

## IMPORTANT NOTICE

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

**IMPORTANT:** You must read the following disclaimer before continuing. The following disclaimer applies to the base prospectus attached to this electronic transmission and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached base prospectus (the “**Base Prospectus**”). In accessing the attached Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from RAK Capital (the “**Issuer**”) or the RAK Government (as defined below) as a result of such access.

**Restrictions:** NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITIES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S).

THE ATTACHED BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE ARRANGER (AS DEFINED BELOW) AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

UNDER NO CIRCUMSTANCES SHALL THE ATTACHED BASE PROSPECTUS 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.

THE ATTACHED BASE PROSPECTUS IS NOT BEING DISTRIBUTED TO, AND MUST NOT BE PASSED ON TO, THE GENERAL PUBLIC IN THE UNITED KINGDOM. RATHER, THE COMMUNICATION OF THE ATTACHED BASE PROSPECTUS AS A FINANCIAL PROMOTION IS ONLY BEING MADE TO THOSE PERSONS FALLING WITHIN ARTICLE 12, ARTICLE 19(5) OR ARTICLE 49 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, OR TO OTHER PERSONS TO WHOM THE ATTACHED BASE PROSPECTUS 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:** By accessing the attached Base Prospectus you confirm to Citigroup Global Markets Limited as arranger (the “**Arranger**”), Al Hilal Bank PJSC, Citigroup Global Markets Limited, J.P. Morgan Securities plc and National Bank of Abu Dhabi P.J.S.C. as dealers (together, the “**Dealers**”) and the Issuer that: (i) you understand and agree to the terms set out herein; (ii) you are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of any U.S. person, and that you are not in the United States, its territories and possessions; (iii) you consent to delivery by electronic transmission; (iv) you will not transmit the attached Base Prospectus (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 Arranger and the Dealers; and (v) you acknowledge that you will make your own assessment regarding any credit, investment, legal, taxation or other economic considerations with respect to your decision to subscribe or purchase any of the Certificates.

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

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

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

Under no circumstances shall the attached Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached document who intend to subscribe for or purchase the Certificates are reminded that any subscription or purchase may only be made on the basis of the information contained in the attached Base Prospectus as supplemented by the applicable Final Terms and/or supplement(s) to the attached Base Prospectus (if any).

The attached Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arranger, the Dealers, the Issuer, the Government of Ras Al Khaimah acting through the Investment & Development Office (the “**RAK Government**”) nor any person who controls or is a director, officer, employee or agent of the Arranger, the Dealers, the Issuer, the RAK Government nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the attached Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Arranger or the Dealers.

The distribution of the attached Base Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by the Arranger, the Dealers, the Issuer and the RAK Government to inform themselves about, and to observe, any such restrictions.

## BASE PROSPECTUS



# RAK CAPITAL

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

## U.S.\$2,000,000,000 Trust Certificate Issuance Programme

Under the trust certificate issuance programme described in this Base Prospectus (the “Programme”), RAK Capital (in its capacity as issuer, the “Issuer” and, in its capacity as trustee, the “Trustee”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue trust certificates (the “Certificates”) in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement described herein), subject to increase as described herein.

Certificates may be issued on a continuing basis to one or more of the Dealers specified under “Overview of the Programme” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a “Dealer” and together the “Dealers”), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the “relevant Dealer(s)” shall, in the case of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe to such Certificates.

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

Each Series (as defined herein) of Certificates issued under the Programme will be constituted by: (i) a master trust deed (the “Master Trust Deed”) dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 entered into between the Issuer, the Trustee, the Government of Ras Al Khaimah acting through the Investment & Development Office (the “RAK Government”) and Deutsche Trustee Company Limited as delegate of the Trustee (in such capacity, the “Delegate” which expression shall include any co-Delegate or any successor); and (ii) a supplemental trust deed (the “Supplemental Trust Deed” and, together with the Master Trust Deed, each a “Trust Deed”) in relation to the relevant Series. Certificates of each Series confer on the holders of the Certificates from time to time (the “Certificateholders”) the right to receive certain payments (as more particularly described herein) arising from a *pro rata* ownership interest in the assets of a trust declared by the Trustee in relation to the relevant Series (the “Trust”) over, *inter alia*, certain lease assets (as defined in the master lease agreement (the “Master Lease Agreement”) entered into between the Trustee and the RAK Government dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015).

**Each of the Issuer and the RAK Government is an “Exempt Offeror” for the purposes of Article 13(1) of the Markets Law, Dubai International Financial Centre Law No. 1 of 2012, as amended (the “Markets Law 2012”) of the Dubai Financial Services Authority (the “DFSA”). Accordingly, this Base Prospectus has not been approved by the DFSA for the purposes of Articles 14 and 15 of the Markets Law 2012.**

Application has been made for Certificates issued under the Programme to be admitted to the official list of securities maintained by the DFSA (the “Official List”) and to be admitted to trading on NASDAQ Dubai (“NASDAQ Dubai”). Any Certificates admitted to trading on NASDAQ Dubai will be cleared and settled through Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”).

References in this Base Prospectus to Certificates being “listed” (and all related references) shall mean that such Certificates have been admitted to the Official List and to trading on NASDAQ Dubai or have been listed and/or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer(s) in relation to each Series.

Notice of the aggregate face amount of Certificates and any other terms and conditions not contained herein which are applicable to each Series will be set out in a final terms document (the “Final Terms”) which, with respect to Certificates to be listed on the Official List and to be admitted to trading on NASDAQ Dubai, will be delivered to the DFSA and to NASDAQ Dubai on or around the issue date of such Series.

The Programme provides that Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the RAK Government and the relevant Dealer(s). The Issuer may also issue unlisted Certificates and/or Certificates not admitted to trading on any market.

The RAK Government has been assigned long term ratings of A by Fitch Ratings Limited (“Fitch”) and A by Standard & Poor’s Credit Market Services Europe Limited (“S&P”), each with a stable outlook. The Programme has been assigned ratings of A (stable outlook) by Fitch and A (stable outlook) by S&P. The United Arab Emirates (the “UAE”) has been assigned a credit rating of Aa2 with a stable outlook by Moody’s Investors Service Singapore Pte. Ltd.

Moody’s Investors Service Singapore Pte. Ltd. is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The rating has been endorsed by Moody’s Investors Service Ltd (“Moody’s”) in accordance with the CRA Regulation. Each of Fitch, Moody’s and S&P is established in the European Union and is registered under the CRA Regulation. As such, each of Fitch, Moody’s and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. Where an issue of Certificates is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Certificates issued under the Programme may be rated or unrated. When a Series of Certificates is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The Certificates have not been nor will be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) nor with any securities regulatory authority of any state or other jurisdiction of the United States and the Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (“Regulation S”)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, Certificates may be offered or sold solely to persons who are not U.S. Persons (as defined in Regulation S) outside the United States in reliance on Regulation S. 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.

The Issuer and the RAK Government may agree with any Dealer that Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Certificates herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

*Arranger and Global Coordinator*

**CITIGROUP**

*Dealers*

**Al Hilal BANK PJSC**

**CITIGROUP**

**J.P. Morgan**

**National Bank of Abu Dhabi  
P.J.S.C.**

## IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of giving information with regard to the Issuer, the RAK Government and the Certificates which, according to the particular nature of the Issuer, the RAK Government and of 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 Issuer and the political or economic condition or general affairs of the RAK Government.

Each of the Issuer and the RAK Government accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of the Issuer and the RAK Government (each having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The DFSA does not accept any responsibility for the content of the information contained in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Issuer and the RAK Government. The DFSA has also not assessed the suitability of the Certificates to which this Base Prospectus relates to any particular investor or type of investor and has not determined whether they are *Shari'a* compliant. If you do not understand the contents of this Base Prospectus or are unsure whether the Certificates to which this Base Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Series (as defined herein) of Certificates, should be read and construed together with the applicable Final Terms.

Copies of the applicable Final Terms will be available from the registered office of the Issuer and the specified office of the Principal Paying Agent (as defined below) save that, if the relevant Certificates are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Article 5.4 of 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 of the European Economic Area) (the “**Prospectus Directive**”), the applicable Final Terms will only be obtainable by a Certificateholder holding one or more Certificates and such Certificateholder must produce evidence satisfactory to the Issuer or, as the case may be, the Principal Paying Agent as to its holding of such Certificates and identity.

Certain information under the headings “*Risk Factors*”, “*Description of The Emirate of Ras Al Khaimah*” and “*The Economy of Ras Al Khaimah*”, “*Balance of Payments and Foreign Trade*”, “*Monetary and Financial System*”, “*Public Finance*” and “*Indebtedness*” has been extracted from information provided by: (i) the RAK Statistical Yearbook for the years 2006 – 2014; (ii) the Investment & Development Office; (iii) the NBS (as defined herein); (iv) the Ministry of Economy and Planning; (v) the UAE Central Bank; and (vi) the Ras Al Khaimah Department of Customs and Ports and, in each case, the relevant source of such information is specified where it appears under those headings.

Each of the Issuer and the RAK Government confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised by the Issuer or the RAK Government to give any information or to make any representation not contained in or not consistent with this Base Prospectus in connection with the Programme or the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the RAK Government, the Arranger, the Dealers, the Delegate, the Agents (each as defined herein) or any other person. Neither the delivery of this document nor any sale of any Certificates shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Delegate, the Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the RAK Government at any

point, including during the life of the Programme, or to advise any investor in the Certificates of any information coming to their attention.

None of the Arranger, the Dealers, the Delegate or the Agents has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or any other information provided by the RAK Government in connection with the Programme or any Certificates.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Certificates is: (i) intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, the RAK Government, the Arranger, the Dealers, the Delegate or the Agents that any recipient of this Base Prospectus 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 Issuer and the RAK Government.

None of the Arranger, the Dealers, the Delegate or the Agents accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer and the RAK Government in connection with the Programme or any Certificates.

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

**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.**

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. None of the Issuer, the RAK Government, the Arranger, the Dealers, the Delegate or the Agents represents that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the RAK Government, the Arranger, the Dealers, the Delegate or the Agents which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any Final Terms or 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 Base Prospectus, any Final Terms or any Certificates may come must inform themselves about, and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Certificates. In particular, there are restrictions on the distribution of this Base Prospectus, any Final Terms and the offer or sale of Certificates in the United States of America, the European Economic Area (including the United Kingdom), Malaysia, the Cayman Islands, Hong Kong, Singapore, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (excluding the Qatar Financial Centre), the Qatar Financial Centre and the State of Kuwait. See “*Subscription and Sale*”.

This Base Prospectus has been prepared on the basis that any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Certificates. Accordingly any person making or intending to make an offer in that Relevant Member State of Certificates which are the subject of an offering contemplated in this Base Prospectus as supplemented by applicable Final Terms in relation to the offer of those Certificates may only do so in circumstances in which no obligation arises for the Issuer, the RAK Government,

the Arranger or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the RAK Government, the Arranger or any Dealer has authorised, nor do they authorise, the making of any offer of Certificates in circumstances in which an obligation arises for the Issuer, the RAK Government, the Arranger or any Dealer to publish or supplement a prospectus for such offer.

## **STABILISATION**

**IN CONNECTION WITH THE ISSUE OF ANY SERIES, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISING MANAGER(S) (OR ANY PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE SUBSCRIPTION AGREEMENT 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. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF ANY 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 OF THE CERTIFICATES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE CERTIFICATES. ANY STABILISATION ACTION SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

### **Suitability of investments**

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

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

The investment activities of certain investors are subject to legal investment laws and regulations, or the review of such laws and regulations by certain governmental or regulatory authorities. Each potential investor should consult its legal and tax advisers to determine whether and to what extent: (a) the Certificates are legal investments for it; (b) the Certificates can be used as collateral for various types of borrowing; and (c) other restrictions apply to any purchase or pledge of Certificates by the investor. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules and regulations. In addition, potential investors should consult their own tax advisers on how the rules relating to FATCA (as defined herein) may apply to payments they receive under the Certificates.

Some Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Certificates will perform under changing conditions, the

resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

## PRESENTATION OF INFORMATION

### Certain Defined Terms

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Certificates*" or "*Final Terms*". In addition, all references in this Base Prospectus to the "UAE" are to the federation of the United Arab Emirates; all references to a "Member State" herein are references to a Member State of the European Economic Area; and all references to "Ras Al Khaimah" or "the Emirate" are to the Emirate of Ras Al Khaimah; and all references to an "emirate" are to an emirate of the UAE.

### Certain Conventions

Certain figures and percentages included in this Base 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.

All references in this Base Prospectus to "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars being the legal currency for the time being of the United States of America; all references to "EUR", "euro" and "€" are to the currency introduced at the start of the third stage of the Treaty on the Functioning of the European Union, as amended; all references to "£" and "Sterling" refer to United Kingdom pounds being the legal currency for the time being of the United Kingdom; and all references to "dirham" and "AED" refer to UAE dirham being the legal currency for the time being of the UAE. The dirham has been pegged to the U.S. dollar since 22 November 1980. The midpoint between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00.

## PRESENTATION OF STATISTICAL INFORMATION

The statistical information in this Base Prospectus has been derived from a number of different identified sources. Certain information (for example information relating to the balance of payments and information under the heading "*Monetary and Financial System*") is only available on a federal basis relating to the entire UAE and investors should note that Ras Al Khaimah's own position may differ in material respects from the position at an overall federal level. All statistical information provided in this Base Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. Statistical information provided in respect of a certain year may be changed retrospectively in subsequent years when more recent statistical information is published. In addition, no data is released by the UAE on external debt and accordingly only International Monetary Fund ("IMF") estimates of the UAE external debt are set out in this Base Prospectus. See "*Indebtedness*".

## PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Annual information presented in this Base Prospectus is based upon the calendar year (which is the fiscal year for the UAE and the Emirate of Ras Al Khaimah), unless otherwise indicated. Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Government of Ras Al Khaimah, including the RAK Statistical Yearbook for the years 2006 to 2014 and the Investment & Development Office. Some statistical information has also been derived from information made publicly available by third parties such as the UAE NBS (as defined herein) and the UAE Central Bank. Where such third party information has been so sourced, the source is stated where it appears in this Base Prospectus. The RAK Government confirms that it has accurately reproduced such information and that, so far as it

is aware and is able to ascertain from information published by third parties, it has omitted no facts which would render the reproduced information inaccurate or misleading.

Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that the RAK Government and/or its agencies believe to be based on reasonable assumptions. The RAK Government's official financial and economic statistics are subject to internal review as part of a regular confirmation process. Investors should note that certain financial and economic information set out in this Base Prospectus are subject to revision and change.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be "forward-looking statements". Forward-looking statements include statements concerning the RAK Government's plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. When used in this Base Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*" and "*The Economy of Ras Al Khaimah*" and other sections of this Base Prospectus.

Although the RAK Government believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise, including those identified below or which the RAK Government has otherwise identified in this Base Prospectus, or if any of the RAK Government's underlying assumptions prove to be incomplete or inaccurate, the financial, political or economic condition of Ras Al Khaimah may vary from that expected, estimated or predicted. Investors are therefore strongly advised to read the sections "*Risk Factors*", "*Description of The Emirate of Ras Al Khaimah*" and "*The Economy of Ras Al Khaimah*", which include a more detailed description of the factors that might have an impact on the financial, political or economic condition of Ras Al Khaimah.

These forward-looking statements speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws, the RAK Government expressly disclaims any obligation or undertaking to disseminate after the date of this Base 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.

## NOTICE TO UK RESIDENTS

Any Certificates to be issued under the Programme constitute "alternative finance investment bonds" within the meaning of Article 77A of the Financial Markets and Services Act 2000 (the "FSMA") as amended by the Financial Services and Markets Act 2000. Accordingly, this Base 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 Base Prospectus, any applicable Final Terms and any other marketing materials relating to any Certificates to be issued under the Programme: (A) if effected by a person who is not an authorised person under the FSMA, 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 (*High net worth companies, unincorporated associates, etc.*) of the Financial Promotion Order; and (B) if effected by a person who is an authorised person under the FSMA, is being addressed to, or directed at, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22 (*High*

*net worth companies, unincorporated associations, etc.)* of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any applicable Final Terms or any other marketing materials in relation to any Certificates.

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

Any individual intending to invest in any investment described in this Base Prospectus 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 whether directly or indirectly may be made to any member of the public of the Cayman Islands to subscribe for any Certificates to be issued under the Programme and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any such Certificates.

## **NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA**

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the “**Capital Market Authority**”).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Certificates issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

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

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (“**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 Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (Decree Law No. 64 of 2006). This Base 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 Base 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 the Base Prospectus or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base 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 Base Prospectus.

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

Any Certificates to be issued under the Programme will not be offered, sold or delivered, at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by or registered with the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority. The Certificates are not and will not be traded on the Qatar Exchange.

## **NOTICE TO RESIDENTS OF MALAYSIA**

Any Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase any such Certificates in Malaysia may be made, directly or indirectly, and this Base 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) and Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia (“**CMSA**”).

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

**GEOGRAPHIC LOCATION OF RAS AL KHAIMAH**



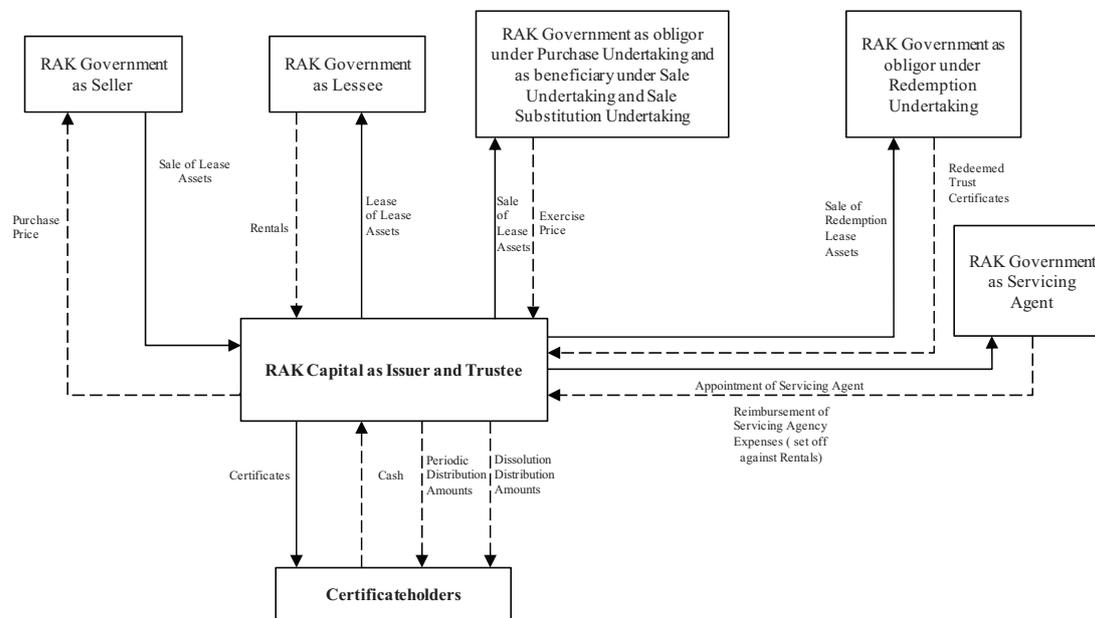
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## STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each issue of Certificates. Potential investors are referred to “Terms and Conditions of the Certificates” and the “Description of the Principal Transaction Documents” set out elsewhere in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

### Structure Diagram



### Principal Cash Flows

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

On each Issue Date, the Certificateholders will pay the Issue Price in respect of each Series of Certificates to the Issuer in its capacity as Trustee and the Trustee will pay such amount to the RAK Government or to its order as the Purchase Price payable under the Master Purchase Agreement (as supplemented by the applicable Supplemental Purchase Contract) for the “Lease Assets” identified in, and pursuant to, the Supplemental Purchase Contract.

Pursuant to the Master Trust Deed and, in respect of each Series of Certificates, a Supplemental Trust Deed, the Issuer in its capacity as Trustee will hold, *inter alia*, the Lease Assets acquired using the proceeds of the issue of the Certificates and the Trustee’s rights under the Transaction Documents to which the Trustee is a party (other than certain excluded rights), on trust absolutely for the Certificateholders *pro rata* according to the aggregate face amount of the Certificates held by each Certificateholder. Under the Master Trust Deed, the Trustee will unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise certain of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by the Master Trust Deed including, upon the occurrence of a Potential Dissolution Event or a Dissolution Event all the functions of the Trustee set out in the Master Trust Deed, other than the holding of the Trust Assets.

#### *Periodic Payments by the Trustee*

Pursuant to the Master Lease Agreement (as supplemented by the applicable Supplemental Lease Contract), the Trustee (as Lessor) will lease the Lease Assets of the applicable Series to the RAK Government (as Lessee) for a Lease Term commencing on the Lease Commencement Date and terminating on the Lease End Date.

During the relevant Lease Term and on or prior to each Rental Payment Date, the RAK Government (as Lessee) will pay to the Trustee (as Lessor) an amount reflecting the rental due in respect of the Lease Assets of the applicable Series, which is intended to be sufficient to fund the

Periodic Distribution Amounts payable by the Trustee under the applicable Series of Certificates and is required to be applied by the Trustee for that purpose.

***Dissolution Payment by the RAK Government***

On the Maturity Date, the Trustee will have the right under the Purchase Undertaking, by delivery of an Exercise Notice to the RAK Government, to require the RAK Government to purchase and accept the transfer and conveyance of all of its interests, rights, benefits and entitlements in and to the Lease Assets of the applicable Series. The Exercise Price payable by the RAK Government to the Trustee for such purpose is intended to fund the Dissolution Distribution Amount payable by the Trustee under the applicable Series of Certificates.

The Certificates may, in accordance with the Conditions, be redeemed prior to the Maturity Date by reason of redemption where a Dissolution Event (as defined in Condition 13 (*Dissolution Events*)) has occurred and is continuing. In such case, the amounts payable by the Trustee on the Dissolution Date will be required to be funded by the RAK Government by purchasing the Trustee's interest, rights, benefits and entitlements in and to the Lease Assets of the applicable Series and paying the Exercise Price to the Trustee pursuant to the terms of the Purchase Undertaking.

The Certificates may also, in accordance with the Conditions, be redeemed prior to the Maturity Date by reason of redemption where: (i) a Tax Event (as defined in Condition 10.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*)) has occurred; or (ii) the Optional Dissolution (Call) is specified in the applicable Final Terms as being applicable. In such case, the amounts payable by the Trustee on either: (i) the Tax Redemption Date; or (ii) the Optional Dissolution Date (as applicable) will be required to be funded by the RAK Government by purchasing the Trustee's interest, rights, benefits and entitlements in and to the Lease Assets of the applicable Series and paying the Exercise Price to the Trustee pursuant to the terms of the Sale Undertaking.

***Cancellation of Certificates held by the RAK Government***

In accordance with Condition 14 (*Purchase and Cancellation of Certificates*), the RAK Government may at any time purchase Certificates at any price in the open market or otherwise.

Where the RAK Government has purchased Certificates and wishes to cancel those Certificates (the "**Redeemed Trust Certificates**"), the RAK Government may, provided no Total Loss Event has occurred, deliver a cancellation notice (the "**Cancellation Notice**") to the Trustee (copied to the Principal Paying Agent and the Delegate) requiring the Trustee to serve a redemption notice (the "**Redemption Notice**") to the RAK Government (copied to the Delegate) pursuant to the Redemption Undertaking. Following delivery of the Cancellation Notice and the Redemption Notice, the RAK Government will be required to purchase, and the Trustee will be required to sell, a proportionate interest in the Lease Assets of the applicable Series with a value equal to the aggregate face amount of such Redeemed Trust Certificates (the "**Redemption Lease Assets**").

