash equivalent comprise following:</i>		
Cash in hand and at banks (excluding deposits under lien)	138,672	28,762
	=====	=====

The notes set out on pages 6 to 12 form part of the condensed interim financial information.

# Dubai Investments Park Development Company LLC

## Condensed statement of changes in equity for the six month period ended 30 June (unaudited)

	Share capital AED'000	Proposed increase in share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2012	300	19,700	10,000	553,955	3,083,119	3,667,074
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	155,163	155,163
Total comprehensive income for the period	-	-	-	-	155,163	155,163
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to the owner of the Company</i>						
Interim dividend declared	-	-	-	-	(200,000)	(200,000)
Total contribution by and distribution to owners of the Company	-	-	-	-	(200,000)	(200,000)
At 30 June 2012	300	19,700	10,000	553,955	3,038,282	3,622,237
At 1 January 2013	300	19,700	10,000	553,955	3,171,604	3,755,559
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	330,017	330,017
Total comprehensive income for the period	-	-	-	-	330,017	330,017
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to the owner of the Company</i>						
Interim dividend declared	-	-	-	-	(260,000)	(260,000)
Total contribution by and distribution to owners of the Company	-	-	-	-	(260,000)	(260,000)
At 30 June 2013	300	19,700	10,000	553,955	3,241,621	3,825,576

The notes set out on pages 6 to 12 form part of the condensed interim financial information.

# Dubai Investments Park Development Company LLC

## Notes to the condensed interim financial information for the six month period ended 30 June 2013 (unaudited)

### 1 Reporting entity

Dubai Investments Park Development Company LLC (“the Company”) is incorporated and registered as a limited liability company in the Emirates of Dubai, United Arab Emirates on 19 October 1997 in accordance with the provisions of the UAE Federal Law No. (8) Of 1984 (as amended).

The shareholding percentage of the Company is as follows:

	<b>Percentage</b>
Dubai Investments PJSC (“the Holding Company”)	99
Marmum Dairy Farm LLC	1*
	==

\* Marmum Dairy Farm LLC holds the shares for the beneficial interest of Dubai Investments PJSC.

The Company is engaged in the planning, development, setting up and organisation of the “Dubai Investments Park” and generates rentals from leasing out the land and the in-built infrastructure facilities.

The registered office of the Company is PO Box 28171, Dubai, UAE.

### 2 Basis of preparation

#### *Statement of compliance*

The condensed interim financial information has been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The condensed interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2012.

#### *Judgements and estimates*

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In the current environment obtaining reliable fair value has been one of the greatest challenges. The nature and reliability of information available to management to support the making of a fair value accounting estimate vary widely, and thereby affect the degree of estimation uncertainty associated with that fair value.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the Company’s financial statements as at and for the year ended 31 December 2012.

# Dubai Investments Park Development Company LLC

Notes to the condensed interim financial information (*continued*)  
for the six month period ended 30 June 2013 (*unaudited*)

## 3 Significant accounting policies

The accounting policies applied in the preparation of the condensed interim financial information are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2012.

### *Financial assets and liabilities*

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Company in these condensed interim financial information are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2012. These are disclosed in detail under note 3 in the Company's financial statements as at and for the year ended 31 December 2012.

## 4 Financial instruments

### Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2012.

## 5 Revenue

	Six month period ended 30 June (Unaudited)	
	2013 AED'000	2012 AED'000
Rentals from land and infrastructure facilities	171,446	167,551
Income from sale of sewerage and irrigation water	26,794	27,821
Gain on sale of investment properties	13,240	-
	-----	-----
	<u>211,480</u>	<u>195,372</u>

## 6 Administrative and general expenses

	Six month period ended 30 June (Unaudited)	
	2013 AED'000	2012 AED'000
<i>These include:</i>		
Staff costs and benefits	9,258	7,034
Marketing expenses	1,375	861
Depreciation	1,093	1,007
	=====	=====

# Dubai Investments Park Development Company LLC

Notes to the condensed interim financial information (*continued*)  
for the six month period ended 30 June 2013 (*unaudited*)

## 7 Finance expense

	Six month period ended 30 June (Unaudited)	
	2013 AED'000	2012 AED'000
Interest on long term bank loans	<u>15,689</u>	<u>16,032</u>

## 8 Other income

	Six month period ended 30 June (Unaudited)	
	2013 AED'000	2012 AED'000
<i>This includes:</i>		
Income from subleasing and transfer of lease	<u>32,245</u>	<u>21,973</u>

## 9 Investment properties

These mainly include infrastructure facilities which are leased to third parties. These are built on plots of land (located in Jebel Ali Industrial Area) obtained from the Government of Dubai on a renewable, non-cancellable long-term lease of 99 years. The Company was exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, 20% of the net realized profits from the project are payable.

The leased land from the Government of Dubai is developed in phases. As at 31 December 2013, the Company had obtained valuation of the entire development by an independent registered valuer who carried out the valuation in accordance with the Valuation Standards of the Royal Institute of Chartered Surveyors which also takes into consideration the cash outflows resulting from the estimated 20% share of the net realised profits due to the Government of Dubai starting February 2009.

During the current period, management reviewed fair valuation of investment properties and a fair valuation gain of AED 184 million was recognized on certain properties where the expected cash flows changed significantly.

## 10 Development properties

Development properties as at 30 June 2013 mainly comprise costs incurred by the Company for the development and refurbishment of infrastructure in Dubai Investment Park.

# Dubai Investments Park Development Company LLC

Notes to the condensed interim financial information (*continued*)  
for the six month period ended 30 June 2013 (*unaudited*)

## 11 Long term rent receivable

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>AED'000</b>	AED'000
Long term rent receivable from tenants	99,907	189,520
Less: unearned rent	(50,443)	(123,377)
	-----	-----
	<b>49,464</b>	<b>66,143</b>
	=====	=====

Long-term rent receivable represents the differential between the amount of rent billed to the tenant and the amount recognised as rental income on a straight line basis over the term of the lease, including the option to renew the lease at the end of the initial lease term, as required by IAS 17 - Leases. The difference principally arises due to an initial rent free period allowed and the rent increase agreed after the expiry of the initial term of the lease.

Unearned rent relates to advance received from customers towards the lease of investment properties.

## 12 Trade and other receivables

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2013</b>	2012
	<b>AED'000</b>	AED'000
Trade and rent receivable*	779,724	726,118
Prepaid expenses and other receivables*	125,791	140,795
	-----	-----
	<b>905,515</b>	<b>866,913</b>
Less: long term other receivables**	(73,358)	(82,377)
	-----	-----
	<b>832,157</b>	<b>784,536</b>
	=====	=====

\* Trade receivables as at 30 June 2013 include an amount of AED 217.9 million representing balance of the consideration receivable from a tenant against a plot of land leased by the Company for 90 years in 2005. The Company has initiated legal proceedings against the tenant to recover the outstanding balance and the preliminary judgment (which is subject to appeal by the tenant) has been issued by the Court in the Company's favor.

\*\* Other receivables include an amount of AED 124.3 million (31 December 2012: AED 139.6 million) receivable from Dubai Electricity and Water Authority (DEWA) against the construction of electric sub-station under the Dubai Investment Park. The balance has been classified as long term/short term based on the expected future recoverability.

# Dubai Investments Park Development Company LLC

Notes to the condensed interim financial information (*continued*)  
for the six month period ended 30 June 2013 (*unaudited*)

## 13 Related parties transactions and balances

The Company, in the normal course of business, carries out transactions with other enterprises, which fall within the definition of a related party contained in International Accounting Standard 24. These transactions are in the nature of the lease of land and infrastructure facilities, transfer of funds and the recharge of expenses. Transactions with related party are entered at mutually agreed terms.

Significant transactions with related parties included in these condensed interim financial information are as follows:

	<b>Six month period ended</b>	
	<b>30 June (Unaudited)</b>	
	<b>2013</b>	<b>2012</b>
	<b>AED'000</b>	<b>AED'000</b>
Revenue recognised on lease of investment properties	<b>6,741</b>	6,129
	<u>6,741</u>	<u>6,129</u>
<i>Compensation to key management personnel are as follows:</i>		
Short term employee benefits (including Director's remuneration)	<b>436</b>	396
	<u>436</u>	<u>396</u>
	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Due from related parties</b>		
Dubai Investment Real Estate Company LLC	72,762	71,021
Emirates District Cooling (Emicool) LLC	18,168	17,445
Properties Investment LLC	8,725	6,257
Emirates Glass LLC	6,505	7,111
Dubai Investment Driving Company	3,039	2,653
Emirates Thermostone LLC	3,051	2,451
Emirates Building Systems LLC	1,122	190
Masharie LLC	2,821	2,913
Globalpharma Company LLC	925	1,069
Integrated Commerical Inv LLC	599	424
Dubai Investment Industries LLC	506	618
International Rubber Company LLC	403	235
Emirates Extrusion LLC	243	140
Techsource LLC	141	-
Stromek Emirates Foundation Co. LLC	-	584
Al Taif Investment LLC	9	9
	<u>119,019</u>	<u>113,120</u>
<b>Due to related parties</b>		
Dubai Investments PJSC	442	1,524
Techsource LLC	-	56
United Sales Partner LLC	37	37
	<u>479</u>	<u>1,617</u>



# Dubai Investments Park Development Company LLC

Notes to the condensed interim financial information (*continued*)  
for the six month period ended 30 June 2013 (*unaudited*)

## 14 Cash and cash equivalents

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000
Cash in hand	33	33
Cash at banks		
- current accounts	68,639	43,894
- deposits accounts (i)	107,500	80,000
	-----	-----
	<u>176,172</u>	<u>123,927</u>

Deposits accounts include AED 37.5 million (31 December 2012: AED 37.5 million) which are under lien with the banks.

## 15 Trade and other payables

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000
Trade payables	57,247	62,747
Advances from tenants	22,448	476
Retentions payable	4,973	5,027
Staff terminal and other benefits	7,358	9,051
Other payables	228,943	198,653
	-----	-----
	<u>320,969</u>	<u>275,954</u>

## 16 Unearned rent

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000
Unearned rent – subleasing	23,847	20,002
Unearned rent – others	32,790	15,338
	-----	-----
	<u>56,637</u>	<u>35,340</u>

## 17 Long term loans

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000
Long term bank loans	800,000	672,500
Less: Current portion of bank loans	(180,000)	(150,000)
	-----	-----
Long term portion of bank borrowings	<u>620,000</u>	<u>522,500</u>

# Dubai Investments Park Development Company LLC

Notes to the condensed interim financial information (*continued*)  
for the six month period ended 30 June 2013 (*unaudited*)

## 17 Long term loans (*continued*)

The loans are repayable in equal quarterly installments over a period of 5 years and carry markup at prevailing market rates and as per facility letters the loans are secured by a combination of corporate guarantee from Dubai Investments PJSC, lien on deposits, assignment of lease rentals and undertaking to route certain cash flows from current account's operated with the lender banks.

The following covenants need to be complied with by the Company during the full tenure of loans:

- The ratio of total liabilities to total net worth of the Company not to exceed 1: 1.
- Current ratio of the Company not to fall below 1.5: 1.
- Debt service coverage ratio i.e. net profit (excluding other income and gain on fair valuation of properties) to gross debt serviced not to fall below 1:25:1. and
- If any repayments are overdue, the Company shall not pay any dividend without prior approval of the bank.

## 18 Share capital

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000
<i>Issued and fully paid up:</i>		
300 ordinary shares of AED 1,000 each	300	300
	-----	-----
	300	300
Proposed increase in share capital	19,700	19,700
	-----	-----
	<u>20,000</u>	<u>20,000</u>

The Board of Directors in their meeting dated 3 June 2001 had proposed an increase in share capital of 19,700 ordinary shares of AED 1,000 each to the existing shareholders, proportionate to their current shareholding. This proposed increase in share capital was paid up from the long-term loan due to a shareholder. The legal formalities of converting the proposed increase in share capital to share capital have not been completed.

## 19 Statutory reserve

In accordance with the UAE Federal Law No.8 of 1984 (as amended), a minimum of 10% of the net profit of the Company is allocated every year to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to one-half of the paid-up share capital. Since the statutory reserve has reached this limit, no further transfers have been made in the current period.

## 20 Contingent liabilities and capital commitments

	Unaudited 30 June 2013 AED'000	Audited 31 December 2012 AED'000
Capital commitments	73,500	103,838
	-----	-----

The capital commitments mainly include cost of development of phase VIII and construction.

There were no significant contingent liabilities at 30 June 2013 (*31 December 2012: Nil*).

Dubai Investments Park  
Development Company LLC

Financial statements  
*31 December 2012*

# Dubai Investments Park Development Company LLC

Financial statements  
*for the year ended 31 December 2012*

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Statement of changes in equity	6
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مجمع دبي للإستثمار  
DUBAI INVESTMENTS PARK

## Report of the Directors

The Board of Directors of Dubai Investments Park Development Company LLC is pleased to present their report together with the audited financial statements of the Company for the year ended 31st December 2012.

### Dividend

Directors' have recommended and approved cash dividend of AED 300 million during the year ended 31 December 2012 as compared to 250 million in 2011.

### Financial Results

The Company has reported a net profit of AED 388.48 million for the year ended 31 December 2012 compared to AED 444.01 million in 2011.

The total net assets of the Company as at 31st December 2012 were AED 3,755.56 million as compared to AED 3,667.07 million as at 31 December 2011.

### Auditors

KPMG, is eligible for re-appointment and has expressed their willingness to continue in office.

On behalf of the Board

Khalid J Kalban  
Chairman



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## **Independent auditors' report**

The Shareholders  
Dubai Investments Park Development Company LLC

### **Report on the financial statements**

We have audited the accompanying financial statements of Dubai Investments Park Development Company LLC ("the Company"), which comprise the statement of financial position as at 31 December 2012, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Report on other legal and regulatory requirements**

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; and the contents of the Directors' report which relate to these financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2012, which may have had a material adverse effect on the business of the Company or its financial position.

5 MAY 2013

# Dubai Investments Park Development Company LLC

## Statement of comprehensive income for the year ended 31 December 2012

	<i>Note</i>	2012 AED'000	2011 AED'000
<b>Revenue</b>	5	401,835	367,414
Direct operating costs		(130,874)	(123,433)
Administrative and general expenses	6	(26,735)	(25,985)
Finance expense	7	(46,067)	(16,057)
Finance income	7	520	544
Other income	8	55,522	53,547
<b>Profit before gain on fair valuation of investment properties</b>		<u>254,201</u>	<u>256,030</u>
Gain on fair valuation of investment properties	10	134,284	187,980
<b>Profit for the year</b>		<u>388,485</u>	<u>444,010</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u><u>388,485</u></u>	<u><u>444,010</u></u>

The notes on pages 7 to 25 form part of these financial statements.

The independent auditor's report is set out on page 2.

# Dubai Investments Park Development Company LLC

## Statement of financial position

at 31 December 2012

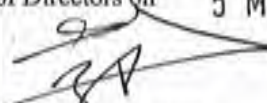
	<i>Note</i>	2012 AED'000	2011 AED'000
<b>Property, plant and equipment</b>	9	6,724	7,448
<b>Investment properties</b>	10	3,542,356	3,287,273
<b>Development properties</b>	11	21,787	37,222
<b>Long term rent receivable</b>	12	66,143	112,367
<b>Long term other receivables</b>	13	82,377	-
<b>Current assets</b>			
Trade and other receivables	13	784,536	815,716
Due from related parties	14	113,120	109,581
Cash at banks and in hand	15	123,927	36,876
		<u>1,021,583</u>	<u>962,173</u>
<b>Current liabilities</b>			
Trade and other payables	16	275,954	224,010
Due to related parties	14	1,617	10,627
Unearned rent	17	35,340	34,772
Current portion of long term bank loans	18	150,000	100,000
		<u>462,911</u>	<u>369,409</u>
<b>Net current assets</b>		558,672	592,764
<b>Long term bank loans</b>	18	(522,500)	(370,000)
<b>Net assets</b>		<u>3,755,559</u>	<u>3,667,074</u>
<b>Represented by:</b>			
Share capital	19	300	300
Proposed increase in share capital	19	19,700	19,700
		<u>20,000</u>	<u>20,000</u>
Statutory reserve	20	10,000	10,000
General reserve	21	553,955	553,955
Retained earnings		3,171,604	3,083,119
		<u>3,755,559</u>	<u>3,667,074</u>

The notes on pages 7 to 25 form part of these financial statements.

These financial statements were authorised for issue on behalf of the Board of Directors on 5 MAY 2013



Chairman



Director

The independent auditor's report is set out on page 2.



# Dubai Investments Park Development Company LLC

## Statement of cash flows

for the year ended 31 December 2012

	2012 AED'000	2011 AED'000
<b>Operating activities</b>		
Profit for the year	388,485	444,010
<i>Adjustments for:</i>		
Depreciation	2,129	2,495
Gain on fair valuation of investment properties	(134,284)	(187,980)
	<u>256,330</u>	<u>258,525</u>
<i>Operating profit before working capital changes</i>		
Change in trade and other receivables	(51,197)	(91,609)
Change in due from related parties	(3,539)	(48,919)
Change in trade and other payables	51,944	(6,545)
Change in due to related parties	(9,010)	(231,911)
Change in long term rent receivable	28,783	24,187
Change in unearned rent	18,009	16,602
	<u>291,320</u>	<u>(79,670)</u>
<i>Net cash from/(used in) operating activities</i>		
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(1,405)	(78)
Addition to development properties	(105,364)	(136,347)
Net movement in deposits under lien	(12,500)	(25,000)
	<u>(119,269)</u>	<u>(161,425)</u>
<i>Net cash used in investing activities</i>		
<b>Financing activities</b>		
Dividend paid	(300,000)	(250,000)
Long term loans obtained during the year	550,000	500,000
Repayment of long term loans	(347,500)	(30,000)
	<u>(97,500)</u>	<u>220,000</u>
<i>Net cash (used in)/from financing activities</i>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>74,551</b>	<b>(21,095)</b>
Cash and cash equivalent at the beginning of the year	11,876	32,971
	<u>86,427</u>	<u>11,876</u>
<b>Cash and cash equivalents at end of the year</b>	<b>86,427</b>	<b>11,876</b>
<i>Cash and cash equivalent comprise following:</i>		
Cash in hand and at banks (excluding deposits under lien)	86,427	11,876
	<u>86,427</u>	<u>11,876</u>

The notes on pages 7 to 25 form part of these financial statements.