In consideration for the purchase of the Redemption Lease Assets, the RAK Government will surrender the Redeemed Trust Certificates to the Trustee and the Trustee shall cancel the Redeemed Trust Certificates in accordance with the terms of the Master Trust Deed, the Redemption Undertaking and the Conditions. The Redemption Lease Assets shall be selected by the RAK Government (in its sole and absolute discretion) **provided always that** the remaining Lease Assets shall be at least equal in value to the aggregate face amount of Certificates outstanding following any cancellation of the Redeemed Trust Certificates.

## RISK FACTORS

*The purchase of 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 Base Prospectus.*

*Each of the Issuer and the RAK Government believes that the factors described below represent the principal risks inherent in investing in the Certificates and may affect the RAK Government's ability to perform its obligations under the Transaction Documents. However, the inability of the Issuer to pay any amounts on or in connection with any Certificate and the inability of the RAK Government to perform its obligations under the Transaction Documents may occur for other reasons and none of the Issuer and the RAK Government 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 Issuer or the RAK Government or which the Issuer or the RAK Government currently deems immaterial, that may impact any investment in the Certificates.*

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

### **Risk factors relating to the Issuer**

The Issuer is an exempted limited company incorporated under the Companies Law (as amended) in the Cayman Islands on 17 April 2008. The Issuer does not engage in any business activity other than the issuance of Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity of Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents. Because the Issuer is a Cayman Islands company, it may not be possible for Certificateholders to effect service of process outside the Cayman Islands.

The Issuer's only material assets, which will be held on trust for Certificateholders in its capacity as Trustee, will be the Trust Assets relating to each Series of Certificates, including the obligation of the RAK Government to make payments under the Lease Agreement for each Series and the Purchase Undertaking if and when exercised by the Issuer, to the Issuer.

The ability of the Issuer to pay amounts due on the Certificates will primarily be dependent upon receipt by the Issuer from the RAK Government of all amounts due under the Lease Agreement and the Purchase Undertaking if and when exercised by the Issuer (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents in the event that the RAK Government does not fully perform its obligations thereunder).

### **Risks relating to Ras Al Khaimah and the United Arab Emirates**

#### ***Current Regional Political Instability***

Although Ras Al Khaimah (and the UAE) enjoys domestic political stability and generally good international relations, there is a risk that regional geopolitical instability could impact the country. Since 2011 there has been significant political and social unrest in a number of countries in the Middle East and North Africa ("MENA") region, ranging from violent public demonstrations, in countries such as Algeria, Bahrain, Egypt and Tunisia, to armed conflict and even civil war, in countries such as Iraq, Libya and Syria as well as the Palestinian Territories. The situation has caused significant disruption to the economies of affected countries and has had a destabilising effect on international oil and gas prices. Continued instability affecting the countries in the MENA region could adversely impact the UAE, although to date there has been no significant impact on the UAE or Ras Al Khaimah.

Other potential sources of instability in the region include a worsening of the situation in Iraq, an impairment of the current unstable relations between the United States and either or both of Syria and Iran or an escalation in the Israeli-Palestinian conflict. Such a deterioration in relations, and possible escalation of tensions between the United States, certain other governments and Iran and/or Syria, in particular, should it materialise, could adversely impact Ras Al Khaimah, the UAE and broader regional security, potentially including the outbreak of a regional conflict.

Further, there is a risk that regional militant groups could begin to target foreign nationals or businesses, or government officials, in Ras Al Khaimah and the UAE in particular.

The presence of such risks could have an adverse impact on the countries in the MENA region and could adversely impact the UAE and Ras Al Khaimah.

### ***General political and economic issues***

Ras Al Khaimah is not a large oil producer (with the oil and gas sector accounting for 5.5 per cent. of Ras Al Khaimah's Gross Domestic Product ("GDP") in 2013, according to estimates from the Investment and Development Office (the "IDO")) and it enjoys a relatively diverse economy. Oil prices have fluctuated considerably from the lows of around U.S.\$40 per barrel witnessed in February 2009, to above U.S.\$108 per barrel in December 2012, only to drop sharply again in the fourth quarter of 2014. As at 13 March 2015, the average price of the Organisation of Petroleum Exporting Countries ("OPEC") Reference Basket for the year to that date was U.S.\$51.66 per barrel. Oil prices remain volatile and have the potential to adversely affect the economy of the Gulf Co-operation Council ("GCC") countries in the future which could in turn adversely affect the economy of Ras Al Khaimah. Additionally, any significant drop in international oil prices may have a negative impact on the Federal Government's spending, which is consequently likely to affect Ras Al Khaimah's economy indirectly through its impact on the trade, construction, real estate, tourism and banking sectors in particular.

The manufacturing sector in Ras Al Khaimah accounted for 25.1 per cent of its overall GDP in 2013. A material part of the exports generated by this sector support the construction industry. In addition, the RAK Government largely derives its fiscal revenues from dividends from its investments and other transfers from government related entities. A material portion of the RAK Government's fiscal revenues in 2013 were generated from activities and investments in quarrying and export activities. Consequently the overall economy in Ras Al Khaimah is exposed to potential downturns in the level of construction throughout the GCC.

Ras Al Khaimah has made efforts in recent years to increase volumes of foreign investment and tourism. Its economy is also dependent, to a large extent, on expatriate labour. These factors make it potentially more vulnerable should there be a deterioration in local political stability for any reason, if it were to lead the RAK Government to tighten controls on the flow of labour or capital and if it were to make Ras Al Khaimah a less attractive destination for businesses and individuals.

While macroeconomic indicators have significantly improved since the 2008 global financial crisis and Ras Al Khaimah's economy has shown a marked improvement since 2010, there can be no assurance that the economic performance of Ras Al Khaimah or the UAE can or will be sustained in the future. To the extent that economic growth or performance in Ras Al Khaimah and/or the UAE slows or begins to decline, this could have an adverse effect on Ras Al Khaimah (see "*The Economy of Ras Al Khaimah*" for further information).

### ***Ras Al Khaimah's economy may be adversely affected by limitations in its monetary policy***

The RAK Government is not responsible for monetary policy, which is the responsibility of the Federal Government. Limited monetary policy control prevents the RAK Government from responding to macroeconomic conditions, which may affect Government spending and liquidity within Ras Al Khaimah; changing macroeconomic conditions are likely to affect Ras Al Khaimah's economy indirectly through their impact on the trade, construction, real estate and banking sectors, given, in particular, the openness of Ras Al Khaimah's economy, which does not have any capital or exchange controls. The inability of the RAK Government to respond or react to such conditions through monetary policy may have a long-term negative impact on its economy as a whole.

### ***Statistical information***

The statistical information in this Base Prospectus has been derived from a number of different identified sources. Certain information (for example information relating to the balance of payments and information under the heading "*Monetary and Financial System*") is only available for the UAE as a whole from the Federal Government, and potential investors should note that Ras Al Khaimah's position may differ in material respects from the position at an overall UAE level. All statistical information provided in this Base Prospectus may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times (see "*Presentation of Statistical Information*").

***Statistical information provided in respect of a certain year may be changed retrospectively in subsequent years when more recent statistical information is published***

The GDP numbers for individual emirates within the UAE cannot be prepared until the GDP numbers for the UAE as a whole are finalised and, accordingly, the GDP numbers for Ras Al Khaimah set out in this Base Prospectus may not be as recent as GDP numbers produced by other sovereign issuers as at the date of this Base Prospectus.

In addition, the data on non-trade flows into and out of the UAE set out in this Base Prospectus under “*Balance of Payments and Foreign Trade*” is not complete and is subject to revision, reflecting, in part, weaknesses of the central statistical bodies, and in part, the operation of the large free zones which operate within the UAE. In addition, no data is released by the UAE on external debt and accordingly only IMF estimates of the UAE’s external debt are set out in this Base Prospectus.

The IMF, in both its 2006 consultation and 2007 consultation, identified a number of weaknesses in the statistical information prepared in relation to the UAE including with respect to data quality, coverage, frequency, timeliness and inter-sectoral consistency. In its 2013 and 2014 consultations, the IMF acknowledged that the UAE had made progress in improving the quality of its statistical data, but that more progress was still required, and that to do so the UAE would need to maintain its momentum and continue to provide adequate resources to improve the quality of its statistical information. Therefore, these weaknesses may continue to impact the statistical data included in this Base Prospectus.

While public finance data is consistent with the data from the RAK Government’s financial management system, this data is not subject to an external auditor’s opinion.

***The RAK Government’s interests may be different from the interests of Certificateholders***

The interests of the RAK Government may be different from those of the Certificateholders. Decisions made by the RAK Government may be influenced by the need to consider the social benefit of any investment to Ras Al Khaimah and its nationals or other factors. In the absence of any specific investment restrictions, including those aimed at avoiding concentrations in particular countries, regions or industrial sectors or designed to mitigate other potential investment risks, such decisions may prove to be more risky than decisions that might otherwise have been made.

***The RAK Government may be adversely affected if the UAE dirham/U.S. dollar peg were to be removed or adjusted***

The functional and reporting currency of the RAK Government is the UAE dirham. The UAE dirham has been ‘pegged’ at a fixed exchange rate to the U.S. dollar since 22 November 1980. The Federal Government and the Central Bank of the UAE (“**UAE Central Bank**”) have publicly stated that there is no current intention to reassess the dollar peg. However, there can be no assurance that UAE policy, in respect of the UAE dirham / U.S. dollar ‘peg’, will remain unchanged in the future.

The RAK Government is exposed to the potential impact of any alteration to, or abolition of, this foreign exchange ‘peg’. Any such ‘depegging’, particularly if the UAE dirham weakens against the U.S. dollar, could have an adverse effect on Ras Al Khaimah’s financial condition and prospects.

***The RAK Government depends significantly on senior government officials and the departure of any of these individuals could materially affect the RAK Government’s ability to execute its investment strategy***

The RAK Government believes its ability to attract and retain skilled staff is critical to its continued growth and the successful implementation of its investment strategies. If the RAK Government cannot attract and retain suitable personnel, the execution of its investment strategy could be adversely affected.

**Risk Factors relating to the Certificates**

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

There is no assurance that a market for the Certificates of any Series will develop or, if it does develop, that it will continue for the life of such Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of the Certificates may fluctuate and a lack of liquidity, in particular, can have a severe adverse effect on the market value of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates.

An investor in the Certificates must be prepared to hold the Certificates for an indefinite period of time or until their maturity. Application has been made for the listing of the Certificates on the Official List maintained by the DFSA. Application has also been made for the admission of the Certificates to trading on NASDAQ Dubai. There can be no assurance that any such listing or admission to trading will occur on or prior to the date of this Base Prospectus or at all, if it does occur, that it will enhance the liquidity of any Certificates issued under the Programme.

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

The Certificates are not debt obligations of the Issuer. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Issuer in respect of each Series of Certificates is limited to the Trust Assets of that Series and the proceeds of such Trust Assets which are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event or early dissolution pursuant to Conditions 10.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*) or 10.3 (*Capital Distributions of the Trust – Dissolution at the Option of the RAK Government*), the sole rights of each of the Issuer, the Delegate and the Certificateholders of the relevant Series of Certificates will be against the RAK Government to pay the Exercise Price in respect of such Series and to otherwise perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will otherwise have no recourse to any assets of the Delegate, the RAK Government, the relevant Dealer, the Issuer, the Trustee (including its directors and service providers) and the Principal Paying Agent or any affiliate of any of the foregoing entities in respect of any shortfall in the expected amounts due under the relevant Trust Assets. The RAK Government is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Issuer, and the Trustee and the Delegate will have direct recourse against the RAK Government to recover payments due to the Issuer from the RAK Government pursuant to the Transaction Documents. There can be no assurance that the proceeds of the realisation of, or enforcement with respect to, the Trust Assets will be sufficient to make all payments due in respect of the Certificates of the relevant Series. Furthermore, under no circumstances shall any Certificateholder, the Trustee or the Delegate have: (i) any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Purchase Undertaking; or (ii) any other recourse against the Trust Assets, except the right to receive distributions derived from the Trust Assets in accordance with the Conditions, and the sole right of the Trustee, the Delegate and the Certificateholders against the RAK Government shall be to enforce the obligation of the RAK Government to pay the relevant Exercise Price under the Purchase Undertaking and otherwise perform its obligations under the Transaction Documents to which it is a party.

***Considerations relating to the non-recognition of declarations of trust under the laws of the UAE***

UAE law does not recognise the concept of trust or beneficial interests. Accordingly, there is no certainty that the terms of the Master Trust Deed or any Supplemental Trust Deed (each of which is governed by English law) would be enforced by the courts of Ras Al Khaimah. However, the obligations of the Trustee under the Master Trust Deed to act on behalf of the Certificateholders in accordance with their instructions (given in accordance with the terms and conditions of the Certificates) are enforceable as a matter of contract under UAE law. The Trustee is empowered to carry out such instructions of the Certificateholders in relation to the Transaction Documents by reason of being a counterparty to the Transaction Documents and a beneficiary of the Purchase Undertaking and the Sale Substitution Undertaking.

***The Trust may be subject to early dissolution and, in consequence, the Certificates may be redeemed early***

In certain circumstances, the Certificates may be subject to early dissolution. If the Optional Dissolution (Call) is specified as being applicable in the applicable Final Terms, the RAK Government shall: (i) exercise its option under the Sale Undertaking and procure the Trustee to dissolve the Trust and redeem the Certificates (in whole, but not in part) on the relevant Optional Dissolution Date at the relevant Dissolution Distribution Amount as specified in the applicable Final Terms.

In addition, the Certificates may be redeemed prior to their stated maturity if the RAK Government has or will become obliged to provide funding to ensure that the funds available to the Trustee are sufficient to pay the relevant Periodic Distribution Amount or the relevant Dissolution Distribution Amount by reason of Condition 11 (*Taxation*) and such obligation cannot be avoided by the Trustee taking reasonable measures available to it. In such circumstances, the RAK Government has the

option to require the Trustee to dissolve the Trust and redeem the Certificates prior to their scheduled maturity. Early dissolution in either instance may reduce the return that a Certificateholder would have realised had the Certificates been redeemed at maturity.

An early dissolution feature of any Certificate is likely to limit its market value. During any period when the Trustee may elect to redeem Certificates, the market value of those Certificates generally will not rise substantially above the dissolution amount payable. This may also be true prior to any dissolution period. The Trustee may be expected to redeem the Certificates when the RAK Government's cost of financing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

In relation to any issue of Certificates which have denominations consisting of a minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that such Certificates may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination, would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

***No third-party guarantees***

Investors should be aware that no guarantee is or will be given in relation to any issuance of Certificates under the Programme by the shareholders of the Issuer or any other person.

**Risk factors relating to the Lease Assets**

***Risk relating to land underlying the Lease Assets***

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Lease Assets. Only limited representations will be obtained from the RAK Government in respect of the Lease Assets. No steps will be taken to perfect any transfer of an ownership interest in the Lease Assets or otherwise give notice to any lessee, purchaser or obligor in respect thereof.

***Risk related to the sale and lease back of assets by the RAK Government***

Emiri Decree No. 14 of 2008 and Emiri Decree No. 21 of 2010 expressly authorise the RAK Government (acting through the Investment & Development Office) to sell and leaseback assets, including the Lease Assets. However, as a matter of federal law of the UAE, it is uncertain the extent to which public assets owned by the state can be sold into private ownership.

**Risk factors relating to taxation**

***Taxation risks on payments***

Payments made by the RAK Government to the Issuer under the Transaction Documents, by the Issuer in respect of the Certificates, or revenues generated by the Trust Assets and received by the Lessee, could become subject to withholding or deduction for or on account of taxation. The Purchase Undertaking requires the RAK Government to pay additional amounts in the event that any withholding or deduction is required by Ras Al Khaimah or UAE law to be made in respect of

payments made by the RAK Government to the Issuer under those documents. Condition 11 (*Taxation*) provides that the Issuer is required to pay additional amounts in respect of any such withholdings or deductions imposed by the Cayman Islands, Ras Al Khaimah or the UAE in respect of payments made under the Certificates.

In the event that the Issuer fails to gross-up for any such withholding or deduction on payments due in respect of the Certificates to Certificateholders, the RAK Government has, pursuant to the Master Trust Deed, unconditionally and irrevocably undertaken (irrespective of the payment of any fee), as a continuing obligation, to pay to the Issuer (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 11 (*Taxation*) in respect of any withholding or deduction in respect of any tax as set out in that Condition.

If the RAK Government has or will become obliged to provide funding to ensure that the funds available to the Issuer are sufficient to pay the relevant Periodic Distribution Amount or the relevant Dissolution Distribution Amount pursuant to Condition 11 (*Taxation*) and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, then Condition 10.2 (*Capital Distribution of the Trust – Early Dissolution for Tax Reasons*) provides that, in such circumstances, the RAK Government may require the Issuer to dissolve the Trust and redeem the Certificates prior to their scheduled maturity.

### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC (the “**EU Savings Directive**”) 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) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria may instead apply (unless during that period it elects otherwise) a withholding system in relation to such payments deducting tax at a rate of 35.0 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the “**Amending Directive**”). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of “interest payment” to cover income that is equivalent to interest.

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 Issuer, the RAK Government nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Certificate as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive.

### ***Payments made on or with respect to the Certificates may be subject to U.S. withholding tax***

The United States has enacted rules, commonly referred to as “**FATCA**”, that generally impose a new reporting and withholding regime with respect to certain payments made after 31 December 2016 by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the Cayman Islands (the “**IGA**”). Under the IGA, as currently drafted, the Issuer does not expect payments made on or

with respect to the Certificates to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Certificates in the future. Prospective investors should consult their own tax advisers regarding the potential impact of FATCA.

### **Risk factors relating to enforcement**

#### ***Enforcing foreign judgments and arbitration awards in the UAE***

The payments under the Certificates are dependent upon the RAK Government making payments to the Issuer in the manner contemplated under the Transaction Documents. If the RAK Government fails to do so, it may be necessary for an investor to bring an action against the RAK Government to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time consuming.

Under current UAE law, the UAE courts are unlikely to enforce an English court judgment without first re-examining the merits of the claim, to which they may simply apply UAE law; thus ignoring the choice by the parties of English law as the governing law of the transaction. In the unlikely event that the parties' choice was respected, it is important to note that in the UAE, foreign law is required to be established as a question of fact. Therefore, the interpretation of English law by a court in the UAE may not accord with that of an English court. In principle, courts in the UAE may recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or which is contrary to any mandatory law of, or applicable in, the UAE.

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect. In addition, court decisions in the UAE are generally not recorded. These factors create greater judicial uncertainty.

The Certificates, the Agency Agreement, the Costs Undertaking, the Master Trust Deed, the Sale Undertaking, the Sale Substitution Undertaking, the Redemption Undertaking, the Purchase Undertaking, and the Servicing Agency Agreement (each as defined in "*Terms and Conditions of the Certificates*") and the Dealer Agreement (as defined in "*Subscription and Sale*") are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration (the "**LCIA Rules**"), with an arbitral tribunal with its seat in London (or, subject to the exercise of an option to litigate given to certain parties (other than the Issuer) the courts of England and Wales are stated to have jurisdiction to settle any disputes). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that the RAK Government has, or would at the relevant time have, assets in the United Kingdom against which such arbitral award or judgment could be enforced.

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

How the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention), remains largely untested. This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems independent of the federal system, and whose rulings may have no more than persuasive force cross-

border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards under the UAE Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005) (the “**Law of Civil Procedure**”). Article 238 of the Law of Civil Procedure provides that Articles 235 to 237 (which deal with enforcement of foreign judgments, orders and instruments and which contain onerous requirements which must be satisfied before enforcement will be considered by the UAE courts) apply only in the absence of multilateral or bilateral conventions such as the New York Convention. Therefore, there remains a risk that when faced with an action for enforcement of a foreign arbitration award under the New York Convention, the UAE courts might continue to ignore Article 238 of the Law of Civil Procedure and instead apply Articles 235 to 237. If Article 238 is ignored, there is a risk that a foreign arbitration award will be refused enforcement by the UAE courts.

***The RAK Governments’ waiver of immunity may not be effective under UAE law***

UAE law provides that public or private assets owned by the UAE or any of the Emirates may not be confiscated. It is likely that the Lease Assets will fall within the ambit of government assets and as such cannot be attached or executed upon.

Under the Transaction Documents to which it is a party, the RAK Government has waived its rights in relation to sovereign immunity in respect of such Transaction Documents. However, there can be no assurance as to whether such a waiver of immunity from suit, execution or attachment or other legal process by the RAK Government under such Transaction Documents is valid and binding under the laws of Ras Al Khaimah and the applicable federal laws of the UAE.

***Claims for specific enforcement***

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

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

**Additional risks**

***Credit ratings may not reflect all risks***

As at the date of this Base Prospectus the RAK Government’s long term credit rating is A with a “stable outlook” by Fitch and A with a “stable outlook” by S&P. Each of Fitch and S&P is established in the European Union and is registered under the CRA Regulation.

One or more independent credit rating agencies may assign credit ratings to the Certificates. The ratings may not reflect the potential impact of all risks related to the transaction structure, the market, the additional factors discussed above or any other factors that may affect the value of the Certificates. There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant.

Nevertheless, real or anticipated changes in the RAK Government’s credit ratings or the ratings of the Certificates generally will affect the market value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by

non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

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

The Citi Islamic Investment Bank Shariah Advisory Board has issued a fatwa in respect of the Certificates and the related structure and mechanism described in the Transaction Documents and their compliance with *Shari’a* principles. However, a fatwa is only an expression of the view of the relevant *Shari’a* advisory board based on its experience in respect of the subject and is not a binding opinion. There can be no assurance as to the *Shari’a* permissibility of the structure or the issue and the trading of the Certificates and none of the Issuer, the Trustee, the RAK Government, the Delegate, the Arranger or the Dealers makes any representation as to the same. Investors are reminded that, as with any *Shari’a* views, differences in opinion are possible. Investors are advised to obtain their own independent *Shari’a* advice as to whether the structure meets their individual standards of compliance and make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the *Shari’a* permissibility of the structure or the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties to the Transaction Documents would be, if in dispute, either the subject of arbitration under the LCIA Rules with the seat of arbitration in London or court proceedings under English Law and/or the laws of Ras Al Khaimah. In such circumstances, the arbitrator or judge (as applicable) may first apply the relevant law rather than *Shari’a* principles in determining the obligations of the parties.

***Change of law***

The Conditions and certain Transaction Documents are based on English law in effect as at the date of this Base Prospectus. Certain Transaction Documents are governed by Ras Al Khaimah law.

No assurance can be given as to the impact of any possible judicial decision or change to English or Ras Al Khaimah law or administrative practice after the date of this Base Prospectus nor whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or the RAK Government to comply with its obligations under the Transaction Documents to which it is a party.

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

The Conditions 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 Certificateholders who voted in a manner contrary to the majority.

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

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

The Certificates of each Series will be represented on issue by a Global Certificate that will be deposited with a common 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. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in the Global Certificate. While the Certificates of any Series are represented by the Global Certificate, investors will be able to trade

their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

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

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

***Exchange rate risks and exchange controls***

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

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future.