The independent auditor's report is set out on page 2.

# Dubai Investments Park Development Company LLC

## Statement of changes in equity for the year ended 31 December 2012

	Share capital AED'000	Proposed increase in share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2011	300	19,700	10,000	509,554	2,933,510	3,473,064
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	444,010	444,010
Total comprehensive income for the year	-	-	-	-	444,010	444,010
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to the owners of the Company</i>						
Transferred to general reserve	-	-	-	44,401	(44,401)	-
Dividend declared	-	-	-	-	(250,000)	(250,000)
Total contribution by and distributions to owners of the Company	-	-	-	44,401	(294,401)	(250,000)
At 31 December 2011	300	19,700	10,000	553,955	3,083,119	3,667,074
At 1 January 2012	300	19,700	10,000	553,955	3,083,119	3,667,074
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	388,485	388,485
Total comprehensive income for the year	-	-	-	-	388,485	388,485
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners of the Company</i>						
Transferred to general reserve	-	-	-	-	-	-
Dividend declared	-	-	-	-	(300,000)	(300,000)
Total contribution by and distributions to owners of the Company	-	-	-	-	(300,000)	(300,000)
At 31 December 2012	300	19,700	10,000	553,955	3,171,604	3,755,559

The notes on pages 7 to 25 form part of these financial statements.

# Dubai Investments Park Development Company LLC

## Notes

*(forming part of the financial statements)*

### 1. Reporting entity

Dubai Investments Park Development Company LLC (“the Company”) is incorporated and registered as a limited liability company in the Emirates of Dubai, United Arab Emirates on 19 October 1997 in accordance with the provisions of the UAE Federal Law No. (8) Of 1984 (as amended).

The shareholding percentage of the Company is as follows:

	<b>Percentage</b>
Dubai Investments PJSC (“the Holding Company”)	99
Marmum Dairy Farm LLC	1*

\* Marmum Dairy Farm LLC holds the shares for the beneficial interest of Dubai Investments PJSC.

The Company is engaged in the planning, development, setting up and organisation of the “Dubai Investments Park” and generates rentals from leasing out the land and the in-built infrastructure facilities.

The registered office of the Company is PO Box 28171, Dubai, UAE.

### 2. Basis of preparation

#### *Statement of compliance*

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) and the requirements of UAE Federal Law No. 8 of 1984 (as amended).

#### *Basis of measurement*

These financial statements have been prepared under the historical cost convention except for investment properties which are stated at fair values.

#### *Functional and presentation currency*

These financial statements are presented in United Arab Emirates Dirham (“AED”), which is the Company’s functional currency. All information presented in AED has been rounded to the nearest thousand, except when otherwise indicated.

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 2. Basis of preparation (continued)

#### *Use of estimates and judgments*

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed in note 25.

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **Revenue recognition**

Rental income from investment properties is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Properties leased for several decades, wherein, the present value of the residual value at the inception of the lease is estimated to be negligible is accounted for as a finance lease at the lease inception date, even if at the end of the lease term title will not pass to the lessee.

#### **Property, plant and equipment and depreciation**

##### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the items of property, plant and equipment and is recognised net in profit or loss.

##### *Subsequent costs*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 3. Significant accounting policies (continued)

#### Property, plant and equipment and depreciation (continued)

##### Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Assets	Life (years)
Motor vehicles	4
Equipment, furniture and fixtures	3 to 5
Office building and improvements	5 to 10
Tools	5

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

##### Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services for administrative purposes. Where the Company provides ancillary services to the co-occupants of a property, it treats such a property as investment property if the services are a relatively insignificant component in the arrangement as a whole.

An investment property is measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

External, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio regularly. The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

The fair value adjustments on investment properties are included in profit or loss as investment returns in the period in which these gains or losses arise. In determining the carrying amount of investment properties, the Company does not double count assets or liabilities that have already been recognised as separate asset or liabilities.

# Dubai Investments Park Development Company LLC

Notes *(continued)*

## 3. Significant accounting policies *(continued)*

### **Investment properties *(continued)***

Rental income from investment property is accounted for as described in accounting policy for rental income.

Property that is being constructed for future use as investment property is accounted for as investment property and classified under development property until construction or development is complete.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

### **Development properties**

Property that is being constructed or developed for future use as an investment property is classified as development property and is measured at fair value. If fair value of an investment property under construction is not reliably determinable but expected to be determinable when construction is complete, it is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

### **Financial instruments**

#### *(i) Non-derivative financial assets*

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises 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 assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets comprise of loans and receivables.

#### *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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, rent receivable, due from related parties and cash and cash equivalents.

Cash and cash equivalents comprise cash in hand and at banks and bank deposits (free of any charge, with maturity of less than three months) that are subject to insignificant risk of changes in their fair value and used by the Company in the management of its short term commitments.

# Dubai Investments Park Development Company LLC

Notes *(continued)*

## 3. Significant accounting policies *(continued)*

### Financial instruments *(continued)*

#### (ii) *Non-derivative financial liabilities*

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Company's non-derivative financial liabilities comprise of bank loans, trade and other payables and due to related parties.

#### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### Financial income and expenses

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on bank loans and amounts due to related parties. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company ("AED") at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

# Dubai Investments Park Development Company LLC

Notes (continued)

## 3. Significant accounting policies (continued)

### Impairment

#### (i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers.

#### *Financial assets measured at amortised cost*

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### (ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment properties and development properties, 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 related cash-generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Impairment losses are recognised in profit or loss.



# Dubai Investments Park Development Company LLC

## Notes (continued)

### 3. Significant accounting policies (continued)

#### New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 *Financial instruments*, which becomes mandatory for the Company's 2015 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt the standard early and the extent of the impact has not been determined.

### 4. Financial risk management

#### Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade and rent receivables, due from related parties and cash at banks. The exposure to credit risk on trade and rent receivables and due from related parties is monitored on an ongoing basis by the management and these are considered fully recoverable by the Company's management.

#### *Trade and rent receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The management has established a policy under which each new customer is analysed individually for credit worthiness before the lease terms and conditions are offered. Advances are received at the time of signing of lease terms and all construction, renovation or any kind of work to be carried out at the leased premises needs prior approval from the Company. The risk of default in installment is thereby mitigated as the customer (tenant) has incurred significant capital expenditure on the leased premises which can be taken over by the Company in the event of default.

#### *Cash at banks*

Cash is placed with local and international banks of good repute.

# Dubai Investments Park Development Company LLC

Notes *(continued)*

## 4. **Financial risk management** *(continued)*

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to trade and other payables, bank loans and due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet its obligations as they fall due.

### **Market rate risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

#### *Currency risk*

The Company does not have any currency risk as majority of the Company's transactions are denominated in functional currency (AED).

#### *Interest rate risk*

The Company's exposure to interest rate risk primarily relates to on its dividend payable to the Holding Company, borrowings from banks and short term deposits with the banks. The interest rate on the Company's financial instruments is based on market rates. Interest rate risk arises from the possibility that changes in interest rates will affect the interest income and expense of the Company.

### **Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to shareholders. Apart from certain requirements of the UAE Company Law in respect of share capital, which the Company is compliant with, there is currently no other externally imposed capital requirement.

There is no change in the Company's approach to capital management during the current year.

# Dubai Investments Park Development Company LLC

## Notes (continued)

<b>5. Revenue</b>	<b>2012</b> <b>AED'000</b>	<b>2011</b> <b>AED'000</b>
Rentals from land and infrastructure facilities	341,601	315,764
Income from sale of sewerage and irrigation water	60,234	51,650
	<u>401,835</u>	<u>367,414</u>
<b>6. Administrative and general expenses</b>	<b>2012</b> <b>AED'000</b>	<b>2011</b> <b>AED'000</b>
<i>These include:</i>		
Staff costs and benefits	16,327	15,506
Marketing expenses	1,440	654
Depreciation	2,129	2,495
	<u>19,896</u>	<u>18,655</u>
<b>7. Finance (expense)/ income</b>	<b>2012</b> <b>AED'000</b>	<b>2011</b> <b>AED'000</b>
<b>Finance expense</b>		
Interest on long term bank loans	(33,484)	(11,505)
Discounting of financial assets measured at amortized cost	(12,583)	-
Interest charged by the Holding Company (refer note 14)	-	(4,552)
	<u>(46,067)</u>	<u>(16,057)</u>
<b>Finance income</b>		
Interest on short term bank deposits	520	544
	<u>520</u>	<u>544</u>
<b>8. Other income</b>	<b>2012</b> <b>AED'000</b>	<b>2011</b> <b>AED'000</b>
<i>This includes:</i>		
Income from subleasing and transfer of lease	51,042	49,605
	<u>51,042</u>	<u>49,605</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 9. Property, plant and equipment

	Motor vehicles AED'000	Equipment, furniture & fixtures AED'000	Office building & improvements AED'000	Tools AED'000	Total AED'000
<b>Cost</b>					
At 1 January 2011	1,313	7,333	12,749	326	21,721
Additions	-	78	-	-	78
At 31 December 2011	<u>1,313</u>	<u>7,411</u>	<u>12,749</u>	<u>326</u>	<u>21,799</u>
At 1 January 2012	1,313	7,411	12,749	326	21,799
Additions	-	1,405	-	-	1,405
At 31 December 2012	<u>1,313</u>	<u>8,816</u>	<u>12,749</u>	<u>326</u>	<u>23,204</u>
<b>Depreciation</b>					
At 1 January 2011	459	3,838	7,233	326	11,856
Charge for the year	250	1,145	1,100	-	2,495
At 31 December 2011	<u>709</u>	<u>4,983</u>	<u>8,333</u>	<u>326</u>	<u>14,351</u>
At 1 January 2012	709	4,983	8,333	326	14,351
Charge for the year	231	798	1,100	-	2,129
At 31 December 2012	<u>940</u>	<u>5,781</u>	<u>9,433</u>	<u>326</u>	<u>16,480</u>
<b>Net book value</b>					
At 31 December 2012	<u>373</u>	<u>3,035</u>	<u>3,316</u>	<u>-</u>	<u>6,724</u>
At 31 December 2011	<u>604</u>	<u>2,428</u>	<u>4,416</u>	<u>-</u>	<u>7,448</u>

## 10. Investment properties

	2012 AED'000	2011 AED'000
Balance at 1 January	3,287,273	2,884,937
Transfer from development properties (note 11)	120,799	214,356
Gain on fair valuation	134,284	187,980
	<u>3,542,356</u>	<u>3,287,273</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 10. Investment properties (continued)

Investment properties, comprising infrastructure facilities, are leased to third parties. These investment properties are built on the land (number 598-0100 and 596-0100 located in Jebel Ali Industrial Area) obtained from the Government of Dubai on a renewable, non-cancellable long-term lease of 99 years. The Company was exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, 20% of the net realised profits from the project are payable. During the current year, the Company has made a provision of AED 66.7 million (2011: AED 64 million) towards 20% share of the net profits due to the Government of Dubai.

The leased land from the Government of Dubai is developed in phases. During the current year, the development of a portion of warehouse project 2 in Phase VIII was substantially completed and the Company obtained fair value of this phase. The development of remaining portion of warehouse project 2 in Phase VIII is in progress as of the year end.

As at 31st December 2012, the Company has obtained fair values for all completed phases/areas. The valuation was carried out by an independent registered valuer in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors which also takes into consideration the cash outflows resulting from the estimated 20% share of the net realised profits due to the Government of Dubai starting February 2009. The cash flows from existing phases have increased mainly due to increase in leased area after certain modifications were made to the phases and increase in lease rentals per terms of contract with tenants.

Since, valuation of completed phases/areas by independent registered valuer is based on future net cash flows, the amount of rent accrued on the straight line basis as per IAS 17 has been eliminated. Similarly, the unearned rent received in advance and recognised liabilities for 20% share of the Government of Dubai at the valuation date have been included in the valuation of investment properties. The reconciliation of valuation of investment properties carried out by the independent registered valuer and the adjusted valuation included in the financial statements is as follows:

	2012 AED'000	2011 AED'000
Fair valuation of completed investment properties as per independent registered valuer	3,466,403	3,251,605
Fair valuation of completed investments properties as per internal valuation	68,000	68,000
Less: adjustment for rent receivable for completed phases	(189,520)	(223,848)
Add: adjustment for unearned rent for completed phases	130,777	127,509
Add: adjustment for recognized liabilities (included in direct operating costs)	66,696	64,007
	<u>3,542,356</u>	<u>3,287,273</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 11. Development properties

	2012 AED'000	2011 AED'000
At 1 January	37,222	115,231
Additions during the year	105,364	136,347
Transfer to investment properties (refer note 10)	(120,799)	(214,356)
At 31 December	<u>21,787</u>	<u>37,222</u>

## 12. Long term rent receivable

	2012 AED'000	2011 AED'000
Long term rent receivable	189,520	223,986
Less: unearned rent	(123,377)	(111,619)
	<u>66,143</u>	<u>112,367</u>

Long-term rent receivable represents the differential between the amount of rent billed to the tenant and the amount recognised as rental income on a straight line basis over the term of the lease, including the option to renew the lease at the end of the initial lease term, as required by IAS 17 - Leases. The difference principally arises due to an initial rent free period allowed and the rent increase agreed after the expiry of the initial term of the lease.

Unearned rent relates to advance received from customers towards the lease of investment properties.

## 13. Trade and other receivables

	2012 AED'000	2011 AED'000
Trade and rent receivables	726,118	660,505
Prepaid expenses and other receivables*	140,795	155,211
	<u>866,913</u>	<u>815,716</u>
Less: long term other receivables*	(82,377)	-
	<u>784,536</u>	<u>815,716</u>

\* Other receivables include an amount of AED 139.6 million (2011: AED 149.4 million) receivable from Dubai Electricity and Water Authority (DEWA) against the construction of electric sub-station under the Dubai Investment Park. The balance has been classified as long term/short term based on the expected future recoverability.

# Dubai Investments Park Development Company LLC

Notes (continued)

## 14. Related party transactions and balances

The Company, in the normal course of business, carries out transactions with other enterprises, which fall within the definition of a related party contained in International Accounting Standard 24. These transactions are in the nature of the lease of land and infrastructure facilities, transfer of funds and the recharge of expenses. Transactions with related party are entered at mutually agreed terms.

Significant transactions with related parties during the year are as follows:

	2012 AED'000	2011 AED'000
Revenue recognised on lease of investment properties	12,254	11,080
Interest charged by the Holding Company (refer note 7)	-	4,552

Compensation to key management personnel is as follows:

	2012 AED'000	2011 AED'000
Short term employee benefits (including Director's remuneration)	2,492	1,820

	2012 AED'000	2011 AED'000
<b>Due from related parties</b>		
Dubai Investment real Estate Company LLC	71,021	67,017
Properties Investment LLC	6,257	10,316
Emirates Glass LLC	7,111	5,047
Emirates District Cooling (Emicool) LLC	17,445	16,040
Dubai Investment Driving Company	2,653	2,743
Dubai Investment Industries LLC	618	1,899
Emirates Thermostone LLC	2,451	1,862
National Insulate Blocks LLC	1,871	1,505
Stromek Emirates Foundation Co. LLC	584	784
Globalpharma Company LLC	1,069	677
Masharie LLC	1,042	768
International Rubber Company LLC	235	402
Integrated Commerical Inv LLC	424	249
Emirates Extrusion LLC	140	31
Al Taif Investment LLC	9	53
Emirates Building Systems LLC	190	7
Tech Source LLC	-	181
	<u>113,120</u>	<u>109,581</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 14. Related party transactions and balances (continued)

	2012 AED'000	2011 AED'000
<b>Due to related parties</b>		
Dubai Investments PJSC	1,524	5,180
Al Arif Contracting Company LLC	-	5,407
Techsource LLC	56	-
United Sales Partners LLC	37	40
	<u>1,617</u>	<u>10,627</u>

## 15. Cash at banks and in hand

	2012 AED'000	2011 AED'000
Cash in hand	33	33
Cash at bank - current accounts	43,894	11,843
- deposit accounts	80,000	25,000
	<u>123,927</u>	<u>36,876</u>

Deposits accounts include AED 37.5 million (2011: AED 25 million) which are under lien with the banks (also refer note 18).