An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the Dissolution Distribution Amount 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 well as the availability of a specified foreign currency at the time of any payment of any Periodic Distribution Amount or Dissolution Amount on a Certificate. As a result, investors may receive a lower Dissolution Distribution Amount than expected, or no Dissolution Distribution Amount. Even if there are no actual exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Series of Certificates, is completed by the applicable Final Terms.*

<b>Issuer</b>	RAK Capital (in such capacity, the “ <b>Issuer</b> ”), a limited liability exempted company incorporated under the laws of the Cayman Islands on 17 April 2008 in accordance with the Companies Law (as amended), and formed and registered in the Cayman Islands with company registration number 208799 with registered office at c/o Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands. The Issuer has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents (as defined below) to which it is a party. RAK Capital shall on each Issue Date issue the Certificates to the Certificateholders.
<b>Trustee</b>	RAK Capital, as trustee for and on behalf of the Certificateholders (in such capacity, the “ <b>Trustee</b> ”). In accordance with a Master Trust Deed, the Trustee shall act as trustee in respect of the Trust Assets for the benefit of the Certificateholders.
<b>Ownership of the Issuer</b>	The authorised share capital of the Issuer is U.S.\$50,000 consisting of 50,000 shares of U.S.\$1.00 each, of which 250 shares are fully paid up and issued. The Issuer’s entire issued share capital is held on trust by Intertrust SPV (Cayman) Limited, with registered office at c/o Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands on trust for charitable purposes.
<b>Administration of the Issuer</b>	The affairs of the Issuer are managed by Intertrust SPV (Cayman) Limited, a licensed trust company in the Cayman Islands (the “ <b>Issuer Administrator</b> ”), who will provide, amongst other things, corporate administrative services, director services and act as share trustee for and on behalf of the Issuer pursuant to the corporate services agreement dated 4 May 2008 made between, <i>inter alios</i> , the Issuer and the Issuer Administrator (the “ <b>Corporate Services Agreement</b> ”).
<b>Seller</b>	The RAK Government (in such capacity, the “ <b>Seller</b> ”) will sell to the Trustee, the Lease Assets (as defined below) pursuant to the Master Purchase Agreement (as defined below) and, in respect of each Series of Certificates, a Supplemental Purchase Contract (as defined below).
<b>Lessee</b>	The RAK Government (in such capacity, the “ <b>Lessee</b> ”). In accordance with the Master Lease Agreement (as defined below) and, in respect of each Series of Certificates, a Supplemental Lease Contract (as defined below), the RAK Government will lease from the Trustee the Lease Assets. A description of the Lease Assets in respect of each Series of Certificates will be scheduled to the relevant Supplemental Lease Contract.
<b>Servicing Agent</b>	The RAK Government (in such capacity, the “ <b>Servicing Agent</b> ”). Under the Master Lease Agreement, the Trustee is responsible for insuring the Lease Assets, paying proprietary and other taxes and performing all major maintenance and structural repairs. The Trustee delegates this responsibility to the Servicing Agent in accordance with the Servicing Agency Agreement (as defined below). Pursuant to the Servicing Agency Agreement, the Servicing Agent will be responsible for performing all major maintenance and structural repairs, paying proprietary and other taxes and, where appropriate, maintaining insurance in respect of the Lease Assets.

<b>Arranger</b>	Citigroup Global Markets Limited.
<b>Dealers</b>	Al Hilal Bank PJSC, Citigroup Global Markets Limited, J.P. Morgan Securities plc and National Bank of Abu Dhabi P.J.S.C.
<b>Delegate</b>	Deutsche Trustee Company Limited (the “ <b>Delegate</b> ”). In accordance with the Master Trust Deed, the Trustee will, <i>inter alia</i> , unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise all of the present and future duties, powers, trusts, authorities and discretions vested in the Trustee by certain provisions in the Master Trust Deed in accordance with the terms of the Master Trust Deed. In addition, pursuant to the Master Trust Deed, certain powers will be vested solely in the Delegate.
<b>Principal Paying Agent, Payment Administrator, Calculation Agent and Replacement Agent</b>	Deutsche Bank AG, London Branch.
<b>Registrar and Transfer Agent</b>	Deutsche Bank Luxembourg S.A.
<b>Issuance in Series</b>	The Certificates will be issued in series (each series of Certificates being a “ <b>Series</b> ”). The specific terms of each Series will be completed in a final terms document (the “ <b>applicable Final Terms</b> ”). Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Initial Programme Amount</b>	Up to U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) aggregate face amount of Certificates outstanding at any one time. The amount of the Programme may be increased in accordance with the terms of the Dealer Agreement.
<b>Currencies</b>	Certificates may be denominated in U.S. dollars, euro, AED or any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Certificates may, subject to such compliance, be made in any currency or currencies other than the currency in which such Certificates are denominated.
<b>Maturities</b>	The Certificates will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the Specified Currency (as defined in the applicable Final Terms).
<b>Issue Price</b>	Certificates may be issued at any price on a fully paid basis, as specified in the applicable Final Terms. The price and amount of Certificates to be issued under the Programme will be determined by the Issuer, the RAK Government and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
<b>Status of the Certificates</b>	Each Certificate will represent an undivided beneficial ownership interest solely in the Trust Assets of the relevant Series, will be a limited recourse obligation of the Issuer and will rank <i>pari passu</i> , without preference or priority, with all other Certificates of the relevant Series issued under the Programme.
<b>Negative Pledge</b>	The Certificates will have the benefit of a negative pledge as described in “ <i>Description of the Principal Transaction Documents – Master Lease Agreement</i> ”.
<b>Cross-Default</b>	The Certificates will have the benefit of a cross-default provision as described in “ <i>Description of the Principal Transaction Documents – Master Lease Agreement</i> ”.

**Periodic Distribution Amounts**

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

**Dissolution on Maturity Date**

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem the Series at the relevant Dissolution Distribution Amount and the Trust in relation to the relevant Series will be dissolved by the Trustee on the relevant Maturity Date specified in the applicable Final Terms for such Series.

**Trust Assets**

Pursuant to the Master Trust Deed, as supplemented by a Supplemental Trust Deed for each Series, the Issuer, in its capacity as Trustee, will declare that it will hold, for each Series, certain assets (the “Trust Assets”) consisting of:

- (a) all rights, title, interest and benefit, present or future, that the Trustee may have in the Lease Assets for that Series;
- (b) all of the Trustee’s rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than any representations given to the Trustee by the RAK Government in the Transaction Documents) which relate to that Series;
- (c) all monies standing to the credit of the Transaction Account for that Series; and
- (d) if the applicable Final Terms for that Series specifies that Condition 10.5 (*Capital Distributions of the Trust – Dissolution following a Total Loss Event*) is applicable, the Insurances (as defined in the Servicing Agency Agreement),

and all proceeds of the foregoing upon trust absolutely for the holders of the Certificates *pro rata* according to the face amount of Certificates held by each holder in accordance with the Master Trust Deed and the Conditions.

**Dissolution Distribution Amount**

Means, in relation to a particular Series of Certificates, the sum of:

- (a) the outstanding face amount of such Series of Certificates;
- (b) any accrued but unpaid Periodic Distribution Amounts for such Series of Certificates; and
- (c) any Servicing Agency Expenses relating to such Series of Certificates in respect of which an appropriate Rental payment has not been made in accordance with the Lease Agreement.

**Early Dissolution of the Trust**

The Trust may only be dissolved prior to the Maturity Date upon:

- (a) the occurrence of a Dissolution Event;
- (b) the exercise of an Optional Dissolution (Call) (if the Optional Dissolution (Call) is specified in the applicable Final Terms as being applicable to the relevant Series);
- (c) the occurrence of a Tax Event (as defined in Condition 10.2 (*Capital Distributions of the Trust – Early Dissolution for Tax Reasons*));
- (d) all of the Certificates of the relevant Series being redeemed upon the occurrence of a Total Loss Event (if Condition 10.5 (*Capital Distributions of the Trust – Dissolution following a Total Loss Event*) is specified in the applicable Final Terms as being applicable to the relevant Series); or
- (e) the exercise of the relevant Redemption Undertaking.

In each case, the Certificates of a Series will be redeemed pursuant to the exercise of the relevant Purchase Undertaking, the relevant Sale Undertaking or the relevant Redemption Undertaking (as applicable) whereupon the RAK Government will purchase and receive from the Trustee the relevant Lease Assets. The Exercise Price payable under the relevant foregoing undertaking will be used to fund the redemption of the Certificates at an amount equal to the Dissolution Distribution Amount.

**Denomination of Certificates**

The Certificates will be issued in such denominations as may be agreed between the Issuer, the RAK Government and the relevant Dealer(s) and as specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. The minimum denomination of each Certificate shall be €100,000 (or, if the Certificates are denominated in a currency other than euro, the equivalent amount in such currency as calculated on the Issue Date of such Certificates).

**Dissolution Events**

The Dissolution Events are described in Condition 13 (*Dissolution Events*). Following the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed in full at an amount equal to the Dissolution Distribution Amount.

**Early Dissolution for Tax Reasons**

Where the Issuer has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 11 (*Taxation*) as a result of any change in Cayman Islands tax law or the RAK Government has or will become obliged to pay any additional amounts pursuant to the terms of the Master Lease Agreement as a result of any change in UAE tax law and such obligation cannot be avoided by the Issuer or the RAK Government, as applicable, taking reasonable measures available to it, the Issuer will, following receipt of an Exercise Notice and payment of the Exercise Price under the relevant Sale Undertaking, redeem the Certificates at an amount equal to the relevant Dissolution Distribution Amount on the relevant exercise date specified in the Exercise Notice.

**Optional Dissolution (Call)**

If Optional Dissolution (Call) is specified as being applicable in the applicable Final Terms, the RAK Government may, in accordance with Condition 10.3 (*Capital Distributions of the Trust – Dissolution at the option of the RAK Government*), require the Trustee to redeem the Certificates of the relevant Series at any time prior to the relevant Maturity Date at an amount equal to the relevant Dissolution Distribution Amount.

**Cancellation of Certificates held by the RAK Government**

In accordance with Condition 14.2 (*Purchase and Cancellation of Certificates – Cancellation of Certificates held by the RAK Government*), the RAK Government may at any time purchase Certificates in the open market or otherwise. If the RAK Government wishes to cancel such Certificates purchased by it (the “**Redeemed Trust Certificates**”), the RAK Government may, in accordance with the terms of the Redemption Undertaking, and following the service of a cancellation notice by the RAK Government to the Trustee and the subsequent service of a redemption notice by the Trustee to the RAK Government, require the Trustee, at any time prior to the relevant Maturity Date, to cancel any Redeemed Trust Certificates surrendered to it by the RAK Government in exchange for the Trustee selling and the RAK Government purchasing a proportionate interest in the Lease Assets of the applicable Series with a value equal to the aggregate face amount of such Redeemed Trust Certificates (the “**Redemption Lease Assets**”).

## **Limited Recourse**

Each Certificate of a particular Series will represent an undivided beneficial ownership interest in the Trust Assets of such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the Trust Assets.

Certificateholders have no recourse to any assets of the Issuer or the Trustee (other than the relevant Trust Assets) or the RAK Government (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) or the Delegate or any Agent or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets to the extent the relevant Trust Assets have been enforced, realised and fully discharged following which all obligations of the Issuer, the Trustee and the RAK Government shall be extinguished.

## **Form and Delivery of the Certificates**

The Certificates will be issued in registered form only.

The Certificates of each Series will be represented on issue by beneficial interests in a global certificate (the “**Global Certificate**”), which will be deposited with, and registered in the name of a nominee for, a common depositary (the “**Common Depositary**”) 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 Euroclear and Clearstream, Luxembourg (as applicable), and their respective participants. Certificates in definitive form evidencing holdings of Certificates (“**Definitive Certificates**”) will be issued in exchange for interests in the relevant Global Certificate only in certain limited circumstances. See “*Form of the Certificates*”.

## **Clearance and Settlement**

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

## **Transaction Account**

The Principal Paying Agent will maintain and operate a transaction account denominated in the Specified Currency into which, among other things, the rental payments in respect of the Lease Assets will be deposited (“**Transaction Account**”). The Transaction Account will be opened in the name of the Issuer. Periodic Distribution Amounts and the Dissolution Distribution Amount in respect of each Series of Certificates will be paid to holders of the relevant Certificates from funds standing to the credit of the Transaction Account in accordance with the order of priority described under “*Priority of Distributions*” below.

## **Priority of Distributions**

On each Periodic Distribution Date or on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the relevant Transaction Account in the following order of priority:

- (a) *first*, 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 appointed in respect of the Trust by the Delegate in accordance with the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed;
- (b) *second*, to the Principal Paying Agent or Payment Administrator for application in or towards payment *pari*

*passu* and rateably of all Periodic Distribution Amounts due but unpaid;

- (c) *third*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount or amount payable following a Total Loss Event (if so specified in the applicable Final Terms), as the case may be;
- (d) *fourth*, only if such payment is made on a Dissolution Date, to the Servicing Agent in or towards payment of all outstanding Servicing Agency Expenses (as defined in the Master Lease Agreement); and
- (e) *fifth*, only if such payment is made on a Dissolution Date, to the Issuer.

### **Withholding Tax**

All payments by the RAK Government under the Transaction Documents to which it is a party are to be made without withholding or deduction for, or on account of any Taxes (as defined in Condition 11 (*Taxation*)) imposed in the UAE (or any political subdivision or any authority thereof or therein having the power to tax) unless the withholding is required by law. In the event that any such deduction is made by the RAK Government as a result of any requirement of law, the RAK Government will be required, pursuant to the relevant Transaction Document, to pay to the Issuer additional amounts so that the Issuer will receive the full amount which otherwise would have been due and payable under the relevant Transaction Document.

All payments by the Issuer in respect of the Certificates shall be made without withholding or deduction for, or on account of, Taxes imposed in the Cayman Islands (or any political subdivision or any authority thereof or therein having the power to tax) unless the withholding is required by law. The RAK Government has agreed in the Transaction Documents that, if the Issuer is required to make any payment under the Certificates after deduction or withholding for: (i) Taxes; or (ii) as otherwise required by applicable law and is required to pay additional amounts in respect thereof, the RAK Government will pay to the Issuer on demand additional amounts to cover the amounts so deducted as would have been paid had no such deduction or withholding been required.

### **Costs Undertaking**

The RAK Government will execute the Costs Undertaking pursuant to which it will agree to reimburse, among others, the Delegate and the Paying Agents, Payment Administrator, Calculation Agent and Transfer Agents for certain expenses incurred by them and will indemnify such parties in respect of certain liabilities incurred by them.

### **Listing and Trading**

Application has been made for each Series of Certificates issued under the Programme to be admitted to listing on the Official List of securities maintained by the DFSA and to be admitted to trading on NASDAQ Dubai. Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the RAK Government and the relevant Dealer(s).

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

### **Certificateholder Meetings**

A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as

such is set out in Condition 18 (*Meetings of Certificateholders, Modification, Waiver, Authorisation and Determination*).

**Tax Considerations**

See “*Taxation*” for a description of certain tax considerations applicable to the Certificates.

**Transaction Documents**

The Master Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Master Lease Agreement, each Supplemental Lease Contract, the Master Purchase Agreement, each Supplemental Purchase Contract, the Servicing Agency Agreement, the Purchase Undertaking, the Sale Substitution Undertaking, the Sale Undertaking, the Redemption Undertaking, any Sale Agreement executed pursuant to an exercise of rights under either the Purchase Undertaking or the Sale Undertaking, any Transfer Agreement executed pursuant to an exercise of rights under either the Redemption Undertaking or the Sale Substitution Undertaking, the Costs Undertaking Deed, the Certificates and any other agreements and documents delivered or executed in connection therewith.

**Governing Law and Jurisdiction**

The Certificates and any non-contractual obligations arising out of or in connection with them shall be governed by English law.

Each of the Master Purchase Agreement, each Supplemental Purchase Contract, the Master Lease Agreement, each Supplemental Lease Contract and each Sale Agreement or Transfer Agreement will be governed by and construed in accordance with, Ras Al Khaimah law and the federal laws of the UAE to the extent applicable in Ras Al Khaimah and subject to the exclusive jurisdiction of the courts of Ras Al Khaimah.

Each of the Purchase Undertaking, the Sale Undertaking, the Sale Substitution Undertaking, the Redemption Undertaking, the Master Trust Deed, any Supplemental Trust Deed, the Agency Agreement, the Dealer Agreement, the Costs Undertaking and the Servicing Agency Agreement and any non-contractual obligations arising out of or in connection with them shall be governed by English law. In respect of any dispute under any such agreement or deed to which it is a party, the RAK Government has consented to arbitration in London under the LCIA Rules. Any dispute may also be referred to the courts in England and Wales (who shall have exclusive jurisdiction to settle any dispute arising from such documents). The RAK Government has agreed to submit to the jurisdiction of the courts of Ras Al Khaimah in respect of any dispute under the Master Purchase Agreement, each Supplemental Purchase Contract, the Master Lease Agreement and each Supplemental Lease Contract (subject to the right of the Trustee and the Delegate to require any dispute to be resolved by any other court of competent jurisdiction).

The Corporate Services Agreement is governed by Cayman Islands law.

**Selling Restrictions**

There are restrictions on the distribution of this Base Prospectus and the offer, sale or transfer of Certificates in the United States of America, the European Economic Area (including the United Kingdom), Malaysia, the Cayman Islands, Hong Kong, Singapore, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar (excluding the Qatar Financial Centre), the Qatar Financial Centre, the State of Kuwait and such other restrictions as may be required in connection with the offering and sale of the Certificates. See “*Subscription and Sale*”.

**Waiver of Immunity**

The RAK Government has acknowledged in the Transaction Documents to which it is a 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 judgement or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, the RAK Government has agreed in the Transaction Documents to which it is a party that it will not claim and has irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

**Ratings**

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

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to the relevant Series of Certificates will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the Terms and Conditions of the Certificates, which (as supplemented by the applicable Final Terms and save for the text set out in italics) will be endorsed on each Certificate in definitive registered form issued under the Programme.*

RAK Capital (in its capacity as issuer, the “**Issuer**” and, in its capacity as trustee, the “**Trustee**”) has established a programme (the “**Programme**”) for the issuance of trust certificates (the “**Certificates**”) in a maximum aggregate face amount of U.S.\$2,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement (as defined below) or such other maximum aggregate face amount as the Issuer may from time to time determine in accordance with the terms of the Programme).

By way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders herein and under the relevant Trust Deed (as defined below), the Trustee will in the Master Trust Deed (as defined below) irrevocably and unconditionally appoint the Delegate to be its attorney and, in its name and on its behalf, act and deed 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 Master Trust Deed) and discretions vested in the Trustee by the Master Trust Deed, that the Delegate may consider to be necessary or desirable in order to perform: (i) with effect from the date of the Master Trust Deed, the functions of the Delegate set out in Clauses 13 (*Amendments*) and 15 (*Application of Moneys*) of the Master Trust Deed; and (ii) upon the occurrence of a Dissolution Event or a Potential Dissolution Event, all functions of the Delegate or Trustee set out in the Master Trust Deed other than the holding of the Trust Assets. Pursuant to the Master Trust Deed, the Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of its powers.

Certificates issued under the Programme are issued in series (each a “**Series**”). The final terms for each Series (or the relevant provisions thereof) are completed in the applicable Final Terms attached to or endorsed on this Certificate which complete these Terms and Conditions (the “**Conditions**”). References to the “**applicable Final Terms**” are to the final terms (or the relevant provisions thereof) attached to or endorsed on each Certificate.

Each Certificate will represent an undivided beneficial ownership interest in the Trust Assets (as described in Condition 5.1 (*Summary of the Trust*)) held on trust by the Trustee (the “**Trust**”) for the holders of such Certificates pursuant to: (i) a master trust deed (the “**Master Trust Deed**”) dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 entered into by the Issuer, the Government of Ras Al Khaimah acting through the Investment & Development Office (the “**RAK Government**”) and Deutsche Trustee Company Limited as the Trustee’s delegate (the “**Delegate**”); and (ii) a supplemental trust deed (the “**Supplemental Trust Deed**” and, together with the Master Trust Deed, the “**Trust Deed**”) in relation to the Series. The Certificates of each Series shall form a separate series of Certificates and these Terms and Conditions shall apply *mutatis mutandis* separately and independently to the Certificates of each Series and, in these Terms and Conditions, the expressions “**Certificates**”, “**Certificateholders**” and related expressions shall be construed accordingly.

In these Conditions, references to “*Certificates*” shall be references to the Certificates (whether in global form as a global certificate (a “**Global Certificate**”) or in individual form as individual certificates (each an “**Individual Certificate**”)) which are the subject of the applicable Final Terms.

Payments relating to the Certificates will be made pursuant to an agency agreement dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Agency Agreement**”) made between, *inter alios*, the Issuer (in its capacity as Issuer and Trustee), the RAK Government and Deutsche Bank AG, London Branch as principal paying agent (in such capacity, the “**Principal Paying Agent**” and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the “**Paying Agents**”), payment administrator (in such capacity, the “**Payment Administrator**”), calculation agent (in such capacity, the “**Calculation Agent**”) and Deutsche Bank Luxembourg S.A. as transfer agent (in such capacity, the “**Transfer Agent**” and, together with the Registrar (as defined below) and any further or other transfer agents appointed from time to time in respect of the Certificates, the “**Transfer Agents**”) and Deutsche Bank Luxembourg S.A. as registrar (in such capacity, the “**Registrar**”), transfer agent and paying agent. The Paying Agents, the Payment Administrator,

Calculation Agent and the Transfer Agents are together referred to in these Conditions as the “**Agents**”. References to the Agents or any of them shall include their successors.

Copies of the documents set out below are available for the time being for inspection and obtainable free of charge during normal business hours at the specified office of the Principal Paying Agent. The Certificateholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the documents set out below:

- (a) a master purchase agreement between, the Trustee and the RAK Government dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Master Purchase Agreement**”);
- (b) any supplemental purchase contract between, the Trustee and the RAK Government (the “**Supplemental Purchase Contract**” and, together with the Master Purchase Agreement, the “**Purchase Agreement**”) relating to the relevant Series;
- (c) a master lease agreement between, the Trustee and the RAK Government dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Master Lease Agreement**”);
- (d) any supplemental lease contract between, the Trustee and the RAK Government (the “**Supplemental Lease Contract**” and together with the Master Lease Agreement, the “**Lease Agreement**”) relating to the relevant Series;
- (e) a servicing agency agreement between, *inter alios*, the Trustee and the RAK Government as servicing agent (the “**Servicing Agent**”) dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Servicing Agency Agreement**”);
- (f) a purchase undertaking deed executed by the RAK Government in favour of the Trustee dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Purchase Undertaking**”), containing the form of sale agreement (a “**Sale Agreement**”) to be entered into by the RAK Government and the Trustee in connection with any Dissolution Date (as defined in Condition 1.1 (*Definitions*));
- (g) a sale undertaking deed executed by the Trustee in favour of the RAK Government on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Sale Undertaking**”) containing the form of sale agreement (a “**Sale Agreement**”) to be entered into by the RAK Government and the Trustee, in connection with a redemption pursuant to Condition 10.2 (*Early Dissolution for Tax Reasons*) or Condition 10.3 (*Dissolution at the Option of the RAK Government*);
- (h) a sale substitution undertaking deed executed by the Trustee in favour of the RAK Government on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Sale Substitution Undertaking**”) containing the form of transfer agreement (a “**Transfer Agreement**”) to be entered into by the Trustee in favour of the RAK Government in connection with any substitution of the Lease Assets;
- (i) a redemption undertaking deed executed by the RAK Government in favour of the Trustee dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Redemption Undertaking**”), containing the form of a transfer agreement (a “**Transfer Agreement**”) to be entered into by the RAK Government and the Trustee in connection with the purchase and cancellation of Certificates pursuant to Condition 14 (*Purchase and Cancellation of Certificates*);
- (j) the Trust Deed;
- (k) the Agency Agreement;
- (l) a costs undertaking deed entered into by the RAK Government and the Issuer, the Trustee, each Service Provider and Issuer Administrator dated 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “**Costs Undertaking**”); and
- (m) the applicable Final Terms in respect of a particular Series of Certificates.

The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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 sums paid by it in respect of its Certificates to purchase the Lease Assets from the RAK Government; and (b) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

## 1. INTERPRETATION

### 1.1 Definitions

Words and expressions defined in the Trust Deed and the Agency Agreement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated. In addition, in these Conditions the following expressions have the following meanings:

“**Additional Business Centre**” has the meaning given to it in the applicable Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the applicable Final Terms;

“**Aggregate Face Amount**” has the meaning given to it in the applicable Final Terms;

“**Business Day**” has the meaning given to it in Condition 8.2 (*Periodic Distribution Amount*);

“**Calculation Agent**” means, in relation to any Series of Certificates, the institution appointed as calculation agent for the purposes of such Certificates and named as such in the applicable Final Terms;

“**Calculation Amount**” has the meaning given to it in the applicable Final Terms;

“**Cancellation Notice**” means a cancellation notice in substantially the form of Schedule 6 (*Form of the Cancellation Notice*) to the Master Trust Deed;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Dissolution Date**” means, as the case may be: (a) the Maturity Date; (b) following the occurrence of a Dissolution Event (as defined in Condition 13 (*Dissolution Events*)), the date on which the Certificates are redeemed in accordance with the provisions of Condition 13 (*Dissolution Events*); (c) the date on which the Certificates are redeemed in accordance with the provisions of Condition 10.2 (*Early Dissolution for Tax Reasons*) or (if Condition 10.5 (*Dissolution following a Total Loss Event*) is specified as applicable in the applicable Final Terms) following the occurrence of a Total Loss Event, the date on which the Certificates are redeemed in accordance with Condition 10.5 (*Dissolution following a Total Loss Event*); or (d) the Optional Dissolution Date in accordance with the provisions of Condition 10.3 (*Dissolution at the Option of the RAK Government*);

“**Dissolution Distribution Amount**” means, in relation to a particular Series of Certificates, the sum of:

- (a) the outstanding face amount of such Series of Certificates;
- (b) any accrued but unpaid Periodic Distribution Amounts for such Series of Certificates; and
- (c) any Servicing Agency Expenses relating to such Series of Certificates in respect of which an appropriate Rental payment has not been made in accordance with the Lease Agreement;

“**Dissolution Event**” has the meaning given to it in Condition 13 (*Dissolution Events*);

“**Exercise Notice**” means (as the context requires) an exercise notice delivered or to be delivered in connection with the Purchase Undertaking, Sale Undertaking or Sale Substitution Undertaking;

“**Extraordinary Resolution**” has the meaning given in Schedule 4 (*Provisions for Meetings of Certificateholders*) to the Master Trust Deed;

“**Issue Date**” has the meaning given to it in the applicable Final Terms;

“**Issuer Administrator**” means Intertrust SPV (Cayman) Limited;

“**Lease Assets**” in relation to a particular Series of Certificates, has the meaning given to such term in the relevant Supplemental Lease Contract;

“**Liability**” means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation in respect of taxes, duties, levies, imposts and other charges) 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 to all of these;

“**Maturity Date**” means, the date specified as such in the applicable Final Terms;

“**Obligor**” means the RAK Government;

“**Optional Dissolution (Call)**” has the meaning given to it in Condition 10.3 (*Dissolution at the Option of the RAK Government*);

“**Optional Dissolution Date**” means, in relation to the occurrence of an Optional Dissolution (Call), the date on which the Certificates of a particular Series are to be redeemed as specified in the Exercise Notice delivered by the RAK Government pursuant to the Sale Undertaking;

“**Paying Agents**” means the Principal Paying Agent and any further or other paying agents appointed from time to time in respect of the Certificates and “**Paying Agent**” means any one of the Paying Agents;

“**Payment Business Day**” means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“**Periodic Distribution Amount**” has the meaning given to it in Condition 7 (*Fixed Periodic Distribution Provisions*) if the Fixed Periodic Distribution Provisions are specified as applicable in the applicable Final Terms, or Condition 8 (*Floating Periodic Distribution Provisions*) if the Floating Periodic Distribution Provisions are specified as applicable in the applicable Final Terms;

“**Periodic Distribution Date**” means, in relation to a particular Series, the dates specified as such in the applicable Final Terms;

“**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;

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency provided, however, that:

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

“**Rate**” means, in relation to a particular Series of Certificates, the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms for such Series and calculated or determined in accordance with these Conditions as completed by the applicable Final Terms;

“**Record Date**” means, in the case of the payment of a Periodic Distribution Amount, the date falling on the day prior (whether or not such day is a business day) to the relevant Periodic Distribution Date and, in the case of the payment of a Dissolution Amount, the date falling

two Payment Business Days before the Maturity Date or any other Dissolution Date, as the case may be, or other due date for payment of the relevant Periodic Distribution Amount or Dissolution Distribution Amount, as the case may be;

“**Redemption Lease Assets**” means those Lease Assets (as the RAK Government may select in its sole and absolute discretion in accordance with the terms of the Redemption Undertaking) specified as such by the RAK Government in the Transfer Agreement entered in to pursuant to the Redemption Undertaking;

“**Redemption Notice**” means a redemption notice in substantially the form of Schedule 1 (*Form of Redemption Notice*) to the Redemption Undertaking;

“**Redeemed Trust Certificates**” has the meaning given to it in Condition 14.2 (*Cancellation of Certificates held by the RAK Government*);

“**Reference Banks**” means the principal London office of each of four major banks engaged in the London inter-bank market selected by or on behalf of the Calculation Agent (in consultation with the RAK Government); once a Reference Bank has first been selected by the Issuer or its duly appointed representative, such Reference Bank shall not be changed unless it ceases to be capable of acting as such;

“**Return Accumulation Commencement Date**” means the Issue Date;

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

“**Service Provider**” means each of the Delegate and the Agents;

“**Shari’a**” means *Shari’a* as interpreted by the Citi Islamic Investment Bank Shariah Advisory Board;

“**Specified Currency**” means the currency specified in the applicable Final Terms;

“**Specified Denomination(s)**” means the denomination specified in the applicable Final Terms;

“**Stock Exchange**” means, in relation to the Certificates, the stock exchange or exchanges (if any) on which the Certificates are for the time being quoted or listed;

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET2) (the “**TARGET System**”) is open;

“**Taxes**” has the meaning given to it in Condition 11 (*Taxation*);

“**Tax Redemption Date**” has the meaning given in Condition 10.2 (*Early Dissolution for Tax Reasons*);

“**Total Loss Event**” has the meaning given to it in Condition 10.5 (*Dissolution following a Total Loss Event*);

“**Transaction Account**” means, in relation to a particular Series of Certificates, the transaction account denominated in the Specified Currency, into which among other things, payments of the Rental (as defined in the Master Lease Agreement) in respect of the Lease Assets will be deposited;

“**Transaction Documents**” means the Trust Deed, the Agency Agreement, the Lease Agreement, the Purchase Agreement, the Servicing Agency Agreement, the Purchase Undertaking, the Sale Substitution Undertaking, the Sale Undertaking, the Redemption Undertaking, any Sale Agreement or Transfer Agreement and the Costs Undertaking Deed;

“**Treaty**” means the Treaty establishing the European Communities, as amended; and

“**Trust Assets**” means the assets, rights and cash described in Condition 5.1 (*Summary of the Trust*).

## **2. FORM, DENOMINATION AND TITLE**

### **2.1 Form and Denomination**

The Certificates are issued in registered form in the Specified Denomination(s). A Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Certificateholders (the “**Register**”) which the Issuer will cause to be kept by the Registrar.

Certificates which are represented by a Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”), as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

## **2.2 Title**

The Issuer will cause the Registrar to maintain the Register in respect of the Certificates in accordance with the provisions of the Agency Agreement. Title to the Certificates passes only by registration in the Register. The registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates represented by the Certificate for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Issuer as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Certificate.

## **3. TRANSFERS OF CERTIFICATES**

### **3.1 Transfers**

Subject to Conditions 3.4 (*Closed Periods*) and 3.5 (*Regulations*) and to the provisions of the Agency Agreement, a Certificate may be transferred whole or in an amount equal to the Specified Denomination(s) or any integral multiple thereof by depositing the Certificate, with the form of transfer on the back duly completed and signed, at the specified office of any of the Transfer Agents.

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

### **3.2 Delivery of New Certificates**

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

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

### **3.3 Formalities Free of Charge**

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

### **3.4 Closed Periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of seven days ending on (and including) the due date for any payment of the Dissolution Distribution Amount or any Periodic Distribution Amount.

### **3.5 Regulations**

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

The holder of Certificates shall be entitled to receive, in accordance with Condition 2.2 (*Title*), only one Certificate in respect of his entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new Certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3.2 (*Delivery of New Certificates*).

## **4. STATUS AND LIMITED RECOURSE**

### **4.1 Status**

Each Certificate evidences an undivided beneficial ownership interest in the Trust Assets, subject to the terms of the Transaction Documents and these Conditions, and is a limited recourse obligation of the Issuer. Each Certificate ranks *pari passu*, without any preference or priority, with the other Certificates.

### **4.2 Limited Recourse**

The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as provided in the next sentence, the Certificates do not represent an interest in or obligation of any of the Issuer, the Trustee, the Delegate, the RAK Government, or any of the Agents or any of their respective affiliates. Accordingly, Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that they will have no recourse to any assets of the Issuer (and/or its directors, officers or shareholders) (other than the Trust Assets) or the RAK Government (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) or the Delegate or the Agents or any of their respective affiliates in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been enforced, realised and fully discharged following which all obligations of the Issuer and the Trustee shall be extinguished.

The RAK Government is obliged to make payments under the relevant Transaction Documents to which it is a party directly to the Issuer and the Delegate. The Delegate will, as delegate of the Trustee for the Certificateholders, have direct recourse against the RAK Government to recover payments due to the Issuer from the RAK Government pursuant to such Transaction Documents.

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. If, following distribution of such proceeds, there remains a shortfall in payments due under the Certificates, subject to Condition 15 (*Enforcement and Exercise of Rights*), no holder of Certificates will have any claim against the Issuer, the Trustee (and/or its directors, officers or shareholders), the RAK Government (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Delegate, the Agents or any of their respective affiliates, or against any assets (other than the Trust Assets) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no holder of Certificates will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Issuer, the Trustee (and/or its directors), the RAK Government (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party), the Agents or any of their respective affiliates as a consequence of such shortfall or otherwise.

### **4.3 Agreement of Certificateholders**

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

- (a) no payment of any amount whatsoever shall be made by any of the Issuer or the Trustee or any of their respective agents on their behalf except to the extent funds are available therefor from the Trust Assets and further agrees that no recourse shall be had for the payment of any amount owing hereunder or under any Transaction Document, whether

for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against any of the Issuer or the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Issuer and the Trustee shall be extinguished; and

- (b) prior to the date which is one year and one day after the date on which all amounts owing by the Issuer under the Transaction Documents to which it is a party have been paid in full, it will not institute against, or join with any other person in instituting against, the Issuer or the Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law.

#### 4.4 Negative Pledge

The Master Lease Agreement provides that so long as any Certificate remains outstanding (as defined in the Master Trust Deed), the RAK Government (to the extent provided in the Lease Agreement) will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without at the same time or prior thereto according to its obligations under the Transaction Documents the same security as is created or subsisting to secure any such Relevant Indebtedness or Relevant Sukuk Obligation, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Master Trust Deed) of the Certificateholders or by the Delegate.

For the purposes of the Master Lease Agreement:

“**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, certificates, 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; and

“**Relevant Sukuk Obligation**” means any undertaking or other obligation to pay any money given in connection with the issue of Certificates, 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.

## 5. TRUST

### 5.1 Summary of the Trust

The Issuer, in its capacity as Trustee for the Certificateholders has entered into the Purchase Agreement. Pursuant to the Purchase Agreement, the RAK Government has transferred to the Trustee the assets described in each schedule to the applicable Supplemental Purchase Contract (the “**Assets**”). The Trustee has leased certain of the Assets (the “**Lease Assets**”) pursuant to the Lease Agreement. Under the Servicing Agency Agreement the Issuer has appointed the RAK Government as Servicing Agent in respect of the Lease Assets.

The RAK Government has entered into the Purchase Undertaking in favour of the Trustee to purchase all of the Trustee’s rights, interests and entitlements in and to the Lease Assets (as defined above) on the Maturity Date or, if earlier, on the due date for dissolution at the Dissolution Distribution Amount.

The Issuer in its capacity as Trustee has executed the Sale Undertaking in favour of the RAK Government. Pursuant to the Sale Undertaking, subject to the Trustee being entitled to redeem the Certificates early pursuant to Condition 10.2 (*Early Dissolution for Tax Reasons*) and Condition 10.3 (*Dissolution at the Option of the RAK Government*), the RAK Government may, by exercising its rights under the Sale Undertaking and serving notice on the Trustee specifying the Tax Redemption Date or the Optional Dissolution Date, as the case may be, oblige the Trustee to sell all of the Trustee’s rights, benefits and entitlements in and to the Lease Assets to the RAK Government on the Tax Redemption Date or Optional Dissolution Date, as the case may be, at the Dissolution Distribution Amount.

The Issuer in its capacity as Trustee has executed the Sale Substitution Undertaking in favour of the RAK Government. Pursuant to the Sale Substitution Undertaking, the RAK Government may, by exercising its rights under the Sale Substitution Undertaking and serving an Exercise

Notice on the Trustee specifying the Replacement Date (as specified in such Exercise Notice), oblige the Trustee to sell, on the Replacement Date, all or part of the lease assets that are the subject of a particular Series of Certificates (the “**Substituted Assets**”) in consideration of certain substitute lease assets (the “**New Assets**”), **provided that** the value of the New Assets is no less than the value of the Substituted Assets.

The RAK Government has entered into the Redemption Undertaking in favour of the Trustee. Pursuant to the Redemption Undertaking, the RAK Government has irrevocably undertaken in favour of the Trustee to purchase all of the Trustee’s rights, benefits and entitlements in and to the Redemption Lease Assets of each Series of the Certificates on the relevant Redemption Date. In consideration for such purchase of the Redemption Lease Assets, the RAK Government will surrender the Redeemed Trust Certificates to the Trustee and the Trustee shall cancel such Redeemed Trust Certificates in accordance with the Master Trust Deed, the Redemption Undertaking Deed and the Conditions. The RAK Government will be obliged to represent and warrant that following each Redemption Date, the Lease Assets will be at least equal in value to the Aggregate Face Amount following cancellation on the relevant Redemption Date.

The Issuer has established a transaction account (the “**Transaction Account**”) in the name of the Issuer with the Principal Paying Agent into which the RAK Government will cause to be deposited all rental payments in respect of the Lease Assets due under the Lease Agreement and the Exercise Price payable under the Purchase Undertaking or the Sale Undertaking, as the case may be, respectively.

Pursuant to the Trust Deed, the Issuer, in its capacity as Trustee, will declare that it will hold, for each Series, assets (the “**Trust Assets**”) consisting of:

- (a) all rights, title, interest and benefit, present or future, that the Trustee may have in the Lease Assets for that Series;
- (b) all of the Trustee’s rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than any representations given to the Trustee by the RAK Government in the Transaction Documents) which relate to that Series;
- (c) all monies standing to the credit of the Transaction Account for that Series; and
- (d) if the applicable Final Terms for that Series specifies that Condition 10.5 (*Dissolution following a Total Loss Event*) is applicable, the Insurances (as defined in the Servicing Agency Agreement),

and all proceeds of the foregoing upon trust absolutely for the holders of the Certificates *pro rata* according to the face amount of Certificates held by each holder in accordance with the Trust Deed and these Conditions.

## 5.2 Application of Proceeds from Trust Assets

Pursuant to the Trust Deed, the Trustee holds the Trust Assets for and on behalf of the holders of the Certificates. On each Periodic Distribution Date and on the Maturity Date or any earlier date specified for the dissolution of the Trust, the Principal Paying Agent shall apply the monies standing to the credit of the Transaction Account in the following order of priority:

- (a) *first*, 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 appointed in respect of the Trust by the Delegate in accordance with the Trust Deed;
- (b) *second*, to the Principal Paying Agent or Payment Administrator (as defined in the Agency Agreement) for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
- (c) *third*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount or amount payable following a Total Loss Event (if the applicable Final Terms specify that Condition 10.5 (*Dissolution following a Total Loss Event*) is applicable), as the case may be;

- (d) *fourth*, only if such payment is made on a Dissolution Date, to the Servicing Agent in or towards payment of all outstanding Servicing Agency Expenses (as defined in the Master Lease Agreement); and
- (e) *fifth*, only if such payment is made on a Dissolution Date, to the Issuer.

## 6. COVENANTS

The Issuer covenants that, among other things, for so long as any Certificate is outstanding (as defined in the Master Trust Deed), it shall not:

- (a) incur any indebtedness in respect of borrowed money whatsoever, 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;
- (b) secure any of its present or future indebtedness for borrowed money 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);
- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to the Transaction Documents;
- (d) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its memorandum and articles of association, in each case in a manner which is materially prejudicial to the rights of the holders of the Certificates, without the prior written approval of the Delegate or the Certificateholders by way of Extraordinary Resolution;
- (e) except as provided in the Trust Deed, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (f) have any subsidiaries or employees;
- (g) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
- (h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (i) prior to the date which is one year and one day after the date on which all amounts owing by the Issuer under the Transaction Documents to which it is a party have been paid in full, put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly permitted or required thereunder or engage in any business or activity other than:
  - (i) as provided for or permitted in the Transaction Documents;
  - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
  - (iii) such other matters which are incidental thereto.

## 7. FIXED PERIODIC DISTRIBUTION PROVISIONS

### 7.1 Application

This Condition 7 is applicable to the Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

## 7.2 Periodic Distribution Amount

A Periodic Distribution Amount representing a defined share of the profit in respect of the Lease Assets for the Certificates will be payable in respect of the Certificates and be distributable by the Issuer to the Certificateholders in accordance with these Conditions.

## 7.3 Determination of Periodic Distribution Amount

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

If any Periodic Distribution Amount is required to be calculated for a period other than a Return Accumulation Period, such Periodic Distribution Amount shall be calculated by applying the Rate to the Calculation Amount, multiplying the product by the applicable Day Count Fraction, and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Certificate divided by the Calculation Amount.

“**Day Count Fraction**” means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 7.3:

- (a) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
  - (i) in the case of Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accumulation Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of: (A) the number of days in such Determination Period; and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of: (x) the number of days in such Determination Period; and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of: (x) the number of days in such Determination Period; and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “**30/360**” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accumulation Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

#### **7.4 Payment in Arrear**

Subject to Condition 7.5 (*Fixed Periodic Distribution Provisions – Cessation of Profit Entitlement*), Condition 10.2 (*Early Dissolution for Tax Reasons*), Condition 10.3 (*Dissolution at the Option of the RAK Government*) and Condition 13 (*Dissolution Events*) below, and unless otherwise specified in the applicable Final Terms, each Periodic Distribution Amount will be paid in respect of the relevant Certificates in arrear on each Periodic Distribution Date.

#### **7.5 Cessation of Profit Entitlement**

No further amounts will be payable on any Certificate from and including the Maturity Date or, as the case may be, any other Dissolution Date.

### **8. FLOATING PERIODIC DISTRIBUTION PROVISIONS**

#### **8.1 Application**

This Condition 8 is applicable to the Certificates only if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

#### **8.2 Periodic Distribution Amount**

A Periodic Distribution Amount representing a defined share of the profit in respect of the Lease Assets for the Certificates will be payable in respect of the Certificates and be distributable by the Issuer to the Certificateholders in accordance with these Conditions. Such Periodic Distribution Amounts will be payable in arrear on either:

- (a) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or
- (b) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a “**Periodic Distribution Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Return Accumulation Commencement Date.

Such Periodic Distribution Amounts will be payable in respect of each Return Accumulation Period.

If: (x) there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur; or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified in the applicable Final Terms is:

- (A) in any case where Specified Periods are specified in accordance with Condition 8.2(b) above, the Floating Rate Convention, such Periodic Distribution Date: (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis*; or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or
- (B) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, “**Business Day**” means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (b) either: (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre); or (ii) in relation to any sum payable in euro, a day on which the TARGET System is open.

### 8.3 Screen Rate Determination

The Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

- (a) if the Reference Rate specified in the applicable Final Terms is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;
- (c) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (i) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to prime banks in the London interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and
  - (ii) determine the arithmetic mean of such quotations; and
- (d) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the country of Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the country of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate for such Return Accumulation Period shall be the sum of the Margin as specified in the applicable Final Terms and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

### 8.4 Cessation or Profit Entitlement

No further amounts will be payable on any Certificate from and including the Maturity Date or, as the case may be, any other Dissolution Date.

### 8.5 Calculation of Periodic Distribution Amount

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant

Return Accumulation Period: (i) to the face amount (in the case of a Certificate in global form); or (ii) to the Calculation Amount (in the case of a Certificate in individual registered form), multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a figure equal to the Specified Denomination of the relevant Certificate divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

“Day Count Fraction” means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition 8.5:

- (A) if “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of: (a) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366; and (b) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period in respect of which payment is being made divided by 365;
- (C) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period in respect of which payment is being made divided by 360;
- (D) if “30/360” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“D<sub>1</sub>” is the first calendar day of the Return Accumulation Period, expressed as a number, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (E) if “30E/360” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“M<sub>1</sub>” is the calendar month expressed as a number, in which the first day of the Return Accumulation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls:

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (F) if “30E/360 ISDA” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“M<sub>2</sub>” is the calendar month expressed as a number, in which the day immediately following the last day included in the Return Accumulation Period falls;

“D<sub>1</sub>” is the first calendar day of the Return Accumulation Period, expressed as a number, of the Return Accumulation Period unless: (i) that day is the last day of February; or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless: (i) that day is the last day of February but not the Maturity Date; or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

## 8.6 Publication

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the first day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be entitled to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obliged to publish each Periodic Distribution Amount but instead may publish only the Calculation Amount and the Periodic Distribution Amount in respect of a Certificate having the minimum Specified Denomination.

## 8.7 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Trustee, the Principal Paying Agent and all Certificateholders (in the absence as referred to above). No liability to the Issuer, the Trustee, the RAK Government,

the Principal Paying Agent or the Certificateholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 8.

## **9. PAYMENT**

### **9.1 Payments in Respect of Certificates**

Subject to Condition 7.2 (*Periodic Distribution Amount*) or Condition 8.2 (*Periodic Distribution Amount*) (as applicable), payment of the Periodic Distribution Amount and the Dissolution Distribution Amount will be made by the Principal Paying Agent in the Specified Currency, by wire transfer in same day funds to the registered account of each Certificateholder or by cheque drawn on a bank that processes payments in the Specified Currency mailed to the registered address of the Certificateholder if it does not have a registered account. Payments of the Dissolution Distribution Amount will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. The Dissolution Distribution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of these Conditions, a Certificateholder's "**registered account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the relevant Record Date, and a Certificateholder's "**registered address**" means its address appearing on the Register at that time.

### **9.2 Payments subject to Applicable Laws**

Payments in respect of Certificates are subject in all cases to: (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of this Condition 9; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

### **9.3 Payment only on a Payment Business Day**

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, in each case by the Principal Paying Agent, on the due date for payment or, in the case of a payment of the Dissolution Distribution Amount, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

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

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

### **9.4 Agents**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of Certificateholders.

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents: (a) it will at all times maintain a Principal Paying Agent and a Registrar (which may be the same entity); (b) if and for so long as the Certificates are admitted to listing, trading and/or quotation by any competent authority,

stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent (which may be the Principal Paying Agent) with a specified office in the place required by such competent authority, stock exchange and/or quotation system; and (c) there will at all times be a Paying Agent (which may be the Principal Paying Agent) located in an EU Member State that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

## 10. CAPITAL DISTRIBUTIONS OF THE TRUST

### 10.1 Dissolution on the Maturity Date

Unless the Certificates are previously redeemed or purchased and cancelled, the Issuer will redeem each Certificate at the Dissolution Distribution Amount and the Trust will be dissolved by the Trustee on the Periodic Distribution Date falling on the Maturity Date.