## 16. Trade and other payables

	2012 AED'000	2011 AED'000
Trade payables	62,747	67,692
Advances from tenants	476	1,037
Retentions payable	5,027	13,359
Staff terminal and other benefits	9,051	8,138
Other payables	198,653	133,784
	<u>275,954</u>	<u>224,010</u>

## 17. Unearned rent

	2012 AED'000	2011 AED'000
Unearned rent – subleasing	20,002	17,331
Unearned rent – others	15,338	17,441
	<u>35,340</u>	<u>34,772</u>



## Dubai Investments Park Development Company LLC

Notes (continued)

### 18. Long term loans

	2012 AED'000	2011 AED'000
Opening Balance	470,000	-
Long term bank loans obtained during the year	550,000	500,000
Less: Repayments during the year	(347,500)	(30,000)
	<u>672,500</u>	<u>470,000</u>
Balance as at 31 December	672,500	470,000
Less: Current portion of bank loans	(150,000)	(100,000)
	<u>522,500</u>	<u>370,000</u>

The above term loans were obtained to finance the development work being carried out in the Park. All of these loans are repayable in equal quarterly installments over a period of 5 years and carry markup at prevailing market rates. These loans are secured against the following:

- Corporate guarantee from the Holding Company;
- Lien over fixed deposits maintained with banks (refer note 15).

One of the above term loans contains the following covenants which need to be complied with by the Company during the full tenure of the loan:

- The ratio of total liabilities to total net worth of the Company not to exceed 1: 1;
- Current ratio of the Company not to fall below 1.5: 1;
- Debt service coverage ratio i.e. net profit (excluding other income and gain on fair valuation of properties) to gross debt serviced not to fall below 1:25:1; and
- If any repayments are overdue, the Company shall not pay any dividend without prior approval of the bank.

As at 31 December 2012, the above covenants are complied with by the Company.

### 19. Share capital

	2012 AED'000	2011 AED'000
<i>Issued and fully paid up:</i>		
300 ordinary shares of AED 1,000 each	300	300
	<u>300</u>	<u>300</u>
Proposed increase in share capital	19,700	19,700
	<u>20,000</u>	<u>20,000</u>

The Board of Directors in their meeting dated 3 June 2001 had proposed an increase in share capital of 19,700 ordinary shares of AED 1,000 each to the existing shareholders, proportionate to their current shareholding. This proposed increase in share capital was paid up from the long-term loan due to a shareholder. The amendment to the Memorandum of Association for the increase is yet pending.

## Dubai Investments Park Development Company LLC

### Notes (continued)

#### 20. Statutory reserve

In accordance with the UAE Federal Law No.8 of 1984 (as amended), a minimum of 10% of the net profit of the Company is allocated every year to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to one-half of the paid-up share capital. Since the statutory reserve has reached this limit, no further transfers have been made in the current year.

#### 21. General reserve

The Company has not transferred any amount from profit for the year to a general reserve during the current year (2011:10%).

#### 22. Contingent liabilities and capital commitments

	2012 AED'000	2011 AED'000
Capital commitments	<u>103,838</u>	<u>242,750</u>

There were no significant contingent liabilities at 31 December 2012 (2011: Nil).

#### 23. Operating leases

The Company leases as lessor its investment property held under operating lease (refer note 10). The future minimum lease payments under non-cancellable leases are as follows:

	2012 AED'000	2011 AED'000
Less than one year	328,444	312,804
Between one to five years	1,558,425	1,527,868
More than five years	1,806,138	1,824,382
	<u>3,693,007</u>	<u>3,665,054</u>

#### 24. Financial instruments

##### (a) Credit risk

###### *Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2012 AED'000	2011 AED'000
Rent receivable	726,594	660,505
Other receivables (excluding prepayments)	139,923	149,762
Cash at bank	123,894	36,843
Due from related parties	113,120	109,581
Long term rent receivable (net of advances received from customers)	66,143	112,367
	<u>1,169,674</u>	<u>1,069,058</u>

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 24. Financial instruments (continued)

#### (a) Credit risk (continued)

##### *Impairment losses*

The aging of trade and rent receivable at the reporting date was:

	2012		2011	
	Gross AED'000	Impairment AED'000	Gross AED'000	Impairment AED'000
0-30 days due	27,300	-	1,037	-
31-60 days due	15,857	-	16,075	-
61-90 days due	15,861	-	16,071	-
91-120 days due	39,546	-	45,392	-
121-150 days due	134,089	-	130,770	-
More than 150 days due	493,465	-	451,160	-
	<u>726,118</u>	<u>-</u>	<u>660,505</u>	<u>-</u>
Total	<u>726,118</u>	<u>-</u>	<u>660,505</u>	<u>-</u>

#### (b) Market risk

##### *Interest rate risk*

##### *Profile*

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

##### **Carrying amount**

	2012 AED'000	2011 AED'000
<b>Fixed rate instruments</b>		
<i>Financial assets</i>		
Fixed deposits with banks	<u>80,000</u>	<u>25,000</u>
<i>Financial liabilities</i>		
Due to the Holding Company	<u>-</u>	<u>5,180</u>
<b>Variable rate instruments</b>		
<i>Financial liabilities</i>		
Long term bank loans	<u>672,500</u>	<u>470,000</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 24. Financial instruments (continued)

### (b) Market risk (continued)

#### Interest rate risk (continued)

##### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of comprehensive income. Therefore, a change in interest rate at the reporting date would not affect profit.

##### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

Effect in AED'000	Profit or loss	
	100 bp increase	100 bp decrease
31 December 2012	673	673
31 December 2011	470	470

### (c) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting of agreements:

	Carrying amount	Contractual cash flows	Within one year	1-2 years	2-5 years
At 31 December 2012	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Non-derivative financial liabilities</b>					
Trade and other payables	275,954	275,954	275,954	-	-
Due to related parties	1,617	1,617	1,617	-	-
Long term bank loans	672,500	751,000	178,500	172,500	400,000
	<u>950,071</u>	<u>1,028,571</u>	<u>456,071</u>	<u>172,500</u>	<u>400,000</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 24. Financial instruments (continued)

### (c) Liquidity risk (continued)

	Carrying amount	Contractual cash flows	Within one year	1-2 years	2-5 years
At 31 December 2011	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Non-derivative financial liabilities</b>					
Trade and other payables	224,010	224,010	224,010	-	-
Due to related parties	10,627	10,627	10,627		
Long term bank loans	470,000	522,000	118,000	118,000	286,000
	<u>704,637</u>	<u>756,637</u>	<u>352,637</u>	<u>118,000</u>	<u>286,000</u>

### (d) Fair values versus carrying amounts

The fair values of the Company's financial assets and financial liabilities approximate their carrying values.

## 25. Use of estimates and judgments

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the future years mainly comprise the following:

### (a) Impairment losses on receivables

The company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade and rent receivables and due from related parties. In determining whether impairment losses should be reported in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

### (b) Valuation of investment properties

The Company fair values investment properties. An external, independent valuation company having the appropriate recognised professional qualification values the properties regularly (refer note 10). Should the significant assumption change, the fair value of investment properties would significantly impact the statement of comprehensive income and statement of financial position of the Company in the future.

Dubai Investments Park  
Development Company LLC

Financial statements  
*31 December 2011*

# Dubai Investments Park Development Company LLC

Financial statements  
for the year ended 31 December 2011

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مجمع دبي للإستثمار  
DUBAI INVESTMENTS PARK

## Report of the Directors

The Board of Directors of Dubai Investments Park Development Company LLC is pleased to present their report together with the audited financial statements of the Company for the year ended 31st December 2011.

### Dividend

Directors' have recommended and approved cash dividend of AED 250 million during the year ended 31 December 2011 as compared to 300 million in 2010.

### Financial Results

The Company has reported a net profit of AED 444.01 million for the year ended 31 December 2011 compared to AED 906.26 million in 2010.

The total net assets of the Company as at 31st December 2011 were AED 3,667.07 million as compared to AED 3,473.06 million as at 31 December 2010.

### Auditors

KPMG, is eligible for re-appointment and has expressed their willingness to continue in office.

On behalf of the Board

Khalid Al Kamda  
Chairman





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## Independent auditors' report

The Shareholders

Dubai Investments Park Development Company LLC

### Report on the financial statements

We have audited the accompanying financial statements of Dubai Investments Park Development Company LLC ("the Company"), which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

### Report on other legal and regulatory requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been kept by the Company and the contents of the Directors' report which relate to these financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2011, which may have had a material adverse effect on the business of the Company or its financial position.

30 SEP 2012

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## Dubai Investments Park Development Company LLC

### Statement of comprehensive income for the year ended 31 December 2011

	<i>Note</i>	2011 AED'000	2010 AED'000
<b>Revenue</b>	<i>5</i>	367,414	377,538
Direct operating costs	<i>10</i>	(123,433)	(135,394)
Administrative and general expenses	<i>6</i>	(25,985)	(32,282)
Finance expense	<i>7</i>	(16,057)	(14,314)
Finance income	<i>7</i>	544	2,354
Other income	<i>8</i>	53,547	67,064
<b>Profit before gain on fair valuation of investment properties</b>		<u>256,030</u>	<u>264,966</u>
Gain on fair valuation of investment properties	<i>10</i>	187,980	641,294
<b>Profit for the year</b>		<u>444,010</u>	<u>906,260</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u><u>444,010</u></u>	<u><u>906,260</u></u>

The notes on pages 7 to 25 form part of these financial statements.