### 10.2 Early Dissolution for Tax Reasons

The Certificates may be redeemed at the option of the Obligor in whole, but not in part on a tax redemption date (“**Tax Redemption Date**”) which may be:

- (a) at any time (if the Floating Periodic Distribution Provisions are not specified in the applicable Final Terms as being applicable); or
- (b) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable),

on giving not less than 30 nor more than 60 days’ notice to the Certificateholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable), at the Dissolution Distribution Amount (Tax), together with Periodic Distribution Amounts accrued (if any) to the Dissolution Date if a Tax Event occurs, where “**Tax Event**” means:

- (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date (as specified in the applicable Final Terms); and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) (A) the Trustee has received notice from the Lessee that it has or will become obliged to pay additional amounts pursuant to the terms of the Lease Agreement as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and (B) such obligation cannot be avoided by taking reasonable measures available to it.

then, **provided, however, that** no such notice of dissolution shall be given unless an Exercise Notice has been received by the Trustee under the Sale Undertaking and no such notice of dissolution shall be given earlier than:

- (A) where the Certificates may be dissolved at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Trust Certificates were then due or (in the case of (ii) above) the Lessee would be obliged to pay such additional amounts if a payment to the Issuer under the Lease Agreement was then due; or
- (B) where the Certificates may be dissolved only on a Periodic Distribution Date, 60 days prior to the Periodic Distribution Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (ii) above) the Lessee would be obliged to pay such additional amounts if a payment to the Trustee under the Lease Agreement was then due.

Prior to the publication of any notice of dissolution pursuant to this paragraph, the Issuer shall deliver to the Delegate: (a) a certificate signed by two directors of the Issuer, which shall be binding on the Certificateholders, stating that the Issuer is entitled to effect such dissolution and setting forth a statement of facts showing that the conditions precedent in (i) or (ii) and (A) and (B) above to the right of the Issuer to so redeem have occurred; and (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Lessee has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon such redemption, the Trust will be dissolved by the Trustee.

### **10.3 Dissolution at the Option of the RAK Government**

If the Optional Dissolution (Call) option is specified in the applicable Final Terms as being applicable, upon the Trustee receiving from the RAK Government an irrevocable Exercise Notice, the Trustee shall be obliged to redeem the Certificates and dissolve the Trust in whole (and not in part) at the relevant Dissolution Distribution Amount on the Optional Dissolution Date specified in such notice, which date must not be less than 30 days nor more than 60 days after the date on which such Exercise Notice is given and (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable to the particular Series of Certificates) must also be a Periodic Distribution Date.

### **10.4 Dissolution following a Dissolution Event**

Upon the occurrence of a Dissolution Event (as defined in Condition 13 (*Dissolution Events*)), which is continuing, the Certificates may be redeemed at the Dissolution Distribution Amount and the Trust dissolved by the Trustee on the dates specified in Condition 13 (*Dissolution Events*).

### **10.5 Dissolution following a Total Loss Event**

This Condition 10.5 is applicable to the Certificates only if it is specified in the applicable Final Terms as being applicable.

Upon the occurrence of a Total Loss Event, the Certificates of a Series will be redeemed and the Trust of such Series dissolved by the Trustee on the date specified by the Delegate. The Certificates will be redeemed using 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.

A “**Total Loss Event**” is the total loss or destruction of, or damage to the whole of the Lease Assets or any event or occurrence that renders the whole of the Lease Assets permanently unfit for any economic use and (but only after taking into consideration any insurances or other indemnity granted by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

*The Servicing Agency Agreement provides that if the obligations of the Servicing Agent thereunder are not strictly complied with and as a result any insurance amounts paid into the Transaction Account are less than the Full Reinstatement Value (as defined in the Servicing Agency Agreement) (the difference between such amount and the amount (if any) paid into the Transaction Account being the “**Total Loss Shortfall Amount**”), the Servicing Agent shall be responsible for immediately paying the Total Loss Shortfall Amount into the Transaction Account.*

### **10.6 No other Dissolution**

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

### **10.7 Cancellations**

All Certificates which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.

## 10.8 Effect of payment in full of Dissolution Distribution Amount

Upon payment in full of the Dissolution Distribution Amount and the termination of the Trust, the Certificates shall cease to represent the Trust Assets and no further amounts shall be payable in respect thereof and the Issuer and the Trustee shall have no further obligations in respect thereof.

## 11. TAXATION

All payments in respect of the Certificates shall be made without withholding or deduction for, or on account of, any present or future taxes, levies, imports, duties, fees, assessments or other charges of whatever nature, imposed or levied by or on behalf of any Relevant Jurisdiction (“**Taxes**”), unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates is received by the Certificateholders, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate:

- (a) presented for payment (where presentation is required) by or on behalf of a holder who is liable for such Taxes in respect of such Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Certificate; or
- (b) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Business Day; or
- (c) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment (where presentation is required) by or on behalf of a Certificateholder who would be able to avoid such withholding or deduction by presenting the relevant Certificate to another Paying Agent in a different Member State of the European Union.

In these Conditions:

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

“**Relevant Jurisdiction**” means the Cayman Islands (in the case of any payment made by the Issuer) and the United Arab Emirates (in the case of any payment made by the RAK Government) or, in each case, any political subdivision or authority thereof or therein having the power to tax.

*The Lease Agreement and the Purchase Undertaking each provide that payments thereunder by the RAK Government shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by the RAK Government of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.*

## 12. PRESCRIPTION

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

## 13. DISSOLUTION EVENTS

Upon the occurrence and continuation of any of the following events (“**Dissolution Events**”):

- (a) default is made in the payment of the Dissolution Distribution Amount or any Periodic Distribution Amount and, in the case of a Periodic Distribution Amount only, such default continues for a period of 14 days from the due date for payment; or

- (b) the Issuer defaults in performance or observance of or compliance with any of its other obligations or undertakings under the Transaction Documents to which it is a party and such default is not capable of remedy or (if capable of remedy) is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Delegate; or
- (c) a RAK Government Event (as defined in the Master Lease Agreement) occurs; or
- (d) the Issuer repudiates any Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (e) at any time it is or will become unlawful or impossible for the Issuer (by way of insolvency or otherwise) to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the Issuer under the Transaction Documents are not or cease to be legal, valid, binding and enforceable,

the Delegate shall give notice of the occurrence of such Dissolution Event to the holders of Certificates in accordance with Condition 17 (*Notices*) with a request to such holders to indicate if they wish the Trust to be dissolved. If so requested in writing by the holders of at least 20 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution of the holders of the Certificates, the Delegate shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) or, if the Delegate so decides in its discretion it may give notice to the Issuer, the RAK Government and all the holders of the Certificates in accordance with Condition 15 (*Enforcement and Exercise of Rights*) that the Certificates are to be redeemed at the Dissolution Distribution Amount on the date specified in such notice and that the Trust is to be dissolved on the day after the last outstanding Certificate has been redeemed.

For the purpose of paragraph (a) above, amounts shall be considered due in respect of the Certificates (including any amounts calculated as being payable under Condition 7 (*Fixed Periodic Distribution Provisions*) and Condition 8 (*Floating Periodic Distribution Provisions*) notwithstanding that the Issuer has at the relevant time insufficient funds or Trust Assets to pay such amounts.

## **14. PURCHASE AND CANCELLATION OF CERTIFICATES**

### **14.1 Purchases**

The RAK Government may at any time acquire (pursuant to any tender or exchange offer or otherwise) or purchase Certificates at any price in the open market or otherwise.

### **14.2 Cancellation of Certificates held by the RAK Government**

Should the RAK Government wish to cancel any Certificates so acquired or purchased (the “**Redeemed Trust Certificates**”), it will deliver a Cancellation Notice to the Trustee (copied to the Principal Paying Agent and the Delegate) under the terms of the Master Trust Deed, whereupon the RAK Government shall, in accordance with the Redemption Undertaking, and following the delivery by the Trustee of the Redemption Notice (copied to the Delegate) thereunder, be required to purchase the Redemption Lease Assets from the Trustee and surrender the Redeemed Trust Certificates held by it to the Trustee. Upon the delivery of the Redemption Lease Assets, the Trustee shall cancel the Redeemed Trust Certificates in accordance with the terms of the Master Trust Deed, the Redemption Undertaking and these Conditions. The Trustee and the RAK Government have agreed in the Master Trust Deed and the Redemption Undertaking to execute all such documents and do such further acts and things as may be required under applicable law to give effect to any sale and transfer of the Redemption Lease Assets and the surrender and cancellation of the Redeemed Trust Certificates.

## **15. ENFORCEMENT AND EXERCISE OF RIGHTS**

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

- 15.2 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 against the Issuer and/or the RAK Government under any Transaction Document to which either of the Issuer or the RAK Government is a party unless directed or requested to do so: (a) by an Extraordinary Resolution; or (b) in writing by the holders of at least 20 per cent. of the then Aggregate Face Amount of the Certificates outstanding 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.
- 15.3 No Certificateholder shall be entitled to proceed directly against the Issuer or the RAK Government unless: (a) the Delegate, having become bound so to proceed, fails to do so within a reasonable period; and (b) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against any of the Issuer or the RAK Government, as the case may be) holds at least 20 per cent. of the then outstanding Aggregate Face Amount of the Certificates outstanding. 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 and the sole right of the Delegate and the Certificateholders against the Issuer and the RAK Government shall be to enforce their respective obligations under the Transaction Documents.
- 15.4 The foregoing paragraphs in this Condition 15 are subject to this paragraph. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*), the obligations of the Issuer in respect of the Certificates shall be satisfied and no holder of the Certificates may take any further steps against the Issuer 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 holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer.

## **16. REPLACEMENT OF CERTIFICATES**

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified offices of the Paying Agents upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Delegate may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **17. NOTICES**

All notices to Certificateholders will be valid if:

- (a) published in a daily newspaper (which will be a leading English language newspaper having general circulation) in the Gulf region and a daily newspaper having general circulation in London (which is expected to be the Financial Times); or
- (b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange on which the Certificates are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Delegate shall approve.

Until such time as any definitive Certificates are issued, there may, so long as the Global Certificate representing the Certificates is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Certificates. Any such notice shall be deemed to have been given to the holders of the Certificates on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with the relative Certificate or Certificates, with the Principal Paying Agent.

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

- 18.1 The Master Trust Deed contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing in aggregate a majority in the outstanding face amount of the Certificates, or at any adjourned such meeting one or more persons present whatever the outstanding face amount of the Certificates held or represented by him or them, except that any meeting the business of which includes the modification of certain provisions of the Certificates (including, among others, modifying the Maturity Date, reducing or cancelling any amount payable in respect of the Certificates or altering the currency of payment of the Certificates and amending certain covenants given by the RAK Government and the Issuer in the Master Trust Deed), the quorum shall be one or more persons present holding or representing not less than 75 per cent. of the aggregate outstanding face amount of the Certificates, or at any adjourned such meeting one or more persons present holding or representing not less than 25 per cent. of the outstanding face amount of the Certificates. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than three-quarters of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than three-quarters of the votes cast on such poll and, if duly passed, will be binding on all holders of the Certificates, whether or not they are present at the meeting and whether or not voting.
- 18.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of any of these Conditions or any of the provisions of the Trust Deed (other than in respect of a Reserved Matter (as defined in Schedule 4 (*Provisions for Meetings of Certificateholders*)) to the Master Trust Deed) or any provision of the Trust Deed referred to in the definition of a Reserved Matter) or the other Transaction Documents of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions, any of the provisions of the Trust Deed or the other Transaction Documents, or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or Potential Dissolution Event (as defined in the Master Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Delegate, materially prejudicial to the interests of the Certificateholders or may agree, without any such consent or sanction as aforesaid, to any modification of any of these Conditions or any of the provisions of the Trust Deed or the other Transaction Documents which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error.
- 18.3 In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of Certificateholders as a class (and shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Delegate or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.
- 18.4 Any modification, waiver, authorisation or determination shall be binding on Certificateholders and, unless the Delegate otherwise decides, shall be notified by the Issuer to the Certificateholders as soon as practicable thereafter in accordance with Condition 17 (*Notices*).

## **19. INDEMNIFICATION AND LIABILITY OF THE DELEGATE**

- 19.1 The Master Trust Deed 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 to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Condition 15.2 (*Enforcement and Exercise of Rights*) and then only if it shall have been indemnified and/or secured to its satisfaction.

19.2 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the RAK Government 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 RAK Government 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 Trust Deed.

Each of the Trustee and the Delegate is exempted from: (a) any liability in respect of any loss or theft of the Trust Assets or any cash; (b) any obligation to insure the Trust Assets or any cash; and (c) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default or fraud by the Trustee or the Delegate, as the case may be.

## **20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

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

## **21. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **21.1 Governing law**

The Master Trust Deed as supplemented by the Supplemental Trust Deed (including these Conditions), the Agency Agreement and the Certificates, and any non contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

### **21.2 Agreement to arbitrate**

The Delegate, the Issuer and the RAK Government have in the Master Trust Deed agreed that any dispute, claim, difference or controversy arising out of, relating to, or having any connection with the Master Trust Deed (including any dispute regarding the existence, validity, interpretation, performance, breach or termination of the Master Trust Deed) or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a “**Dispute**”) shall be referred to and finally resolved by arbitration under the London Court of International Arbitration (“**LCIA**”) Rules (the “**Rules**”), which rules (as amended from time to time) are deemed to be incorporated by reference into this Condition 21. For these purposes:

- (a) the arbitral tribunal shall consist of three arbitrators;
- (b) 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. In the event that 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. In the event that 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;
- (c) the seat of arbitration shall be London, England;
- (d) the language of the arbitration shall be English.

### **21.3 Jurisdiction**

Notwithstanding the agreement that any Dispute will be settled by arbitration as set out in Condition 21.2, the Issuer and the RAK Government have agreed in the Master Trust Deed that, if the Delegate issues a notice to the Issuer or the RAK Government that a Dispute be heard in a court of law, the courts of England are to have exclusive jurisdiction to settle any Dispute which may arise out of or in connection with the Master Trust Deed. Notwithstanding the foregoing, under the Master Trust Deed, the Delegate may take proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction and, to the extent allowed by law, the Delegate may take concurrent Proceedings in any number of jurisdictions.

#### **21.4 Service of Process**

In the Master Trust Deed, the Issuer, the Trustee and the RAK Government have each irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

#### **21.5 Waiver of Immunity**

The RAK Government acknowledges that the transactions contemplated by these Conditions are commercial transactions. Subject to Article 247 of Federal Law No. 11 of 1992 of the United Arab Emirates, to the extent that the RAK Government may claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed to the RAK Government or its assets or revenues, the RAK Government agrees not to claim and irrevocably and unconditionally waives such immunity in relation to any Proceedings or Disputes. Further, subject to Article 247 of Federal Law No. 11 of 1992, the RAK Government irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any Sovereign Assets of any award, order or judgment made or given in connection with any Proceedings or Disputes.

In these Conditions, “**Sovereign Assets**” mean revenues, assets or properties of the RAK Government which consist of its public and private properties invested in financial, commercial or industrial activities or deposited in banks.

## FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Series of Certificates issued under the Programme.

[Date]

**RAK Capital**  
**Issue of [Aggregate Face Amount of Series] [Title of Certificates]**  
**under the**  
**U.S.\$2,000,000,000**  
**Trust Certificate Issuance Programme**  
**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 23 March 2015 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”). This document constitutes the Final Terms relating to the issue of Certificates described herein. These Final Terms contain the final terms of the Certificates and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer, the RAK Government and the offer of the Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Base Prospectus[es]] [is/are] available for viewing during normal business hours at the registered office of the Issuer at Intertrust SPV (Cayman) Limited, c/o Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands and the Principal Paying Agent at Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and copies may be obtained from those offices.

- |  |   |
|--|---|
| 1. (i) Issuer and Trustee:                                       | RAK Capital   |
| (ii) Obligor:  | The Government of Ras Al Khaimah acting through the Investment & Development Office |
| 2. Series Number:  | [●]   |
| 3. Specified Currency:   | [●]   |
| 4. Aggregate Face Amount:  | [●]   |
| 5. Issue Price:  | 100 per cent. of the Aggregate Face Amount  |
| 6. (i) Specified Denominations:                                  | [●]   |
| (ii) Calculation Amount:   | [●]   |
| 7. Issue Date:   | [●]   |
| 8. Return Accrual Commencement Date:                             | Issue Date  |
| 9. Maturity Date:  | [●]   |
| 10. Dissolution Basis:   | Dissolution at par  |
| 11. Call Option:   | [Not Applicable]/[Optional Dissolution (Call)]                                      |
| 12. Date [Board] approval for issuance of Certificates obtained: | [●]   |

### PROVISIONS RELATION TO PERIODIC DISTRIBUTIONS PAYABLE

- |   |   |
|---|---|
| 13. Fixed Periodic Distribution Provisions: | [Applicable]/[Not Applicable]   |
| (i) Rate(s):                                | [●] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[monthly] in arrear] on each Periodic Distribution Date |
| (ii) Periodic Distribution Date(s):         | [●][and [●]] in each year up to and including the Maturity Date   |
| (iii) Fixed Amount:                         | [●] per Calculation Amount  |
| (iv) Broken Amount:                         | [[●] per Calculation Amount]/[Not Applicable]   |

- (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- (vi) Determination Date(s): [[●] in each year]/[Not Applicable]
14. Floating Periodic Distribution Provisions: [Applicable]/[Not Applicable]
- (i) Specified Periodic Distribution Dates: [●]/[Not Applicable]
- (ii) Specified Period: [●]/[Not Applicable]
- (iii) First Periodic Distribution Date: [●]
- (iv) Business Day Convention: [Floating Rate Convention]  
[Following Business Day Convention]  
[Modified Following Business Day Convention]  
[Preceding Business Day Convention]
- (v) Additional Business Centre(s): [●]/[Not Applicable]
- (vi) Screen Rate Determination:
- Reference Rate: [LIBOR]/[EURIBOR]/[EIBOR]
  - Periodic Distribution Determination Date: [●]
  - Relevant Screen Page: [●]
  - Relevant Time: [●]
- (viii) Margin: [+/-] [●] per cent. per annum
- (ix) Day Count Fraction: [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360]  
[30E/360]  
[30E/360 (ISDA)]
- (x) Calculation Agent: [Principal Paying Agent]/[●]

#### PROVISIONS RELATING TO DISSOLUTION

15. Optional Dissolution (Call): [Applicable]/[Not Applicable]
- (i) Optional Dissolution Amount (Call) of each Certificate: [Dissolution Distribution Amount]/[[●] per Calculation Amount]
- (ii) Optional Dissolution Date: [Any Periodic Distribution Date]/[●]
16. Dissolution Distribution Amount (Tax) of each Certificate: [Dissolution Distribution Amount]/[[●] per Calculation Amount]
17. Dissolution Distribution amount of each Certificate: [Dissolution Distribution Amount]/[[●] per Calculation Amount]
18. Condition 10.5 (*Capital Distribution of the Trust – Dissolution following a Total Loss Event*): [Applicable]/[Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

19. Form of Certificates: Registered Certificates  
Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
20. Additional Financial Centre(s) relating to payment: [●]/[Not Applicable]

**SIGNED** on behalf of  
**RAK Capital**

**SIGNED** on behalf of  
**The Government of Ras Al Khaimah acting  
through the Investment & Development Office**

**By:** .....  
*Duly authorised*

**By:** .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Admission to Listing: [Application has been made for the Certificates to be admitted to the Official List of securities maintained by the Dubai Financial Services Authority with effect from [●]/[●]/[Not Applicable]
- (ii) Admission to trading: [Application has been made for the Certificates to be admitted to trading on NASDAQ Dubai with effect from [●]/[●]/[Not Applicable]
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

- Ratings: [The Certificates to be issued have been rated:]  
[Fitch: [●]]  
[S&P: [●]]  
[Not Applicable]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Manager/Dealers], so far as each of the Issuer and the RAK Government are aware, no person involved in the offer of the Certificates has an interest material to the offer. The [Manager/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer[, the RAK Government] or [its/their] affiliates in the ordinary course of business for which they may receive fees.]/[●]

### 4. PROFIT RATE (*Fixed Periodic Distribution Certificates only*)

- Indication of profit rate: [●]

### 5. OPERATIONAL INFORMATION

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): [●]/[Not Applicable]
- (iv) Names and addresses of additional Paying Agent(s) (if any): [●]/[Not Applicable]

### 6. THIRD PARTY INFORMATION

[[●] has been extracted from [●]. Each of the Issuer and the RAK Government confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

## FORM OF THE CERTIFICATES

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

### Global Certificates

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

### Payments to registered Certificateholder

Payments of any amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown in the Register (as defined in Condition 2 (*Form, Denomination and Title*)) as the registered holder of the Certificates represented by a Global Certificate at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where the “**Clearing System Business Day**” means a day on which each clearing system for which the Global Certificate is being held is open for business. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 1 (*Interpretation*)) immediately preceding the due date for payment in the manner provided in that Condition.

### Exchange for definitives

Interests in a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Certificates of a particular Series only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Certificateholders in accordance with Condition 17 (*Notices*) if an Exchange Event occurs. For these purposes an “**Exchange Event**” will occur if: (i) any of the circumstances described in Condition 13 (*Dissolution Events*) occurs; or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any other person acting on their behalf as the case may be, (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Trustee may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

### General

For so long as any Certificate is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificate (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the face amount of such Certificate standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such Certificate for any purpose other than with respect to any payment on such face amount of such Certificate, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Issuer and its respective agents as the holder of such face amount of such Certificate in accordance with and subject to the terms of the relevant Global Certificate and the expressions “**Certificateholder**” and “**holder of Certificates**” and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system relating to the relevant Series.

## **USE OF PROCEEDS**

The proceeds of each Series of Certificates issued under the Programme will be applied by the Issuer for the purchase of the Lease Assets specified in the relevant Supplemental Purchase Contract for the relevant Series from the RAK Government.

## DESCRIPTION OF THE ISSUER

### Introduction

The Issuer was incorporated in the Cayman Islands on 17 April 2008 as an exempted company with limited liability under the Companies Law (as amended) of the Cayman Islands under the name RAK Capital and its registered office address is at c/o Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands. Its telephone number is + 1345 943 3100.

### Business of the Issuer

The Issuer's entire issued share capital is held by Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands under the terms of a charitable purpose trust dated 28 April 2008 under which Intertrust SPV (Cayman) Limited holds the shares of the Issuer in trust until the Termination Date as defined in the charitable purpose trust.

Prior to the Termination Date (as defined in the charitable purpose trust), the trust is an accumulation trust but Intertrust SPV (Cayman) Limited (as trustee of the shares in the Issuer) has the power to benefit the Certificateholders or a Qualified Charity (as defined in the charitable purpose trust). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date (as defined in the charitable purpose trust), Intertrust SPV (Cayman) Limited (as trustee of the shares in the Issuer) will wind up the trust and make a final distribution to charity. Intertrust SPV (Cayman) Limited (as trustee of the shares in the Issuer) has no beneficial interest in and derives no benefit (other than its fee for acting as trustee of the shares in the Issuer) from its holding of the shares in the Issuer.

The primary purpose of the Issuer is to issue the Certificates and enter into the transactions contemplated by the Transaction Documents. As at the date of this Base Prospectus, the Issuer has issued four Series of Certificates under the Programme. The first series of Certificates were issued on 28 May 2008 in an aggregate face amount of AED 1,000,000,000 and matured in May 2013. The second series of Certificates were issued on 21 July 2009 in an aggregate face amount of U.S.\$400,000,000 and matured in July 2014. The third series of Certificates were issued on 15 December 2010 in an aggregate face amount of U.S.\$400,000,000 and are scheduled to mature in December 2015 (the "**December 2015 Certificates**"). The fourth series of Certificates were issued on 21 October 2013 in an aggregate face amount of U.S.\$500,000,000 and are scheduled to mature in October 2018 (the "**October 2018 Certificates**" and, together with the December 2015 Certificates, the "**Outstanding Certificates**"). The Issuer for its role in the transaction has received transaction fees of U.S.\$250 each from the issuance of the first, second, third and fourth Series of Certificates but does not receive any fees for the provision of trustee services in its capacity as Trustee in respect of the Master Trust Deed.