The independent auditor's report is set out on page 2.

# Dubai Investments Park Development Company LLC

## Statement of financial position

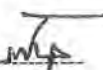
at 31 December 2011

	Note	2011 AED'000	2010 AED'000
Property, plant and equipment	9	7,448	9,865
Investment properties	10	3,287,273	2,884,937
Development properties	11	37,222	115,231
Long term rent receivable	12	94,926	136,554
<b>Current assets</b>			
Trade and other receivables	13	815,716	724,107
Due from related parties	14	109,581	60,662
Cash at bank and in hand	15	36,876	32,971
		<u>962,173</u>	<u>817,740</u>
<b>Current liabilities</b>			
Trade and other payables	16	224,010	230,555
Due to related parties	14	10,627	242,538
Unearned rent	17	17,331	18,170
Current portion of long term bank loans	18	100,000	-
		<u>351,968</u>	<u>491,263</u>
<b>Net current assets</b>		<b>610,205</b>	<b>326,477</b>
<b>Long term bank loans</b>	18	<b>(370,000)</b>	-
<b>Net assets</b>		<b>3,667,074</b>	<b>3,473,064</b>
<b>Represented by:</b>			
Share capital	19	300	300
Proposed increase in share capital	20	19,700	19,700
		<u>20,000</u>	<u>20,000</u>
Statutory reserve	20	10,000	10,000
General reserve	21	553,955	509,554
Retained earnings		3,083,119	2,933,510
		<u>3,667,074</u>	<u>3,473,064</u>

The notes on pages 7 to 25 form part of these financial statements.

These financial statements were authorised for issue on behalf of the Board of Directors on

30 SEP 2012

  
Chairman

  
Managing Director

The independent auditor's report is set out on page 2.

# Dubai Investments Park Development Company LLC

## Statement of cash flows for the year ended 31 December 2011

	2011 AED'000	2010 AED'000
<b>Operating activities</b>		
Profit for the year	444,010	906,260
<i>Adjustments for:</i>		
Depreciation	2,495	2,686
Gain on disposal of property, plant and equipment	-	(50)
Gain on fair valuation of investment properties	(187,980)	(641,294)
<i>Operating profit before working capital changes</i>	<u>258,525</u>	<u>267,602</u>
Change in trade and other receivables	(91,609)	(61,822)
Change in due from related parties	(48,919)	(46,167)
Change in trade and other payables	(6,545)	59,251
Change in due to related parties	(231,911)	(47,114)
Change in long term rent receivable	41,628	22,966
Change in unearned rent	(839)	(4,452)
<i>Net cash (used in)/generated from operating activities</i>	<u>(79,670)</u>	<u>190,264</u>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(78)	(1,994)
Proceeds from disposal of property, plant and equipment	-	158
Addition to development properties	(136,347)	(154,329)
Net movement in deposits under lien	(25,000)	-
<i>Net cash used in investing activities</i>	<u>(161,425)</u>	<u>(156,165)</u>
<b>Financing activities</b>		
Dividend paid	(250,000)	(79,379)
Long term loans obtained during the year	500,000	-
Repayment of long term loans	(30,000)	-
<i>Net cash from/(used in) financing activities</i>	<u>220,000</u>	<u>(79,379)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(21,095)</b>	<b>(45,280)</b>
Cash and cash equivalent at the beginning of the year	<u>32,971</u>	<u>78,251</u>
<b>Cash and cash equivalents at end of the year</b>	<u><b>11,876</b></u>	<u><b>32,971</b></u>
<i>Cash and cash equivalent comprise following:</i>		
Cash in hand and in current accounts with banks	11,876	10,838
Short term bank deposits	-	22,133
	<u>11,876</u>	<u>32,971</u>

The notes on pages 7 to 25 form part of these financial statements.

The independent auditor's report is set out on page 2.

# Dubai Investments Park Development Company LLC

## Statement of changes in equity for the year ended 31 December 2011

	Share capital AED'000	Proposed increase in share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2010	300	19,700	10,000	418,928	2,417,876	2,866,804
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	906,260	906,260
Total comprehensive income for the year	-	-	-	-	906,260	906,260
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to the owners of the Company</i>						
Transferred to general reserve	-	-	-	90,626	(90,626)	-
Dividend declared	-	-	-	-	(300,000)	(300,000)
Total contribution by and distributions to owners of the Company	-	-	-	90,626	(390,626)	(300,000)
At 31 December 2010	300	19,700	10,000	509,554	2,933,510	3,473,064
At 1 January 2011	300	19,700	10,000	509,554	2,933,510	3,473,064
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	444,010	444,010
Total comprehensive income for the year	-	-	-	-	444,010	444,010
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners of the Company</i>						
Transferred to general reserve	-	-	-	44,401	(44,401)	-
Dividend declared	-	-	-	-	(250,000)	(250,000)
Total contribution by and distributions to owners of the Company	-	-	-	44,401	(294,401)	(250,000)
At 31 December 2011	300	19,700	10,000	553,955	3,083,119	3,667,074

The notes on pages 7 to 25 form part of these financial statements.

# Dubai Investments Park Development Company LLC

## Notes

*(forming part of the financial statements)*

### 1. Reporting entity

Dubai Investments Park Development Company LLC (“the Company”) is incorporated and registered as a limited liability company in the Emirates of Dubai, United Arab Emirates on 19 October 1997 in accordance with the provisions of the UAE Federal Law No. (8) Of 1984 (as amended).

The shareholding percentage of the Company is as follows:

	<b>Percentage</b>
Dubai Investments PJSC (“the Holding Company”)	99
Marmum Dairy Farm LLC	1*

\* Marmum Dairy Farm LLC holds the shares for the beneficial interest of Dubai Investments PJSC.

The Company is engaged in the planning, development, setting up and organisation of the “Dubai Investments Park” and generates rentals from leasing out the land and the in-built infrastructure facilities.

The registered office of the Company is PO Box 28171, Dubai, UAE.

### 2. Basis of preparation

#### *Statement of compliance*

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) and the requirements of UAE Federal Law No. 8 of 1984 (as amended).

#### *Basis of measurement*

These financial statements have been prepared under the historical cost convention except for investment properties which are stated at fair values.

#### *Functional and presentation currency*

These financial statements are presented in United Arab Emirates Dirham (“AED”), which is the Company’s functional currency. All information presented in AED has been rounded to the nearest thousand, except when otherwise indicated.

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 2. Basis of preparation (continued)

#### *Use of estimates and judgments*

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed in note 25.

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **Revenue recognition**

Rental income from investment properties is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Properties leased for several decades, wherein, the present value of the residual value at the inception of the lease is estimated to be negligible is accounted for as a finance lease at the lease inception date, even if at the end of the lease term title will not pass to the lessee.

#### **Property, plant and equipment and depreciation**

##### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

##### *Subsequent costs*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 3. Significant accounting policies (continued)

#### Property, plant and equipment and depreciation (continued)

##### Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Assets	Life (years)
Motor vehicles	4
Equipment, furniture and fixtures	3 to 5
Office building and improvements	5 to 10
Tools	5

The depreciation method, estimation of useful lives and residual values are reassessed at the reporting date.

##### Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services for administrative purposes. Where the Company provides ancillary services to the co-occupants of a property, it treats such a property as investment property if the services are a relatively insignificant component in the arrangement as a whole.

An investment property is measured at cost on initial recognition and subsequently at fair value with any changes therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

External, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio regularly. The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

The fair value adjustments on investment properties are included in profit or loss as investment returns in the period in which these gains or losses arise. In determining the carrying amount of investment properties, the Company does not double count assets or liabilities that have already been recognised as separate asset or liabilities.

Rental income from investment property is accounted for as described in accounting policy for rental income.



# Dubai Investments Park Development Company LLC

## Notes (continued)

### 3. Significant accounting policies (continued)

#### Investment properties (continued)

Property that is being constructed for future use as investment property is accounted for as investment property and classified under development property until construction or development is complete.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### Development properties

Property that is being constructed or developed for future use as an investment property is classified as development property and is measured at fair value. If fair value of an investment property under construction is not reliably determinable but expected to be determinable when construction is complete, it is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

#### Financial instruments

##### (i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises 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 assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets comprise of loans and receivables.

##### 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 recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, rent receivable, due from related parties and cash and cash equivalents.

Cash and cash equivalents comprise cash in hand and at banks and bank deposits (free of any charge, with maturity of less than three months) that are subject to insignificant risk of changes in their fair value and used by the Company in the management of its short term commitments.

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 3. Significant accounting policies (continued)

#### Financial instruments (continued)

##### (ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Company's non-derivative financial liabilities comprise of bank loans, trade and other payables, due to related parties.

#### Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company ("AED") at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

#### Financial income and expenses

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on bank loans and amounts due to related parties. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

# Dubai Investments Park Development Company LLC

Notes (continued)

## 3. Significant accounting policies (continued)

### Impairment

#### (i) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers.

#### *Financial assets measured at amortised cost*

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### (ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment properties and development properties, 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 related cash-generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Impairment losses are recognised in profit or loss.

# Dubai Investments Park Development Company LLC

Notes (continued)

## 3. Significant accounting policies (continued)

### New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 *Financial instruments*, which becomes mandatory for the Company's 2015 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt the standard early and the extent of the impact has not been determined.

## 4. Financial risk management

### Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to rent receivables, due from related parties and cash at banks. The exposure to credit risk on rent receivables and due from related parties is monitored on an ongoing basis by the management and these are considered fully recoverable by the Company's management.

#### *Rent receivables*

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The management has established a policy under which each new customer is analysed individually for credit worthiness before the lease terms and conditions are offered. Advances are received at the time of signing of lease terms and all construction, renovation or any kind of work to be carried out at the leased premises needs prior approval from the Company. The risk of default in installment is thereby mitigated as the customer (tenant) has incurred significant capital expenditure on the leased premises which can be taken over by the Company in the event of default.

#### *Cash at bank*

Cash is placed with local and international banks of good repute.

# Dubai Investments Park Development Company LLC

## Notes *(continued)*

### 4. Financial risk management *(continued)*

#### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to trade and other payables and due to related parties. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet its obligations as they fall due.

#### **Market rate risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

#### *Currency risk*

The Company does not have any currency risk as majority of the Company's transactions are denominated in functional currency (AED).

#### *Interest rate risk*

The Company's exposure to interest rate risk primarily relates to on its dividend payable to the Holding Company, borrowings from banks and short term deposits with the banks. The interest rate on the Company's financial instruments is based on market rates. Interest rate risk arises from the possibility that changes in interest rates will affect the interest income and expense of the Company.

#### **Capital management**

The Board's policy is to maintain a strong capital base so as to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to shareholders. Apart from certain requirements of the UAE Company Law in respect of share capital, which the Company is compliant with, there is currently no other externally imposed capital requirement.

There is no change in the Company's approach to capital management during the current year.

# Dubai Investments Park Development Company LLC

## Notes (continued)

5.	<b>Revenue</b>	<b>2011</b> <b>AED'000</b>	<b>2010</b> <b>AED'000</b>
	Rentals from land and infrastructure facilities (note 10)	315,764	328,844
	Income from sale of sewerage and irrigation water	<u>51,650</u>	<u>48,694</u>
		<u><b>367,414</b></u>	<u><b>377,538</b></u>
6.	<b>Administrative and general expenses</b>	<b>2011</b> <b>AED'000</b>	<b>2010</b> <b>AED'000</b>
	<i>These include:</i>		
	Staff costs and benefits	15,506	15,066
	Marketing expenses	654	1,409
	Depreciation	<u>2,495</u>	<u>2,686</u>
7.	<b>Finance (expense)/ income</b>	<b>2011</b> <b>AED'000</b>	<b>2010</b> <b>AED'000</b>
	<b>Finance expense</b>		
	Interest on long term bank loans	(11,505)	-
	Interest on amount due to a related party (refer note 14)	<u>(4,552)</u>	<u>(14,314)</u>
		<u><b>(16,057)</b></u>	<u><b>(14,314)</b></u>
	<b>Finance income</b>		
	Interest on short term bank deposits	<u>544</u>	<u>2,354</u>
8.	<b>Other income</b>	<b>2011</b> <b>AED'000</b>	<b>2010</b> <b>AED'000</b>
	<i>This includes:</i>		
	Income from subleasing and transfer of lease	<u>49,605</u>	<u>61,550</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 9. Property, plant and equipment

	Motor vehicles AED'000	Equipment, furniture & fixtures AED'000	Office building & improvements AED'000	Tools AED'000	Total AED'000
<b>Cost</b>					
At 1 January 2010	1,185	6,239	12,749	326	20,499
Additions	900	1,094	-	-	1,994
On disposals	(772)	-	-	-	(772)
At 31 December 2010	1,313	7,333	12,749	326	21,721
At 1 January 2011	1,313	7,333	12,749	326	21,721
Additions	-	78	-	-	78
At 31 December 2011	1,313	7,411	12,749	326	21,799
<b>Depreciation</b>					
At 1 January 2010	915	2,793	5,800	326	9,834
Charge for the year	208	1,045	1,433	-	2,686
On disposals	(664)	-	-	-	(664)
At 31 December 2010	459	3,838	7,233	326	11,856
At 1 January 2011	459	3,838	7,233	326	11,856
Charge for the year	250	1,145	1,100	-	2,495
At 31 December 2011	709	4,983	8,333	326	14,351
<b>Net book value</b>					
At 31 December 2011	604	2,427	4,417	-	7,448
At 31 December 2010	854	3,495	5,516	-	9,865

## 10. Investment properties

	2011 AED'000	2010 AED'000
Balance at 1 January	2,884,937	2,140,740
Transfer from development properties (note 11)	214,356	102,903
Gain on fair valuation	187,980	641,294
	<u>3,287,273</u>	<u>2,884,937</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 10. Investment properties (continued)

Investment properties, comprising infrastructure facilities, are leased to third parties. These investment properties are built on the land (number 598-0100 and 596-0100 located in Jebel Ali Industrial Area) obtained from the Government of Dubai on a renewable, non-cancellable long-term lease of 99 years. The Company was exempted to pay the lease rentals for the first ten years and thereafter, starting 1 February 2009, 20% of the net realised profits from the project are payable. During the current year, the Company has made a provision of AED 64 million (2010: AED 66.2 million) towards 20% share of the net profits due to the Government of Dubai.

The leased land from the Government of Dubai is developed in phases. During the current year, the development of warehouse project 1 in Phase VIII was substantially completed and the Company obtained fair value of this phase. The development of warehouse project 2 in Phase VIII is in progress as of the year end. As at 31st December 2011, the Company has obtained fair values for all completed phases/areas. The valuation was carried out by an independent registered valuer in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors which also takes into consideration the cash outflows resulting from the estimated 20% share of the net realised profits due to the Government of Dubai starting February 2009. The cash flows from existing phases have increased mainly due to increase in leased area after certain modifications were made to the phases and increase in lease rentals per terms of contract with tenants.

Since, valuation of all completed phases/areas by independent registered valuer is based on future net cash flows, the amount of rent accrued on the straight line basis as per IAS 17 has been eliminated in order to avoid double counting of assets. Similarly, the unearned rent received in advance and recognised liabilities for 20% share of the Government of Dubai at the valuation date have been included in the valuation of investment properties. The reconciliation of valuation of investment properties carried out by the independent registered valuer and the adjusted valuation included in the financial statements is as follows:

	2011 AED'000	2010 AED'000
Fair valuation of completed investment properties as per independent registered valuer	3,251,605	2,955,265
Fair valuation of completed investments properties as per internal valuation	68,000	-
Less: adjustment for rent receivable for completed phases	(223,848)	(262,742)
Add: adjustment for unearned rent for completed phases	127,509	126,172
Add: adjustment for recognised liabilities (included in direct operating costs)	64,007	66,242
	<u>3,287,273</u>	<u>2,884,937</u>



# Dubai Investments Park Development Company LLC

Notes (continued)

## 11. Development properties

	2011 AED'000	2010 AED'000
At 1 January	115,231	63,805
Additions during the year	136,347	154,329
Transfer to investment properties (note 10)	<u>(214,356)</u>	<u>(102,903)</u>
At 31 December	<u>37,222</u>	<u>115,231</u>

Development properties as at 31 December 2011 mainly represent cost incurred to date for the development of Phase VIII of the Park.

## 12. Long term rent receivable

	2011 AED'000	2010 AED'000
Long term rent receivable from related parties	-	6,390
Long term rent receivable from others	<u>223,986</u>	<u>257,366</u>
	223,986	263,756
Less: unearned rent	<u>(129,060)</u>	<u>(127,202)</u>
	<u>94,926</u>	<u>136,554</u>

Long-term rent receivable represents the differential between the amount of rent billed to the tenant and the amount recognised as rental income on a straight line basis over the term of the lease, including the option to renew the lease at the end of the initial lease term, as required by IAS 17 - Leases. The difference principally arises due to an initial rent free period allowed and the rent increase agreed after the expiry of the initial term of the lease.

Unearned rent relates to advance received from customers towards the lease of investment properties.

## 13. Trade and other receivables

	2011 AED'000	2010 AED'000
Rent receivable	660,505	552,156
Prepaid expenses and other receivables*	<u>155,211</u>	<u>171,951</u>
	<u>815,716</u>	<u>724,107</u>

\* Other receivables include an amount of AED 149.4 million (2010: AED 170.5 million) receivable from Dubai Electricity and Water Authority (DEWA) against the construction of electric sub-station under the Dubai Investment Park (also refer note 22).