### Share Capital of the Issuer

The Issuer has no subsidiaries. The Issuer is authorised to issue up to 50,000 shares of U.S.\$1.00 par value each.

As at the date of this Base Prospectus, the Issuer had issued 250 shares at an agreed price of U.S.\$1.00 each.

### Corporate Administration

Intertrust SPV (Cayman) Limited of 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands acts, or may procure that a subsidiary acts, as the corporate administrator of the Issuer (the "**Issuer Administrator**") pursuant to the terms of the Corporate Services Agreement entered into between the Issuer and the Issuer Administrator. In consideration of the foregoing, the Issuer Administrator is entitled to receive various fees payable by the Issuer at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement provide that the Issuer may terminate the appointment of the Issuer Administrator by giving one month's notice to the Issuer Administrator and terminate without notice upon the happening of any certain stated events, including breach by the Issuer Administrator of its obligations under the Corporate Services Agreement. In addition, the Corporate Services Agreement provides that the Issuer Administrator shall be entitled to retire from its appointment by giving at least one month's notice in writing and where a replacement acceptable to the Issuer has been appointed.

The Issuer Administrator will be subject to the overview of the Issuer’s board of directors. The Corporate Services Agreement may be terminated (other than as stated above) by either the Issuer or the Issuer Administrator giving the other party at least one month’s written notice.

The directors of the Issuer are all employees of the Issuer Administrator. The Issuer has no employees and is not expected to have any employees in the future.

**Management and Employees**

The Issuer has no employees other than those directors listed below in the section entitled “*Directors*”.

**Directors**

The directors of the Issuer and their other principal activities at the date hereof are as follows:

Name	Other principal activities
Otelia Scott .....	Vice President, Intertrust SPV (Cayman) Limited
Rachael Rankin .....	Senior Vice President, Intertrust SPV (Cayman) Limited

The business address of the directors is Intertrust SPV (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands.

**Directors’ Interests**

No director listed above has any interest in the promotion of, or any property acquired or proposed to be acquired by, the Issuer and no director has any conflict of interest and/or any potential conflict of interest between any of its duties to the Issuer and its private interests and/or other duties. As a matter of Cayman Islands law, each director is under a duty to act honestly and in good faith with a view to the best interests of the Issuer, regardless of any other directorships he may hold.

# DESCRIPTION OF THE EMIRATE OF RAS AL KHAIMAH

## Introduction

The Emirate of Ras Al Khaimah (“**Ras Al Khaimah**” or the “**Emirate**”) is one of seven emirates which together comprise the Federation of the United Arab Emirates. The Federation was established on 2 December 1971. On formation, the Federation comprised the following emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain and Fujairah. Ras Al Khaimah joined in February 1972. Abu Dhabi is the capital city of the UAE. The President of the UAE is His Highness Sheikh Khalifa bin Zayed Al Nahyan who is also the ruler of Abu Dhabi. Ras Al Khaimah was headed by its former ruler His Highness Sheikh Saqr Bin Mohammed Al Qasimi for 62 years. Upon the death of His Highness Sheikh Saqr Bin Mohammed Al Qasimi on 27 October 2010, the former Deputy Ruler and Crown Prince of Ras Al Khaimah, His Highness Sheikh Saud Bin Saqr Al Qasimi, was appointed as the new Ruler of Ras Al Khaimah.

While the terms “**Federal**” and “**Federation**” are used in this description, the term “**Union**” may be more accurate based upon the definition (ittihad) which the founding fathers of the UAE gave in the 1971 Provisional Constitution of the UAE (as amended). However in line with common parlance, the terms “**Federal**” and “**Federation**” are used throughout in this description.

## Location

Ras Al Khaimah is the northernmost emirate of the UAE. The Emirate has a logistically advantageous geographical location as it is located on the strait of Hormuz and close to the entrance of the Arabian Gulf and the Gulf of Oman. In common with the other emirates, Ras Al Khaimah’s strategic position at the crossroads between the East and West has helped establish it as a trading and services hub between the Far East and Europe.

A creek divides the Emirate into two parts. The western side is known as Ras Al Khaimah and the eastern side is known as Al Nakheel. The Emirate has borders with the emirates of Umm Al Quwain, Fujairah and Sharjah as well as the Sultanate of Oman. The Emirate has a coastline of 64 kilometres and covers an area of 2,478 square kilometres, which makes it the fourth largest emirate in the UAE. The capital city of the Emirate is Ras Al Khaimah City which is located at the foot of the Al Hajar al Gharbi Mountains.

Although milder than the rest of the UAE, Ras Al Khaimah’s climate is generally hot and dry. The hottest months are July and August, when average maximum temperatures can reach above 48°C on the coastal plain. In the mountains, temperatures are considerably cooler as a result of the increased altitude. Average minimum temperatures for the Emirate, which are in January and February, are between 10°C and 14°C. The average annual rainfall in the coastal area is fewer than 120 millimetres, but in some mountainous areas, annual rainfall often reaches 350 millimetres.

The UAE as a whole extends along the west coast of the Arabian Gulf, from the Kingdom of Saudi Arabia to Ras Al Khaimah in the North and across parts of the Mussandum peninsula to the Gulf of Oman in the East. The UAE covers an area of 83,699 square kilometres in total.

## History

The territory of Ras Al Khaimah has a history stretching back to 5,000 BC. It has been host to continuous settlement and farming since the Bronze Age. By the end of the second millennium BC, settlers could be found in each of the four types of landscapes found in Ras Al Khaimah: the fertile plains, the mountainous region, the coastal areas and the desert. Settlement became easier as new irrigation techniques made possible the extensive watering of agricultural areas. By the first century AD, overland caravan traffic between Syria and cities in southern Iraq, followed by seaborne travel to the port of Omana (probably present-day Umm al-Quwain) and then to India was an alternative to the Red Sea route used by the Romans. Ras Al Khaimah was historically known as Julphar.

The arrival of envoys from the Prophet Muhammad (PBUH) in 630 AD heralded the conversion of the region to Islam. The Portuguese arrival in the Gulf in the sixteenth century adversely affected the Arab residents of Juphar and east coast ports like Dibba, Bidiya, Khor Fakkan and Kalba. However, while European powers competed for regional supremacy, a local power, the Qawasim, was gathering strength. At the beginning of the nineteenth century the Qawasim had built up a fleet of over 60 large vessels and could put nearly 20,000 sailors to sea, eventually provoking a British offensive to control the maritime trade routes between the Arabian Gulf and India.

Following the defeat of the Qawasim by the British, Ras Al Khaimah and the other emirates of the current UAE each entered into a separate treaty with the British. These emirates became collectively known as the Trucial States or Sheikhdoms and the area was generally known as the Trucial Coast. The Sheikhdoms were each led by a Sheikh, who typically belonged to the most influential tribe in that area.

The British remained in the area until their withdrawal from the region in 1971. Steps were then taken by the rulers of the seven emirates to bring the individual Sheikhdoms together into a single Federation. This resulted in the formation by six of the seven emirates of the UAE in December 1971, with Ras Al Khaimah joining in February 1972.

In May 1976, the seven emirates agreed to merge their armed forces. In 1979, the ruler of Dubai, His Highness Sheikh Rashid bin Saeed Al Maktoum, became Prime Minister of the Federal Government. His Highness Sheikh Zayed bin Sultan Al Nahyan of Abu Dhabi served as President of the UAE from 1971 until his death in November 2004, when he was succeeded by his son, His Highness Sheikh Khalifa bin Zayed Al Nahyan, as ruler of Abu Dhabi and President of the UAE.

## Population

The populations of both the UAE and Ras Al Khaimah have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the emirates have developed. The table below illustrates this growth using official census data since 1975.

	<b>Ras Al Khaimah Population</b>	<b>Total UAE Population</b>
1975.....	43,845*	557,887**
1980.....	73,918*	1,042,099**
1985.....	96,578*	1,379,303**
1995.....	143,334*	2,411,041**
2005.....	210,063*	4,106,427**
2006.....	214,000*	5,012,384**
2007.....	222,000*	6,219,006**
2008.....	231,000*	8,073,626**
2009.....	267,000*	8,199,996**
2010.....	413,000*	8,264,070**
2011.....	416,600*	8,332,000***
2012.....	422,000*	8,440,000***
2013.....	438,600*	8,772,000***

\* Source: For 1975-2005, Ras Al Khaimah population data derived from official census data for 1975, 1980, 1985, 1995, 2001 and 2005. For 2006 – 2013, Ras Al Khaimah population data derived from RAK Statistical Year Book for the years 2007-2014.

\*\* Source: For 1975-2010, UAE population data derived from UAE National Bureau of Statistics (“NBS”) “UAE In Figures 2013” (published on 31 December 2014).

\*\*\* Source: For 2011-2013, UAE population data estimated by IDO.

The significant increase in the total population figures for Ras Al Khaimah from 2009 to 2010 was mainly due to a change in the methodology for determining population figures. This then had an effect on GDP per capita figures during this period.

The estimated total population of Ras Al Khaimah for 2013, as published in the 2014 RAK Statistical Yearbook was 438,600. According to the latest published data, while UAE nationals officially make up less than 25 per cent. of the overall population of the UAE, this figure is higher in Ras Al Khaimah, where Emiratis comprise approximately 40 per cent. of the Emirate’s population.

Education and training are an important strategic focus for the Emirate (see further “The Economy of Ras Al Khaimah – Infrastructure – Education” below). Based on a census carried out in 2005, the literacy level for the economically active population in Ras Al Khaimah was 83 per cent. Approximately 14 per cent. of the economically active population had university or equivalent level qualifications and a further 35.7 per cent. had completed secondary education. The RAK Government believes that one of its key future challenges will be the creation of jobs for the local population, supported by initiatives to educate and motivate young UAE nationals to join the workforce and the private sector. With a view to achieving this, Ras Al Khaimah has already put in place certain initiatives, including:

- the Sheikh Saud Young Business Leader's Programme, which is designed to help young entrepreneurs succeed in their business ventures by providing them with general advice on business matters and, where appropriate, assisting them in finding finance opportunities; and
- the Sheikh Saud RAK Government Award for Creativity and Excellence, which is an annual award designed to reward gifted students from Ras Al Khaimah, including, in certain cases, by sponsoring their education abroad.

The Sheikh Saud bin Saqr Al Qasimi Foundation for Policy Research has also been established by His Highness Sheikh Saud Bin Saqr Al Qasimi to develop and foster research collaboration between the RAK Government and the international and local research community in order to aid the economic and social development of Ras Al Khaimah and the UAE.

## **Relationship between the UAE Constitution and Ras Al Khaimah**

### ***The UAE Constitution***

The original constitution of the UAE (the “**Constitution**”) was provisional and established the legal framework for the Federation. The Constitution was made permanent pursuant to a constitutional amendment in May 1996 (which also confirmed Abu Dhabi as the permanent capital of the UAE).

The major principle enunciated by the Constitution in relation to the separation of powers between the Federation and the individual emirates is that, on specific legislative and executive matters (or solely legislative matters), competences were conferred on the Federation, with each individual emirate remaining sovereign within its own territory on all residuary matters.

Accordingly, pursuant to Articles 120 and 121 of the Constitution, the Federal Government has exclusive legislative and executive competence in relation to foreign affairs; national security and defence; nationality and immigration; Federal finance, taxation and public borrowing; education; public health; postal, telephone and other communications services; air traffic control and the licensing of aircraft. The UAE's monetary and exchange rate policy is also managed on a Federal basis by the UAE Central Bank. See further “*Monetary and Financial System*” below.

Similarly, pursuant to Article 121 of the Constitution, the Federation has exclusive legislative (but not executive) competence in relation, for example, to labour relations, banks, insurance, major codal legislation, intellectual property protection, the delimitation of territorial waters, the extradition of criminals and the establishment and regulation of financial free zones. In relation to these competences, the implementation of the Federal legislation is left to the executive authorities of each emirate.

Article 122 of the Constitution confirms that “the Emirates shall have competence in relation to all matters where the Federation does not hold exclusive competence in accordance with the provisions of the preceding two Articles”.

Accordingly, the individual emirates retain flexibility in the governance and management of their own emirates. Examples of the sectors for which the RAK Government has retained responsibility include its customs controls, local planning authorities and tourism. The natural resources and wealth in each emirate are considered to be the public property of that emirate.

### ***Federal Supreme Council***

The UAE is governed by the Supreme Council of the rulers of each of the emirates (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 (each for renewable five-year terms). The Supreme Council is vested with legislative as well as executive powers. It ratifies Federal laws and decrees, plans general policy and approves the appointment, resignation or dismissal of the Prime Minister.

In 1971, the then ruler of Abu Dhabi, His Highness Sheikh Zayed bin Sultan Al Nahyan, was elected as the first President of the UAE and was re-elected President for successive five-year terms until his death in November 2004. In 1971, the then Ruler of Dubai, His Highness Sheikh Rashid bin Said Al Maktoum, was elected as the first Vice-President of the UAE and continued as Vice-President until his death in 1990. Both were succeeded by their Crown Princes, His Highness Sheikh Khalifa bin Zayed al Nahyan who became ruler of the Emirate of Abu Dhabi and His Highness Sheikh Mohammed bin Rashid Al Maktoum, who became the ruler of the Emirate of Dubai and were elected by the members of the Supreme Council to become, respectively, President (for the ruler of Abu Dhabi), and Vice-President (for the ruler of Dubai) of the UAE.

His Highness Sheikh Saud Bin Saqr Al Qasimi, the Ruler of Ras Al Khaimah, represents Ras Al Khaimah on the Supreme Council.

### ***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. Based in Abu Dhabi, the Cabinet is headed by the Prime Minister and consists of two Deputy Prime Ministers and other ministers. These ministers are normally selected (for no fixed term) by the President of the Supreme Council on the recommendation of the Prime Minister. The Constitution defines the competences of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual Federal budget.

### ***Federal National Council***

The Federal National Council is a parliamentary body which comprises 40 members, all of whom are UAE nationals. Each emirate appoints members for a particular number of seats based on each emirate’s population and geographical size. Abu Dhabi and Dubai have eight members each, Sharjah and Ras Al Khaimah 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 two deputy speakers elected from amongst its members, the Federal National Council has both a legislative and supervisory role under the Constitution. This means that it is responsible for examining and, as appropriate, amending or rejecting, 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, and its amendments to, or rejection of, draft legislation placed before it can ultimately be overridden by the Supreme Council.

During 2006, reforms were made with a view to enhancing public participation in indirect elections to the Federal National Council. Under these reforms, the ruler of each emirate will select an electoral college whose members should be at least 100 times the number of Federal National Council members for that emirate. The members of each college elect half of the Federal National Council members for their emirate, with the remainder being appointed by the relevant ruler.

### ***Legal and Court System***

There are three primary sources of law in the UAE, namely:

- Federal laws and decrees applicable in all seven emirates;
- local laws i.e. laws and regulations enacted by the emirates individually; and
- *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 will 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 of each emirate. 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, four of the seven emirates (Dubai, Abu Dhabi, Ras Al Khaimah and Sharjah) 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.

Ras Al Khaimah’s judicial system mirrors the structure of the Federal judicial system and is comprised of a Court of First Instance, a Court of Appeal and a Court of Cassation.

### ***International Relations***

Pursuant to Article 120 of the Constitution, foreign policy and international relations are a Federal matter and, accordingly, Ras Al Khaimah has no right to enter into agreements with foreign

governments other than, under certain conditions, “limited agreements of a local and administrative nature” with neighbouring states.

The foreign policy of the UAE is based upon a set of guiding principles laid down by the country’s first President, His Highness Sheikh Zayed bin Sultan Al Nahyan. He derived these principles from his belief in the need for justice in international dealings between states, including the necessity of adhering to the principle of non-interference in the internal affairs of others and the pursuit, wherever possible, of peaceful resolution of disputes, together with support for international institutions, such as the United Nations (the “UN”).

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance co-operation and to resolve disagreement through the pursuit of dialogue. Accordingly, one of the central features of the country’s foreign policy has been the development of closer ties with its neighbours in the Arabian Peninsula. The GCC region, which comprises the UAE, the State of Kuwait, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Qatar and the Sultanate of Oman, was founded at a summit conference held in Abu Dhabi in May 1981.

At the broader level of the Arab world as a whole, the UAE is committed to rebuilding a sense of common purpose among both its people and its governments and, to this end, has supported the strengthening of common institutions, such as the League of Arab States. Beyond the Arab world, the UAE has pursued a policy of seeking, wherever possible, to build friendly relations with other nations, both in the developing and in the industrialised world. The UAE also maintains cordial relations with other regional states and has established good relations with the United States of America and the European Union as well as with developing nations in Africa and many of the countries of the former Soviet Union.

Since the establishment of the UAE, the country has played an active role in the provision of financial aid to developing countries and has been a contributor of emergency relief to countries and areas affected by conflict and natural disasters. Countries that have benefited in recent years from the UAE’s financial aid include Pakistan, Morocco, Mauritania, Sudan, Syria, Yemen and Egypt. The philosophy behind the aid policy is two-fold: first, the provision of help for the needy is a duty incumbent on all Muslims and, second, the country’s policy on utilisation of the revenues from its oil and gas production has always included a component that they should be devoted, in part, to helping other countries which have fewer natural resources.

The UAE is also an active participant in a number of multi lateral aid-giving institutions, including the International Bank for Reconstruction and Development (the “**World Bank**”), the IMF, the International Development Agency and regional bodies like OPEC, the Fund for International Development, the Arab Gulf Fund for the UN, the Arab Bank for Economic Development in Africa, the Abu Dhabi-based Arab Monetary Fund and the Islamic Development Bank. In addition, the UAE is a member of various other international organisations including, *inter alia*, the GCC, the United Nations, the League of Arab States, the Organisation of Islamic Countries, the Organisation of Arab Petroleum Exporting Countries, the World Health Organisation, the International Organisation for Industrial Development, the World Trade Organisation and the Asia-Pacific Economic Co-operation.

The UAE currently has an impasse with the Islamic Republic of Iran and the Kingdom of Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iranian forces. The UAE believes that the islands should be returned to Sharjah and Ras Al Khaimah, respectively, which claim sovereignty over them and is seeking to resolve the dispute through bilateral negotiations or a reference to international arbitration.

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. In addition, the UAE is involved in discussions with the governments of the Kingdom of Saudi Arabia and the State of Qatar over 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. The proposed maritime corridor crosses part of the route of the gas pipeline constructed by Dolphin Energy Limited between the State of Qatar and the UAE.

### ***The Government of Ras Al Khaimah***

The powers of government in Ras Al Khaimah are vested in the ruler and the Crown Prince. The Ruler of Ras Al Khaimah, His Highness Sheikh Saud Bin Saqr Al Qasimi, was appointed Ruler of

Ras Al Khaimah on 27 October 2010 following the death of his Father His Highness Sheikh Saqr Bin Mohammed Al Qasimi (who had been in power since 1948).

Upon his accession as the former Crown Prince and Deputy Ruler on 14 June 2003, His Highness Sheikh Saud Bin Saqr Al Qasimi embarked on a wide-ranging development programme for Ras Al Khaimah aimed at diversifying and reforming its economy as well as encouraging foreign investment. His Highness Sheikh Saud Bin Saqr Al Qasimi's development and diversification programme has focused on the industrial, technology, financial services, ports, aviation, pharmaceuticals, financial services, real estate and tourism sectors of the economy as well as aiming to establish the Emirate as a centre of excellence for education and health care. Between 2011 and 2013, the Emirate's cash revenues have seen a compound annual growth rate of approximately 6 per cent.

The various departments and other arms of the RAK Government and their respective executives operate under the powers and responsibilities specifically delegated to them from time to time by the ruler. The laws adopted in Ras Al Khaimah are passed by virtue of a decree of the ruler.

In July 2012, His Highness Sheikh Saud Bin Saqr Al Qasimi issued Law No. 7 of 2012 establishing an Executive Council in the Emirate. The Executive Council is chaired by Sheikh Mohammad Bin Saud Bin Saqr Al Qasimi, Crown Prince of Ras Al Khaimah, and board members include Directors and Director-Generals of local governmental departments. The Executive Council's role is to assist His Highness in implementing and supporting developments affecting Ras Al Khaimah. For example, in March 2013, the Executive Council approved the Human Resources Law No. 1 of 2013 which addresses human resources issues in the Emirate. The Executive Council meets quarterly and is required to submit annual reports confirming its activities and achievements in each fiscal year.

The key RAK Government departments include:

- Finance Department;
- Municipality Department;
- Public Works and Services Department;
- Land Department;
- Department of Economic Development;
- Investment and Development Office;
- Ras Al Khaimah Investment Authority; and
- Ras Al Khaimah Free Trade Zone.

The RAK Government has adopted a strategy for its economy which is intended to complement the economic growth in other emirates such as Abu Dhabi and Dubai. In particular, Ras Al Khaimah is seeking to diversify its revenue sources by leveraging its mineral resources and its strategic location in the Arabian Gulf and the Middle East, as well as by focussing on the development of its tourism industry. In the context of the overall contraction of the UAE's economy during the years 2008 to 2010, particularly in the case of Dubai and Abu Dhabi, the resulting impact on Ras Al Khaimah's economy was largely contained, primarily due to the Emirate's revenues not depending on oil revenues and its comparatively limited exposure to the real estate sector. However, during this period, the RAK Government has actively sought to explore new markets and further diversify its economic base, by facilitating investments in Ras Al Khaimah in industrial sectors while pursuing a selection of real-estate projects that are backed by local demand. To achieve these goals, the RAK Government has established the Department of Economic Development, the IDO, the Ras Al Khaimah Investment Authority (see further "*The Economy of Ras Al Khaimah – Introduction*" below) and the Ras Al Khaimah Free Trade Zone (see further "*The Economy of Ras Al Khaimah – Foreign Direct Investment and Free Zones*" below) and has also adopted the following objectives aimed at attracting investors by establishing a business friendly environment in the Emirate:

- improving the investment climate by removing, or otherwise addressing legal, administrative and other impediments to investments and doing business;
- providing robust and efficient supporting infrastructure and other public services at economically attractive prices;
- ensuring that there is clarity, objectivity and transparency in the Emirate's legal and regulatory framework; and
- providing investment funding as needed.

### ***Ratings***

On 31 October 2014, Standard & Poor's Credit Market Services Europe Ltd. affirmed the Emirate of Ras Al Khaimah's "A" long term and "A-1" short-term sovereign credit ratings (stable outlook) and on 21 November 2014 Fitch Ratings Limited affirmed the Emirate of Ras Al Khaimah's "A" long-term foreign and local currency issuer default rating (stable outlook).

On 17 August 2014, Moody's Investors Service Singapore Pte. Ltd reaffirmed the UAE's long-term credit rating of "Aa2" (stable outlook). The UAE is not rated by the other rating agencies.

These credit rating affirmations reflect the limited level of fiscal risk in Ras Al Khaimah due to the RAK Government's minimal expenditure obligations, prudent fiscal policy and on-going indirect financial support from the UAE. The Emirate also has a comparatively wealthy and increasingly diversified economy (see further "*The Economy of Ras Al Khaimah*" below).

### ***Environmental matters***

Ras Al Khaimah has a number of environmental priorities, including dust control and management of marine and coastal environments and their natural resources; development and management of water resources; conservation of biodiversity; and the safe storage and movement of toxic chemicals and hazardous waste. In order to address certain of these environmental issues, the RAK Government has adopted the following strategies and measures:

- in 2007, the Ras Al Khaimah Environmental Protection and Development Authority was established with overall responsibility for environmental matters within the Emirate;
- dust and gas pollution are monitored regularly by using both fixed and mobile air quality monitoring stations;
- those cement quarries and crushers which are owned or subsidised by the RAK Government have begun to adopt cleaner technology. In order to reduce dust pollution, guidelines are in place for encapsulating equipment (in order to reduce the amount of dust escaping into the air); the use of water spraying technology to damp-down dust emissions; asphaltting of roads; and the proper storage of material;
- new industries established in Ras Al Khaimah are required to comply with certain environmental standards before they commence operations;
- systems are in place for the movement of municipal waste (including systems for its collection and segregation, together with a secure landfill); and
- initiatives are in place in relation to sewage and water treatment.

### ***Business Address***

The address of the IDO of Ras Al Khaimah is Investment & Development Office, Government of Ras Al Khaimah, P.O. Box 12222, Ras Al Khaimah, United Arab Emirates and its telephone number is: +971 7 2277888.

## THE ECONOMY OF RAS AL KHAIMAH

### Introduction

Ras Al Khaimah does not have the abundant energy resources of some of the other emirates in the UAE and has consequently concentrated on developing a fully diversified economy. It established the UAE's first cement company in the early 1970s and is now the UAE's largest producer of cement. In the 1980s, the Emirate formed RAK Ceramics PSC ("RAK Ceramics"), which has become the world's largest ceramics producer, and Gulf Pharmaceutical Industries LLC (also known as "Julphar"), the GCC's first pharmaceuticals and medical supplies company. Julphar has developed into a global brand and now sells its products in over 45 countries.

The IDO was established by Emiri decree in 2004, with the objective of channelling new investment opportunities into the Emirate and managing the RAK Government's balance sheet. The IDO is involved in managing the credit rating process of the Emirate and the compilation of consolidated government accounts on a quarterly basis. The IDO also provides financial advice to the RAK Government; treasury management and corporate finance functions for government-owned companies; investment, legal support and due-diligence on investment opportunities; and financial restructuring of government entities.

### Economic Indicators

#### Gross Domestic Product

Ras Al Khaimah's economy has shown a marked improvement since 2010, when the Emirate was continuing to suffer from effects of the 2008 global financial crisis (although the resulting impact on Ras Al Khaimah's economy was largely contained). In 2013, the Emirate's GDP increased (in nominal terms) to AED 25.9 billion compared to AED 24.1 billion in 2012. This represented a 7.5 per cent. increase. Ras Al Khaimah's economy is led by the manufacturing sector, which accounted for 25.1 per cent. of its GDP in 2013, followed by the wholesale and retail trade sectors, which account for 12.1 per cent.

Data published by the NBS states that nominal GDP in the UAE for 2013 was AED 1,477.6 billion, representing an increase of approximately 8.1 per cent. when compared to 2012, when nominal GDP in the UAE was AED 1,367.3 billion. The IMF's UAE Article IV Consultation in 2014 reported that the UAE's economic growth has been solid, supported by tourism, hospitality and a rebounding real estate sector, which has contributed to its increase in GDP.

The GDP per capita in Ras Al Khaimah was AED 57,050 in 2012 and AED 59,167 in 2013. Ras Al Khaimah has achieved a compound annual growth rate of 10.7 per cent. in GDP during the last three years (2010-2013).

The following table shows the GDP and GDP per capita for the years indicated:

	2010	2011	2012	2013
United Arab Emirates GDP (AED billion) <sup>(1)</sup> .....	1,050.6	1,276.0	1,367.3	1,477.6
Ras Al Khaimah GDP (AED billion) <sup>(2)</sup> .....	17.6	22.9	24.1	25.9
Ras Al Khaimah per capita GDP (AED) <sup>(2)</sup> .....	42,620	54,957	57,050	59,167

(1) Source: NBS

(2) Source: IDO

The IDO anticipates a significant increase in Ras Al Khaimah's GDP figure for 2014 due to a revision by the Department of Economic Development of Ras Al Khaimah (the "DED") in the method of determining GDP. For periods prior to 2014, contributions made by the free trade zones in Ras Al Khaimah were excluded when determining GDP. However for the period commencing 2014, the contributions made by the three free trade zones in the Emirate will be included when determining GDP figures. The DED will not re-state the previous years' GDP, and so the GDP figures for 2014 onward will not be comparable to those preceding years.

## ***Inflation***

The table below shows the levels of the General Consumer Price Index (“CPI”) (together with its constituent elements) for Ras Al Khaimah for each of the years indicated.

	<b>Weight</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General CPI.....	100	111.5	114.0	117.4	120.3	122.0
Housing.....	24.6	108.0	104.5	103.3	103.2	103.6
Transport.....	15.8	110.4	117.6	120.0	120.0	121.5
Food, non-alcoholic beverages and soft drinks.....	15.0	119.5	127.2	136.4	149.1	158.7
Textiles, clothing and footwear.....	10.0	112.7	109.3	115.7	120.5	118.3
Communications.....	7.3	99.5	104.7	105.0	104.9	104.6
Restaurants and hotels.....	7.1	123.8	123.1	122.1	121.7	121.6
Furniture and household goods.....	6.8	105.5	111.1	118.2	119.5	119.7
Recreational and cultural services.....	3.2	114.2	124.3	132.2	132.0	133.0
Medical care.....	2.5	98.2	92.6	94.5	95.0	95.1
Education.....	2.2	100.0	104.0	109.9	115.3	120.9
Alcoholic drinks and tobacco.....	0.1	102.4	104.5	106.4	113.9	138.8
Other goods and services.....	5.4	122.4	129.8	138.7	146.1	144.5

Source: RAK Statistical Yearbook 2014.

Notes: The changes in CPI categories accrued in 2013 from the source NBS Base year 2007=100.

The table below shows the CPI and the percentage change, year on year, of the CPI of Ras Al Khaimah for each of the years indicated.

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
CPI Index.....	111.5	114.0	117.4	120.3	122.0
CPI (percentage change, year on year).....	0.4	2.2	9.1	2.5	1.4

Source: RAK Statistical Yearbook 2014.

Note: Base year is 2007.

The housing group constitutes 24.6 per cent. of the Ras Al Khaimah CPI. The other major expenditure groups are transportation; food, non-alcoholic beverages and soft drinks; textiles, clothing and footwear and communications, which account for 15.8 per cent, 15.0 per cent., 10.0 per cent. and 7.3 per cent. respectively in the CPI weighting.

## ***Employment and Wages***

Based on the 2014 RAK Statistical Yearbook information, the population of working age people in Ras Al Khaimah was approximately 213,367 in 2013.

The 2009 census indicated that approximately six per cent. of the labour force was unemployed at the time of the census. Unemployment benefits are payable only to UAE nationals and the responsibility for the payment lies with the Federal Government.

In September 1999, UAE nationals working for private companies became entitled to the same social security and pension benefits as those working for the Federal Government. Under the Federal Government’s national pension and social security scheme, nationals who have contributed to the scheme will be eligible for retirement benefits, disability benefits and compensation on death. The General Authority for Pensions and Social Security, which invests employer and employee contributions to fund the social security programme, was established to operate the scheme.

Non-UAE nationals are not entitled to pensions but are legally entitled to end-of-service benefits based on the length of service and in accordance with the terms of their employment contracts.

Separate social security provision is made for all members of the military and the police force.

## ***Principal Sectors of the Economy***

Ras Al Khaimah’s economy is currently led by the manufacturing sector which contributed 25.1 per cent. of GDP in 2013, primarily driven by the Industrial and Free Zones. Outside this sector, the principal contributors to GDP in Ras Al Khaimah in 2013 were: wholesale/retail trade and repair

services (12.1 per cent.); financial institutions and insurance (8.6 per cent.); government services (9.6 per cent.); construction and building (7.5 per cent.); real estate and business services (6.9 per cent.); transport, storage and communication (6.4 per cent.) agriculture, livestock and fishing (6.0 per cent.); crude oil and gas (5.5 per cent.); quarrying and other (3.7 per cent.); electricity and water (3.5 per cent.); restaurants and hotels (2.5 per cent.) and other services (2.6 per cent.).

### ***Manufacturing***

The manufacturing sector contributed 24.9 per cent. and 25.1 per cent. of Ras Al Khaimah's nominal GDP in 2012 and 2013 respectively. Manufacturing industries benefit from Ras Al Khaimah's large limestone quarries and iron, copper and chromium resources. A significant element of Ras Al Khaimah's long-term economic strategy involves further expansion of the Emirate's industrial base. Specific strategic priorities include the promotion of specialised economic zones including the Ras Al Khaimah Free Trade Zone, RAK Maritime City and the free zones. See further "*Foreign Direct Investment and Free Zones*" below. In addition, the RAK Government has sought to encourage public private partnerships as a means of increasing private sector participation.

Certain of the Emirate's key manufacturing and industrial sectors are briefly described below:

#### *Cement*

Ras Al Khaimah has the largest deposit of limestone (the principal raw material for making cement) in the UAE and, accordingly, one of Ras Al Khaimah's most important local industries is the cement and building materials industry. Local rock, quarried from the mountains, is used to produce a variety of building materials from aggregates to ceramic tiles. Ras Al Khaimah is the only emirate in the UAE to produce oil-well cement, white cement (produced by RAK White Cement Company) and lime, and is a major domestic supplier and exporter. As at the date of this Base Prospectus, the RAK Government held 9.13 per cent. of the shares in RAK White Cement Company. The principal companies engaged in this sector are Union Cement Company which commenced production in 1975 and is currently the largest cement producer in the UAE, Gulf Cement Company, and RAK Cement Company, which was established in 1995. Both Gulf Cement Company and Union Cement Company are private sector companies listed on the Abu Dhabi Stock Exchange ("ADX"). During the year ended 31 December 2013, Gulf Cement Company and Union Cement Company generated revenues of approximately AED 625 million and AED 528 million, respectively. As at the date of this Base Prospectus, the RAK Government held 6.37 per cent. and 40.84 per cent. of the shares in Gulf Cement Company and Union Cement Company, respectively. The market value of these companies is set out at "*Public Finance – Government Assets and Investments – Government Investments*". The majority of Ras Al Khaimah's cement production facilities are strategically located close to Saqr Port, which is specially equipped for handling bulk cargo and cement exports.

#### *Pharmaceuticals*

The pharmaceutical industry of Ras Al Khaimah covers the local and worldwide export market. Ras Al Khaimah is home to Julphar, which has developed into an international industry leader in a highly competitive market. Julphar is a private sector company listed on the ADX. The company focuses principally on manufacturing pharmaceuticals which are no longer protected by patents. It also has some retail pharmacy chains within the UAE, the Kingdom of Saudi Arabia and the Sultanate of Oman. Julphar has twelve manufacturing plants in the UAE, with further expansion planned in the UAE. The company has also constructed a manufacturing plant in the Kingdom of Saudi Arabia and opened its first international manufacturing facility in Ethiopia. As at 31 December 2013, the company had a total of 3,582 products registered in over 45 countries around the globe, with 817 formulations and 212 brands across every major therapeutic category. During the year ended 31 December 2013, Julphar generated revenues of AED 1.362 billion. As at the date of this Base Prospectus, the RAK Government held 22.73 per cent. of the shares in Julphar.

#### *Ceramics*

The principal company engaged in the ceramics sector is RAK Ceramics. RAK Ceramics is a public company listed on the ADX. The majority of its shares are held by members of the Ras Al Khaimah Ruling Family and Samena Capital, a leading regional private equity investor. RAK Ceramics operates 10 state-of-the-art ceramic tiles plants in UAE and one plant each in China, Sudan, Bangladesh, India and the Islamic Republic of Iran. It also operates sanitary ware plants in the UAE, Bangladesh and India, as well as a tableware and taps/faucets plant in the UAE. RAK Ceramic's latest facility in the UAE is one of the world's largest single ceramic products plants. With exports to more than 160 countries on five continents, RAK Ceramics is one of the largest ceramic

manufacturers in the world by volume. It is located 20 kilometres south of Ras Al Khaimah city on the highway to Dubai, giving it easy access to the UAE markets and ports. RAK Ceramics' global operations have an annual production capacity of 117 million square meters of ceramic and porcelain tiles, 4.8 million pieces of bath ware, 25 million pieces of tableware and 0.6 million pieces of taps/faucets. RAK Ceramics has approximately 8,000 employees in UAE and 12,000 employees worldwide. During the year ended 31 December 2013, RAK Ceramics earned revenues of approximately AED 3.515 billion with net profits of AED 272 million. During the nine months ended September 2014, its revenues were AED 2.484 billion with net profits of AED 207 million.

As at the date of this Base Prospectus, the RAK Government held 4.97 per cent. of the shares in RAK Ceramics.

#### ***Wholesale/retail trade and repair services***

The wholesale/retail trade and repair services sector accounted for approximately 12.1 per cent. of Ras Al Khaimah's GDP in 2012 and 2013. This sector employed 18.7 per cent. of the Emirate's total workforce in 2013 and 18.6 per cent. of the total work force in 2012.

#### ***Financial Institutions and Insurance***

The financial institutions and insurance sector contributed 8.6 per cent. of Ras Al Khaimah's GDP in 2013 and 8.9 per cent. in 2012. There are two banks incorporated in Ras Al Khaimah; The National Bank of Ras Al Khaimah ("**RAKBANK**") (with eleven branches in the Emirate) and Commercial Bank International ("**CBI**") (with three branches in the Emirate), as well as six branches of foreign banks and 31 branches of national banks. In addition, RAK National Insurance Co. ("**RAK Insurance**"), a public company offering both life and non-life insurance products, is located in the Emirate.

RAKBANK, CBI and RAK Insurance are listed on the ADX. As at the date of this Base Prospectus, the RAK Government held (directly and indirectly) 52.8 per cent. of the shares in RAKBANK and 47.1 per cent. of the shares in RAK Insurance.

#### ***Government Services***

The public sector (government services) accounted for approximately 9.5 per cent. of GDP in 2013, down from 9.6 per cent. in 2012. The share of GDP accounted for by the public sector is expected to continue to decline over time as the private sector expands at a faster rate as a result of the establishment of new companies and job creation initiatives.

#### ***Construction and Real Estate***

The real estate and business services sectors, together with the construction and building sectors accounted for approximately 7.5 per cent. and 6.9 per cent. respectively of Ras Al Khaimah's GDP in 2013, 7.4 per cent. and 6.8 per cent. in 2012. Issues relating to construction and real estate are determined by the RAK Government rather than the Federal Government. In November 2005, the RAK Government issued a decree permitting expatriates to purchase freehold properties in certain developments in the Emirate.

There are a number of significant real estate development companies operating in Ras Al Khaimah, including RAK Properties PJSC ("**RAK Properties**") and Al Hamra Real Estate Development LLC ("**Al Hamra**"). RAK Properties is an ADX listed private sector company (established in February 2005) which has been granted 4.6 million square metres of development land by the RAK Government. Al Hamra is also a private sector company which was established in 2005.

RAK Properties has developed a number of projects in the UAE including RAK Tower on Reem Island in Abu Dhabi. In Ras Al Khaimah, RAK Properties has developed two landmark projects, Mina Al Arab, a residential complex in the South of the Emirate and Julphar Tower, the tallest building of the Emirate which offers modern offices and residential units across two 43-storey towers.

Al Hamra Village is an integrated residential and leisure development located on the coast in Ras Al Khaimah. The development covers an area of 77 million square feet and includes 1.5 kilometers of beach front, over 1,000 villas and townhouses, more than 2,500 residential apartments and five hotels, including hotels operated by Waldorf Astoria and Banyan Tree, an 18-hole championship golf course and a shopping mall.

The production value of the construction and building sector amounted to AED 1.944 billion in 2013. A number of the key tourism projects are described in more detail in the section entitled "*Tourism*" below.

### *Transport, storage and communication*

The transport, storage and communication sector accounted for 6.4 per cent. of Ras Al Khaimah's GDP in 2012 and 2013. The sector is primarily driven by the expansion of port facilities in Ras Al Khaimah to support the growing needs of the Emirate's manufacturing sector, in particular its rock, limestone and cement industries.

### *Agriculture, Livestock and Fishing*

Agriculture, livestock and fishing accounted for 6.0 per cent. of Ras Al Khaimah's GDP in 2013 and 6.3 per cent. in 2012. This sector employed approximately 7.5 per cent. of the Emirate's workforce in 2013. Agriculture, which accounts for around half of this sector's output, covered 134,340 donoms of land on 4,210 farms as of 31 December 2013 according to the RAK Statistical Yearbook 2014.

### *Oil and Gas*

The contribution of the oil and gas sector to the economy of Ras Al Khaimah is low (around 5.5 per cent. of GDP for 2013).

The Ras Al Khaimah Gas Company ("**RAKGas**"), which is wholly owned by the RAK Government, receives raw gas and oil from the Saleh field (in which RAKGas has a 30 per cent. shareholding), from the Sultanate of Oman's Bukha and West Bukha fields and from the Umm al Quwain field. RAKGas also receives processed gas from the Dolphin pipeline, via Abu Dhabi. Ras Al Khaimah's exploration potential is estimated to be 100 million barrels of oil equivalent.

RAKGas receives approximately 80 – 90 million standard cubic feet per day ("**MMscfd**") of gas and 7,000 barrels per day ("**b/d**") of oil/condensates from the above supply sources and processes these in its gas processing plant in Khor Khwair. The RAKGas plant is capable of production of 150 MMscfd of sour gas and 20,000 b/d of condensates and/or oil, 120 tonnes of liquefied petroleum gas or cooking gas ("**LPG**") and 500 barrels of pentanes per day at full capacity. The LPG is sold via trucks to end users. The condensates are shipped to refineries worldwide via RAKGas's own Single Point Mooring system.

RAKGas is also engaged in a number of international ventures. It holds licenses operated under production sharing agreements in Tanzania, Egypt, Mozambique, Zanzibar, Malawi and Somaliland. RAKGas has continued to strengthen its presence in East Africa, through increased working interest in the blocks (being the defined area where the relevant company has a right to operate under the terms of a concession agreement) currently in its portfolio. RAKGas participated in recent bid rounds for additional blocks in Tanzania and new frontier areas along the East African Rift Valley trends. In total, RAKGas' portfolio represents acreage of 112,540 square kilometers.

In 2005, RAK Petroleum PCL was incorporated with limited liability. On 10 January 2012, RAK Petroleum carried out a reverse takeover of DNO International ASA, a large independent upstream oil and gas company, headquartered in Norway. Following the takeover, the enlarged company was named "DNO RAK Petroleum" and is now currently "RAK Petroleum plc" ("**RAK Petroleum**"). RAK Petroleum is currently listed on the Oslo Børs, and as at 7 November 2014, the RAK Government held (directly and indirectly) 6.3 per cent. of the shares in RAK Petroleum.

RAK Petroleum invests in oil and gas projects with assets across the upstream sector in exploration, appraisal, development and production activities.

### *Mining and Quarrying*

The mining and quarrying sector contributed 3.7 per cent. to Ras Al Khaimah's GDP in 2013. Ras Al Khaimah has been endowed with large mineral deposits (including limestone and gabbro), which are largely owned by the RAK Government. Ras Al Khaimah has limestone and gabbro quarries and crushers for aggregate production which support the construction and cement industries in the UAE and overseas.

Stevin Rock and RAK Rock (both of which companies are wholly-owned by the RAK Government and whose annual financial statements are consolidated in the RAK Government's annual fiscal results) sold 66 million tonnes of aggregates and rock products and had a combined annual revenue of AED 1.3 billion during 2014. Approximately 25 small to medium size enterprises of the Emirate are engaged in the rock crushing business. The RAK Government estimates that its current quarry reserves will expire in 100 years at the current level of operations.

### ***Tourism and Hospitality***

Since it was established in May 2011, the Ras Al Khaimah Tourism Development Authority, part of RAK Government, has focused on the growth of Ras Al Khaimah as a world-class tourism destination appealing to multiple consumer sectors in the domestic and global markets. A number of prominent tourism and hospitality projects were implemented recently. Between July 2013 and December 2014, the number of hotel rooms in Ras Al Khaimah increased by 58 per cent. Currently 4 and 5 star room inventory consists of 4,789 rooms. Hotels operating in Ras Al Khaimah are managed by leading international operators such as Hilton, Rixos or Banyan Tree. Hilton opened a Waldorf Astoria, its flagship brand, in Ras Al Khaimah in August 2013. In 2014, three new hotels opened on Al Marjan Island:

- the Rixos Bab Al Bahr Resort;
- the Marjan Island Resort & Spa; and
- the Double Tree by Hilton Resort & Spa, Marjan Island.

The 265-room Santorini Hotel, a part of The Bin Majid Group is scheduled to open by the end of 2015.

Since 2010, a number of other tourism related projects have been developed in the southern area of the Emirate (including an 18-hole golf course in Al Hamra, a water park entertainment complex, cinema and shopping mall). The Banyan Tree Al Wadi Resort, together with its sister property, the Banyan Tree Beach Resort, commenced operations in early 2011.

The following table sets out the number of Ras Al Khaimah hotels, rooms bed and occupation percentage for each of the years indicated.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Hotels & Resorts.....	11	13	14	15	19
Rooms .....	2,503	2,473	3,023	3,369	4,789
Beds .....	3,514	3,365	4,454	4,931	7,382
Guests (in thousands).....	600	835	1,105	1,273	2,141
Nights (in thousands).....	521	682	727	758	1,034
Occupation (per cent.).....	66	69	69	67	62

Source: Ministry of Economy and Planning.

### ***Medical care***

RAK Hospital is a private hospital which was built, commissioned and which is managed by the Arabian Healthcare Group. RAK Hospital has been accredited by the Joint Commission International and the Swiss Leading Hospitals within the first year of its operations. RAK Hospital has established stand-alone specialty medical centres, focused on the management of diabetes and eye care.

The Federal Government sponsored Sheikh Khalifa Hospital was completed in late 2014 at a cost of over AED 500 million, with a capacity of 248 beds. The hospital was officially opened in February 2015 and is operated and managed by Seoul National University Hospital of South Korea, which provides over 200 of the hospital's medical staff.

### ***Infrastructure***

Ras Al Khaimah has embarked on a programme of infrastructure development to attract industrial and commercial enterprises. It is well connected to the other emirates, has good telecommunication facilities, a well-established road network and a number of ports. It is within 45 minutes of three international airports, located at Ras Al Khaimah, Sharjah and Dubai.

In 2010, Abu Dhabi ordered the allocation of a total of AED 5 billion (U.S.\$1.5 billion) for infrastructure projects in the northern emirates with the intention of boosting economic growth and prosperity. This amount will be used to fund the construction of road networks, new housing communities, drainage networks and other projects considered necessary for sustainable economic growth.

### ***Roads and Highways***

An extensive network of roads has been developed in Ras Al Khaimah over the last two decades. Three free flowing dual-carriageways link Ras Al Khaimah with the southern emirates. One follows

the coast. The second runs out towards the airport in the direction of Khatt, Masafi, the Emirate of Fujairah and Thaid and further into the Sultanate of Oman. The third, the Emirates Highway, traverses the emirates of Umm Al Quwain, Ajman, Sharjah and Dubai.

A key project underway is the AED 1 billion RAK Ring Road, with the first phase expected to be completed in 2015, followed by the second in 2017 and the final phase in 2020. This project is being wholly funded by the Federal Government. Other projects include the Siji to Shawkah link, the RAK Coastal Road, as well as improvements to the existing system, such as widening, new flyovers and better junctions (amounting to approximately 300 km of new roads in total).

As at the date of this Base Prospectus, the northern extension of the Emirates Highway connecting Ras Al Khaimah to the southern Emirates has commenced, with completion expected in 2016.

### ***Ports***

Saqr Port, built in 1976, is located in the industrial area of Khor Khuwair around 25 kilometres north of the city of Ras Al Khaimah and is the Emirate's main port. The port, which provides bulk and container services, is close to major international shipping lanes and the Strait of Hormuz. It has 12 deep-water berths, each 200 metres long, is dredged to 12.2 metres and has specialised berths for handling bulk general cargo, cement and aggregate shipments. Other services include ship handling, crew changes and 800,000 square metres of storage area. In 2013, exports totalled 41.64 million tons with limestone accounting for over 87 per cent. of total exports through Saqr Port.