# Dubai Investments Park Development Company LLC

Notes (continued)

## 14. Related party transactions and balances

The Company, in the normal course of business, carries out transactions with other enterprises, which fall within the definition of a related party contained in International Accounting Standard 24. These transactions are in the nature of the lease of land and infrastructure facilities, transfer of funds and the recharge of expenses. Transactions with related party are entered at mutually agreed terms.

Significant transactions with related parties during the year are as follows:

	2011 AED'000	2010 AED'000
Revenue recognised on lease of investment properties	11,080	19,836
Interest charged by the Holding Company (refer note 7)	4,552	14,314
	<u>          </u>	<u>          </u>

Compensation to key management personnel is as follows:

	2011 AED'000	2010 AED'000
Short term employee benefits (including Director's remuneration)	1,820	1,820
	<u>          </u>	<u>          </u>

	2010 AED'000	2010 AED'000
<b>Due from related parties</b>		
Dubai Investment real Estate Company LLC	67,017	34,833
Properties Investment LLC	10,316	10,307
Emirates Glass LLC	5,047	3,316
Emirates District Cooling (Emicool) LLC	16,040	3,160
Dubai Investment Driving Company	2,743	2,378
Dubai Investment Industries LLC	1,899	1,408
Emirates Thermostone LLC	1,862	1,282
National Insulate Blocks LLC	1,505	1,148
Stromek Emirates Foundation Co. LLC	784	1,112
Globalpharma Company LLC	677	961
MaSharie LLC	768	544
International Rubber Company LLC	402	80
Integrated Commerical Inv LLC	249	78
Emirates Extrusion LLC	31	29
Al Taif Investment LLC	53	26
Emirates Building Systems LLC	7	-
Tech Source LLC	181	-
	<u>          </u>	<u>          </u>
	109,581	60,662
	<u>          </u>	<u>          </u>

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 14. Related party transactions and balances (continued)

	2011 AED'000	2010 AED'000
<b>Due to related parties</b>		
Dubai Investments PJSC*	5,180	235,621
Al Arif Contracting Company LLC	5,407	6,683
Techsource LLC	-	197
United Sales Partners LLC	40	37
	<u>10,627</u>	<u>242,538</u>

\* The above amount due to a related party carries interest at agreed rates and is repayable on demand.

### 15. Cash at bank and in hand

	2011 AED'000	2010 AED'000
Cash in hand	33	32
Cash at bank - current accounts	11,843	10,806
- deposit accounts	25,000	22,133
	<u>36,876</u>	<u>32,971</u>

Deposits accounts include AED 25 million (2010: Nil) which are under lien with the banks (also refer note 18).

### 16. Trade and other payables

	2011 AED'000	2010 AED'000
Trade payables	67,692	88,674
Advances from tenants	1,037	2,825
Retentions payable	13,359	10,535
Staff terminal and other benefits	8,138	7,807
Other payables	133,784	120,714
	<u>224,010</u>	<u>230,555</u>

### 17. Unearned rent

	2011 AED'000	2010 AED'000
Unearned rent – subleasing	17,331	17,299
Unearned rent – others	-	871
	<u>17,331</u>	<u>18,170</u>

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 18. Long term loans

	2011 AED'000	2010 AED'000
Long term bank loans obtained during the year	500,000	-
Less: Repayments during the year	(30,000)	-
	<u>470,000</u>	<u>-</u>
Balance as at 31 December	470,000	-
Less: Current portion of bank loans	(100,000)	-
	<u>370,000</u>	<u>-</u>

The Company has obtained above term loans during the current year. These loans are repayable in equal quarterly installments over a period of 5 years. These loans carry markup at prevailing market rates and are secured against the following:

- Corporate guarantee from the Holding Company;
- Assignment of rental revenue in favour of lender banks; and
- Lien over fixed deposits maintained with banks (refer note 15).

### 19. Share capital

	2011 AED'000	2010 AED'000
<i>Issued and fully paid up:</i>		
300 ordinary shares of AED 1,000 each	300	300
	<u>300</u>	<u>300</u>
Proposed increase in share capital	19,700	19,700
	<u>20,000</u>	<u>20,000</u>

The Board of Directors in their meeting dated 3 June 2001 had proposed an increase in share capital of 19,700 ordinary shares of AED 1,000 each to the existing shareholders, proportionate to their current shareholding. This proposed increase in share capital was paid up from the long-term loan due to a shareholder. The amendment to the Memorandum of Association for the increase is yet pending.

### 20. Statutory reserve

In accordance with the UAE Federal Law No.8 of 1984 (as amended), a minimum of 10% of the net profit of the Company is allocated every year to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to one-half of the paid-up share capital. Since the statutory reserve has reached this limit, no further transfers have been made in the current year.

### 21. General reserve

The Company has transferred 10% (2010: 10%) of the net profit for the year to a general reserve.

# Dubai Investments Park Development Company LLC

Notes (continued)

## 22. Contingent liabilities and capital commitments

	2011 AED'000	2010 AED'000
Capital commitments	242,750	363,560

The capital commitments mainly include cost of development of phase VIII.

There were no significant contingent liabilities at 31 December 2011 (2010: Nil).

## 23. Operating leases

The Company leases as lessor its investment property held under operating lease (refer note 10). The future minimum lease payments under non-cancellable leases are as follows:

	2011 AED'000	2010 AED'000
Less than one year	312,804	326,515
Between one to five years	1,527,868	1,391,878
More than five years	1,824,382	2,117,210
	<u>3,665,054</u>	<u>3,835,603</u>

## 24. Financial instruments

### (a) Credit risk

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011 AED'000	2010 AED'000
Rent receivable	660,505	552,156
Other receivables (excluding prepayments)	149,762	170,860
Cash at bank	36,843	32,939
Due from related parties	109,581	60,662
Long term rent receivable (net of advances received from customers)	94,926	136,554
	<u>1,051,617</u>	<u>953,171</u>

# Dubai Investments Park Development Company LLC

Notes (continued)

## 24. Financial instruments (continued)

### (a) Credit risk (continued)

#### Impairment losses

The aging of trade and rent receivable at the reporting date was:

	2011		2010	
	Gross AED'000	Impairment AED'000	Gross AED'000	Impairment AED'000
0-30 days due	1,037	-	21,370	-
31-60 days due	16,075	-	6,628	-
61-90 days due	16,071	-	6,338	-
91-120 days due	45,392	-	84,227	-
121-150 days due	130,770	-	138,281	-
More than 150 days due	451,160	-	295,312	-
Total	<u>660,505</u>	<u>-</u>	<u>552,156</u>	<u>-</u>

### (b) Market risk

#### Interest rate risk

##### Profile

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

Carrying amount	2011 AED'000	2010 AED'000
<b>Fixed rate instruments</b>		
<i>Financial assets</i>		
Fixed deposits with banks	<u>25,000</u>	<u>22,133</u>
<i>Financial liabilities</i>		
Due to the Holding Company	<u>5,180</u>	<u>235,621</u>
<b>Variable rate instruments</b>		
<i>Financial liabilities</i>		
Long term bank loans	<u>470,000</u>	<u>-</u>

# Dubai Investments Park Development Company LLC

## Notes (continued)

### 24. Financial instruments (continued)

#### (b) Market risk (continued)

##### Interest rate risk (continued)

##### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of comprehensive income. Therefore, a change in interest rate at the reporting date would not affect profit.

##### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

Effect in AED'000	Profit or loss	
	100 bp increase	100 bp decrease
31 December 2011	470	470
31 December 2010	-	-

#### (c) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting of agreements:

	Carrying amount	Contractual cash flows	Within one year	1-2 years	2-5 years
	AED'000	AED'000	AED'000	AED'000	AED'000
<b>At 31 December 2011</b>					
Trade and other payables	224,010	224,010	224,010	-	-
Due to related parties	10,627	10,627	10,627	-	-
Long term bank loans	470,000	522,000	118,000	118,000	286,000
	<u>704,637</u>	<u>756,637</u>	<u>352,637</u>	<u>118,000</u>	<u>286,000</u>
<b>At 31 December 2010</b>					
Trade and other payables	230,555	230,555	230,555	-	-
Due to related parties	242,538	242,538	242,538	-	-
	<u>473,093</u>	<u>473,093</u>	<u>473,093</u>	<u>-</u>	<u>-</u>

# Dubai Investments Park Development Company LLC

Notes *(continued)*

## 24. Financial instruments *(continued)*

### (d) Fair values versus carrying amounts

The fair value of the Company's financial assets and financial liabilities approximates their carrying value.

## 25. Use of estimates and judgments

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the future years mainly comprise the following:

### (a) Impairment losses on receivables

The company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade and rent receivables and due from related parties. In determining whether impairment losses should be reported in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

### (b) Valuation of investment properties

The Company fair values investment properties. An external, independent valuation company having the appropriate recognised professional qualification values the properties regularly (refer note 10). Should the significant assumption change, the fair value of investment properties would significantly impact the statement of comprehensive income and statement of financial position of the Company in the future.



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