A seaport at Al Jazeerah Al Hamra was commissioned in 2003 to handle the growing demand for bulk shipments of aggregates and rocks for the construction industry in the UAE. Located 20 kilometres south of Ras Al Khaimah City, Al Jazeerah Port has the advantage of being close to the national highway linking Ras Al Khaimah and Dubai. The port has nine berths with a total aggregate length of 1.1 kilometres. The main port is designed for loading and discharging all types of cargo, while the breakwater area of the port is designed for loading rock materials. Al Jazeerah Port has agency services, customs and immigration facilities, afloat repair and maintenance infrastructure, pilotage, towage and tug assistance, and bunkering facilities. Al Jazeerah Port also operates a state-of-the-art dry dock which has 12 dry berths and a lifting capacity of 1,000 tonnes.

The RAK Government completed the expansion of RAK Port in 2009, which involved building a passenger terminal at RAK Port and extending the port's berthing capacity.

In addition, Ras Al Khaimah's third port at Al Jeer, near the border with the Sultanate of Oman, commenced operations in 2008. The port has a 270 metre quay, with berthing space to accommodate 120 vessels and a passenger terminal to facilitate ferry services between Bandar Abbas, the Islamic Republic of Iran and Ras Al Khaimah.

### ***RAK International Airport***

RAK International Airport's departure terminal development project was completed in 2013. This project increased the capacity to 1,000,000 passengers. In addition, RAK International Airport has embarked on a number of other projects during 2013 and 2014 which will enhance operational efficiency, including:

- large scale IT infrastructure upgrade;
- implementation of a baggage handling system;
- upgrading the automated weather observation system (one of the most advanced in the UAE); and
- the expansion of duty free/retail space within the airport.

In 2014, RAK International Airport:

- started its own ground handling business which generated a profit in its first year of operations;
- established a new services division for providing cleaning and porter services; and
- commenced new fuel farm operations with SKA Energy.

In early 2015, RAK International Airport commenced works to expand the arrivals terminal, which will result in a 40 per cent. increase in capacity alongside new operational infrastructure (such as immigration counters, baggage carousel and retail offerings). An expansion of the airport car park is scheduled to finish before summer 2015. On-going runway and pavement strengthening projects are also scheduled to be completed during 2015.

A power upgrade project for the airport is due to be completed by May 2015 which aims to provide for the airport's future power needs for the development of a new cargo and logistics centre and fixed base operation (which is scheduled for 2016).

On 31 December 2013, RAK Airways PJSC, a privately owned carrier that operated from RAK International Airport, ceased flight operations. During 2014, RAK International Airport saw the commencement of the new national carrier, Air Arabia, which commenced flight operations in May 2014. As at the date of the Base Prospectus, Air Arabia flies 10 routes from RAK International Airport covering Pakistan, Bangladesh, Saudi Arabia, Qatar, Egypt and Nepal.

### ***Telecommunications***

The UAE has a well-developed, technologically-advanced telecommunications infrastructure and has high mobile telephone penetration. Since 1976, the majority Federal Government-owned telecoms corporation, Emirates Telecommunications Corporation ("**Etisalat**"), has operated, maintained and developed the national and international fixed-line network, mobile telephony, internet access and cable TV services.

In mid-2004, the Federal Government announced plans to end the monopoly of Etisalat. A regulator, the Telecommunications Regulatory Authority ("**TRA**"), was formed to oversee the process and, in 2006, it granted a licence to Emirates Integrated Telecommunications Company, a new telecom provider (known in the market as 'du') owned 40 per cent. by the Federal Government, 20 per cent. by Mubadala Development Company, 20 per cent. by Emirates Telecommunications and Technology Ltd. and 20 per cent. by the public.

According to the TRA, as at 30 November 2014, there were approximately 2.1 million fixed lines in operation in the UAE, with 17.0 million mobile subscribers and approximately 1.1 million internet subscribers (comprising 1,103,544 broadband subscribers and 495 dial-up subscribers). The fixed line penetration rate (being the number of lines expressed as a percentage of the estimated population) was 25.0 per cent. in November 2013 and 25.2 per cent. in November 2014 and the mobile penetration rate (being the number of mobile subscribers expressed as a percentage of estimated population) was 190.8 per cent. in November 2013 and subsequently increased to 201.2 per cent. in November 2014, while the internet penetration rate (being the number of subscribers expressed as a percentage of the estimated population) was 12.5 per cent. in November 2013 and increased to 13.1 per cent. in November 2014 (source: TRA).

According to data published in the RAK Statistical Yearbook 2014, in 2013, the total number of mobile phones and the total number of landlines in Ras Al Khaimah increased by 11.8 per cent. and 10.4 per cent., respectively, from 2012.

### **Energy**

The Ras Al Khaimah energy sector comprises the production, transmission, distribution and supply of electricity and potable water to customers. The Federal Electricity & Water Authority ("**FEWA**") is responsible for providing power and water in the northern Emirates. The Emirate receives 400 megawatts ("**MW**") from the Federal grid to cover a power gap caused by a shortage of local power generated in Ras Al Khaimah. Due to the shortage of power in the Emirate, three power stations provide power for its industrial zones:

- the 84.2 MW (2X42.1 MW-generators) Al Ghail power plant, which provides electricity to the Al Ghail Industrial Zone and Free Zone;
- the 45 MW (2X22.5 MW at ISO condition) Al Hamra power plant, which provides electricity to the Al Jazeera Al Hamra Industrial Zone and Free Zone; and
- a third gas fired power station with an installed capacity of 83MW provides electricity to the Al Jazeera Al Hamra Industrial Zone and Free Zone, and is owned and operated by UTICO, a private company established in Ras Al Khaimah.

Electricity is also generated by gas and diesel fired power stations owned and operated by FEWA located at Nakheel and Galilah. During 2011, the Al Nakheel and Galila power stations had an installed capacity of 387 MW and 93 MW, respectively. Transmission lines of 132 kilovolts connect the major centres of generation and demand. Electricity is distributed to customers at 33 and 11 kilovolts.

In common with other emirates in the UAE, the power supply to Ras Al Khaimah is insufficient to meet demand. In 2012, for example, demand for electricity in Ras Al Khaimah was estimated at

800-850 MW out of which FEWA contributed 700-750 MW and Al Ghail Power contributed 50 MW. Ras Al Khaimah (and the other Emirates) seek to manage shortfalls in energy supply in as efficient a manner as is possible through short-term scheduled load shedding. The total demand of power in Ras Al Khaimah is expected to reach around 1100 to 1400 MW in the next ten year period. The RAK Government is planning to meet the challenges in the power sector by negotiating directly with FEWA for additional electricity to be supplied to the Emirate commencing in later 2015.

In March 2013, His Highness Sheikh Saud Bin Saqr Al Qasimi issued Emiri Decree No. 4 of 2013 establishing the Ras Al Khaimah Electricity and Water Authority (“**RAKEWA**”). RAKEWA regulates the ownership, management, operation and maintenance of electricity generation and water desalination plants, water rights, distribution and transport network, electricity transmission and despatch network and other assets and facilities of the electricity and water sector in the Emirate. The authority also monitors prices of water and power services sold to consumers to ensure fairness, transparency at all times, make sure that present and future consumer demands from the water and power services are properly met through sustainable planning and development, and ensure that local water and electricity projects are managed and run in consistence with international best practices and existing environmental laws.

### **Education**

The development of Ras Al Khaimah’s education system has been a key priority for the Emirate for His Highness Sheikh Saud bin Saqr Al Qasimi, and is founded on the belief that an educated population is vital to the long-term growth of Ras Al Khaimah’s economy.

The Emirate is aiming to establish itself as a local centre for educational excellence and, in order to achieve this, has invested significantly in this area in recent years. In particular, Ras Al Khaimah allows educational institutions to be incorporated at the Ras Al Khaimah Free Trade Zone (“**RAK FTZ**”) with the aim of encouraging international campuses.

Two of the universities located in the RAK FTZ include the University of Bolton and the Vatel International Business School for Hotel and Tourism Management. The University of Bolton’s Ras Al Khaimah campus commenced operations in 2008 and at present has a total enrolment of approximately 300 students. It offers undergraduate programmes in built environment, engineering, business and information technology along with an MBA programme.

In April 2009, the RAK Government established, through Emiri Decree, the American University of Ras Al Khaimah (“**AURAK**”). AURAK is a publicly supported, non-profit university. H.H. Sheik Saud Bin Saqr Al Qasimi serves as chairman of the AURAK Board of Trustees. AURAK offers four master degree programs in the fields of business administration (MBA and EMBA), educational leadership and engineering project management. AURAK also offers 18 bachelor degrees in the fields of architecture, biotechnology, business, communication, computer science, education, engineering, and marketing. The University of Texas Arlington and AURAK jointly offer bachelor degree programs in civil engineering and mechanical engineering and AURAK currently has over 600 students enrolled.

RAK Medical and Health Sciences University (“**RAKMHSU**”) was established in 2006. It has four constituent colleges:

- RAK College of Medical Sciences;
- RAK College of Dental Sciences;
- RAK College of Pharmaceutical Sciences; and
- RAK College of Nursing.

In addition, RAKMHSU offers programmes in nursing (including pediatric nursing, community health nursing and psychiatric/mental health nursing) and pharmacy.

All programmes have received accreditation from the Commission for Academic Accreditation under the UAE’s Ministry of Higher Education & Scientific Research. Based on an agreement with the Ministry of Health, the University utilises Federal hospitals in Ras Al Khaimah and Fujairah for the clinical training of its medical and other health science professional students.

As of 31 December 2014, RAKMHSU had 1,121 students representing over 45 nationalities. It employs 109 teaching staff, 93 adjunct faculty and 75 non-teaching staff from 26 different countries. RAKMHSU offers full scholarships through the Sheikh Saqr foundation for Government Excellence to all UAE national students. The UAE’s Ministry of Higher Education & Scientific Research also provides UAE national students with full scholarships when undertaking a nursing programme.

Outside of further education, the Emirate also offers a broad range of primary and secondary educational facilities, including public schools with courses tailored to the educational systems adopted in the United States, the United Kingdom and India. Ras Al Khaimah believes that offering bespoke courses such as these assists in encouraging expatriate workers to accept jobs based in the Emirate.

### **RAK Development LLC**

Ras Al Khaimah Development LLC (“**RAK Development**”) is a limited liability company, which was incorporated in the UAE in 2011. It is owned by the RAK Government. As a holding company, it holds and manages approximately 20 companies and assets in several jurisdictions including the UAE, Georgia and India. These companies and assets are related to various sectors, primarily relating to industry and infrastructure. RAK Development provides technical, professional and managerial assistance to these companies and assets as the need arises.

### **Foreign Direct Investment and Free Zones**

There are many incentives for foreign corporate entities to set up in one of the free zones in the UAE. Foreign corporate entities can operate in the free zones and free zone incorporated entities can be 100 per cent. foreign owned, unlike corporate entities registered in the UAE. Foreign corporate entities are not permitted to operate in the Emirate outside of a free zone unless they operate in conjunction with a local partner. The ability to import into the free zones and to export without any import duties, taxes or currency restrictions being levied on the free zone entity has been a key driver for foreign corporate entities that are registered in the free zones.

Free zones have been established in each of the emirates of the UAE. The following is an overview of certain free zones in Ras Al Khaimah.

#### ***RAK FTZ***

RAK FTZ was established in 2000 and is one of the fastest growing free trade zones in the UAE. The number of international companies operating in RAK FTZ reached over 8000 as at 31 December 2014, including companies from more than 100 countries and over 50 industry sectors.

RAK FTZ has diversified from its historic focus on industrial manufacturing to also support sales and marketing activities, trading, a wide range of service sectors, as well as educational services, among others.

RAK FTZ offers business centre facilities, a variety of offices, secured warehouses and land for lease across three specialised free zone parks:

- a Business Park for office clients;
- a Technology Park for trading and light manufacturing; and
- a Industrial Park for heavy manufacturing.

Additionally, the RAK Academic Free Zone within RAK FTZ caters to educational institutions, vocational schools and training centres.

Due to client growth being focused on light industrial and trading activities, RAK FTZ is finalising the construction of 100 new warehouses in its Technology Park. The RAK FTZ has completed a plan for the second phase of the Technology Park. This expansion will yield an additional 13 million square feet of land and is designed to accommodate the expansion plans of current RAK FTZ clients, and to facilitate new client growth.

#### ***RAKIA***

RAK Investment Authority (“**RAKIA**”) is organised into the following divisions:

- **RAK Offshore** – in September 2006, RAKIA launched RAK Offshore, a project modelled on the British Virgin Islands and the Cayman Islands, that offers an offshore facility that generates revenue through non-resident business registration and advisory services. See further “*Foreign Direct Investment and Free Zones*” below; and
- **Industrial and Free Zones** – the Industrial and Free Zones division of RAKIA promotes and develops its industrial zones and free zones and is responsible for infrastructure development, investor relations, utilities and facilities management. See further “*Foreign Direct Investment and Free Zones*” below.

As at 31 December 2014, RAKIA revenues amounted to AED 262 million. RAKIA's revenues have steadily grown since its formation and it generates a resilient 65 per cent. EBITDA margin. In addition, RAKIA has also indirectly contributed to the economic growth of the Emirate through its industrial parks, in which approximately 40,000 individuals are employed as at 31 December 2014 by various manufacturing or service companies, generating demand for a host of supporting services such as banking, insurance, healthcare, telecommunications, hospitality and entertainment.

As part of its sectoral driven initiatives, RAKIA has identified automotive, food processing, chemicals, plastics, building materials and metals as the key focus sectors for attracting additional investments. It has also undertaken the development of supporting infrastructure through the development of residential complexes, labour accommodations and warehouses aimed at driving industrial growth and promoting investment into the Emirate.

### ***RAK Offshore***

RAK Offshore was launched in September 2006. RAK Offshore, a project modelled on the British Virgin Islands and the Cayman Islands, is designed to offer an offshore facility, generating revenues through non-resident business registration and advisory services. The RAK Offshore facility has its own body of laws and regulations (known as the RAK Offshore Regulations 2006). During the second phase of its development, which will require Federal approval, RAK Offshore plans to offer its clients general, corporate and charitable trusts as well as, amongst other products and services, collective investment schemes (including Shari'a-compliant funds, mutual funds and hedge funds) and banking activities. RAK Offshore plans to target banking, insurance and marine registration firms to establish and operate their offshore units in the Emirate.

### ***Industrial and Free Zones***

The Industrial and Free Zones division operates the following three free zones:

#### ***Al Jazeera Al Hamra Industrial Zone and Free Zone***

Al Jazeera Al Hamra industrial park offers industrial land for manufacturing companies, pre-built warehouses for light manufacturing or stocking and warehousing as well as offices of varying sizes, customised to suit client requirements, for the benefit of trading as well as consulting and service companies.

As at 31 December 2014, there were over 6,000 companies registered in Al Jazeera Al Hamra, including more than 300 manufacturers.

The industrial land is divided into a free zone and a non free zone area. As of 31 December 2014, nearly 6 million square metres of industrial land had been leased out in the Al Jazeera Al Hamra industrial park, representing nearly 98 per cent. of its current capacity. To address market demand, RAKIA is creating additional capacity by constructing additional warehouses and offices in the industrial park.

#### ***Al Ghail Industrial Zone and Free Zone***

In 2009, RAKIA launched a new industrial park in the Al Ghail area of the Emirate, primarily to cater to the requirements of companies in the heavy industry sector. Al Ghail Industrial Park spans 19 million square metres (of which the free zone comprises 4 million square metres). As at 31 December 2014, there were nearly 300 manufacturers operating in the industrial park, covering over 4.5 million square metres of industrial land and its key tenants include Ashok Leyland, Ocean Rubber, SeAH Steel, Canadian Engineering Company, RAK Steel, KGL Transportation, Pioneer Cements, Anvem Group and Al Futtaim Auto & Machinery Co LLC.

The Al Ghail site has been specifically designated to service the needs of heavy industrial manufacturers. It is 50 kilometres from Ras Al Khaimah City and strategically located close to the ports of Ras Al Khaimah, Sharjah and Dubai, providing tenants in the zone with a range of shipping options.

#### ***RAK Media Free Zone***

RAK Media Free Zone ("RAKMFZ") was launched on 3 January 2006 by RAKIA. The free zone targets media establishments, television channels, production studios, computer graphics houses and animation studios. Licenses will be issued under RAKIA's mandate. Additionally,

RAKMFZ will lease ready-to-use office space and satellite up-linking facilities where required to its licence holders and lease land to investors who wish to set up their own media facilities such as printing presses, film studios, advertising agencies, magazine offices or television studios.

***RAK Maritime City***

RAK Maritime City (the “City”) is a land and waterfront free zone development owned and sponsored by Saqr Port. Adjacent to Saqr Port, it comprises of 4 kilometres of waterfront and 5 million square meters of land available for development, 1.5 million square meters of which have already been taken up. The City was launched in the second quarter of 2010 and leases out land and quay usage, as well as issues trade licenses to mainly industrial entities. The infrastructure roll-out for the complex has been planned in a phased manner and is due to be completed over the next five years.

## BALANCE OF PAYMENTS AND FOREIGN TRADE

*As Ras Al Khaimah does not prepare separate balance of payment statistics, this section describes the UAE's balance of payments generally, although the discussion of foreign trade focuses on Ras Al Khaimah's trade, rather than that of the UAE.*

The UAE has traditionally pursued a free trade policy for deeper integration into the global trading system. Despite the recent global financial crisis and the associated fall in global trade, the UAE continues to pursue a free trade policy by liberalising its trade regime through free trade agreements ("FTAs") with other countries and organisations (including FTAs with Singapore, the European Free Trade Area and New Zealand in 2009). Being a member of the GCC, the UAE's trade policy is closely linked to the trade policy of the other GCC member countries on account of, amongst other things, the GCC Economic Agreement of 2002 which calls for a 'collective negotiation strategy' in the conduct of FTAs with major trading partners, and the establishment of the GCC Customs Union in 2003 which was aimed at enhancing economic unity amongst the member states and to allow the member states to engage in FTA negotiations as a unified trading block.

### Balance of Payments

#### *Current Account*

Since there are no separate figures on the current and capital account for Ras Al Khaimah, the table below gives the balance of payments for the UAE for each of the years indicated.

	2009	2010	2011	2012	2013
	<i>(AED millions)</i>				
Current account balance .....	28,824	26,595	187,110	253,260	237,546
Trade balance (FOB).....	154,596	179,872	391,470	484,708	503,694
Total exports of hydrocarbon .....	249,273	274,109	409,876	440,649	451,620
Total of non-hydrocarbon exports..	161,479	187,335	260,254	354,168	396,414
Re-exports <sup>1</sup> .....	293,642	322,778	439,101	488,657	542,596
Total exports and re-exports (FOB)	704,394	784,222	1,109,231	1,283,474	1,390,630
Total imports (FOB) .....	(549,798)	(604,351)	(717,761)	(798,766)	(886,936)
Services (net).....	(100,172)	(111,511)	(160,564)	(176,570)	(197,448)
Investment income (net) .....	11,800	(366)	404	1,092	650
Transfers (net) .....	(37,400)	(41,400)	(44,200)	(55,970)	(69,350)
Capital and financial account.....	(35,584)	18,457	(109,147)	(145,752)	(163,670)
Capital Account <sup>2</sup> .....	—	—	—	—	—
Financial Account .....	(35,584)	18,457	(109,147)	(145,752)	(163,670)
Net errors and omissions .....	(15,760)	(18,120)	(61,342)	(71,203)	3,414
Overall balance .....	(22,520)	26,932	16,621	36,305	77,290

Source: UAE Central Bank.

1 Includes re-exports of non-monetary gold.

2 Data not disclosed.

The UAE has a long history of positive trade balances reflecting both the importance of its hydrocarbon exports, which accounted for over 30 per cent. of total exports in each of 2009, 2010, 2011, 2012 and 2013 and its significant volumes of re-exports. The value of the UAE's hydrocarbon exports, the vast majority of which are made by Abu Dhabi, can be volatile as they depend on prevailing oil prices and agreed OPEC production quotas. The level of the UAE's imports declined in 2009 by 15.1 per cent. as the effects of the global financial crisis were felt but increased by 9.9 per cent. in 2010 compared to 2009, by 18.8 per cent. in 2011 compared to 2010, by 11.3 per cent. in 2012 compared to 2011 and by 11.0 per cent. in 2013 compared to 2012 reflecting economic growth in the region and increased demand for goods to support infrastructure development in the UAE. The UAE's trade balance as a percentage of nominal GDP was 16.6 per cent. in 2009, 17.1 per cent. in 2010, 31.0 per cent. in 2011, 35.5 per cent. in 2012 and 34.1 per cent. in 2013 based on the NBS' data for nominal GDP for the UAE in 2013.

Data on non-trade flows into and out of the UAE is not complete and is subject to revision, reflecting in part, weaknesses of the central statistical bodies and, in part, the operations of the large free zones. In general, however, the UAE tends to have a non-trade balance deficit reflecting services outflows underlining the UAE's dependence on foreign services for the development of its industrial and services sectors. In addition, there are significant levels of current transfers principally reflecting expatriate workers' remittances.

The UAE had a positive current account balance in each of 2010, 2011 and 2012, equal to 2.5 per cent., 14.7 per cent. and 18.5 per cent. respectively, of the UAE's nominal GDP in each of these years. In 2013, the UAE had a positive current account balance of 16.1 per cent. of the nominal GDP of the UAE (based on the NBS' data for nominal GDP for the UAE in 2013).

In May 2012 the IMF issued its UAE 2012 Article IV Consultation, which highlighted that the UAE is benefitting from significant capital injections in the banking sector, growth in the trade, tourism, logistics and manufacturing sectors, and high oil prices. The IMF also commented on the size of government-related entity debt and certain risks associated with that debt. The downside risk identified in the UAE 2012 Article IV Consultation highlighted the UAE's reliance on hydrocarbon exports and its close ties with international markets. For example, a renewed deterioration of global financial conditions could make it more difficult for such government-related entities to roll over debt and banks' wholesale funding; a decline in oil prices resulting from the weak growth prospects in the advanced economies may affect export earnings, fiscal revenues and ultimately GDP growth; or a deeper than expected economic slowdown in emerging markets, particularly Asia. In the UAE 2013 Article IV Consultation, the IMF indicated that such downside risks had declined over the past year, but remained material; however, the IMF also highlighted the fact that the UAE's substantial foreign assets and improving fiscal position provide a comfortable buffer that would allow it to sustain short-lived shocks.

On 1 June 2014, the UAE was included in the MSCI's Emerging Markets Index. The inclusion of the UAE in such index is expected to facilitate greater capital inflows.

### ***Capital Account***

No data is released on the UAE's external debt position. See "*Indebtedness*" for a description of direct indebtedness incurred by the RAK Government. In general, the size of the UAE's trade and current account surpluses, coupled with the limited capacity of the local economy to absorb capital, ensure that net foreign capital flows have almost always been outward, entrenching the UAE's position as a net international creditor and foreign investor.

Most capital outflows have been directed towards the U.S. and European capital markets although more recently there has also been an increase in direct investment in Europe, Asia and the Middle East. This has included entities wholly or partially owned by the governments of certain emirates purchasing significant stakes in foreign companies as well as major Federal firms such as Emirates Etisalat making significant acquisitions in order to boost their regional and international presence.

In 2009, the balance of payments showed a deficit of AED 22.5 billion, equal to 2.4 per cent. of the UAE's nominal GDP in that year. In 2010, the balance of payments showed a surplus of AED 26.9 billion, equal to 2.6 per cent. of the UAE's nominal GDP in that year. In 2011, the balance of payments showed a surplus of AED 16.6 billion, equal to 1.3 per cent. of the UAE's nominal GDP in that year. In 2012, the balance of payments showed a surplus of AED 36.3 billion, equal to 2.7 per cent. of the UAE's nominal GDP in that year. In 2013, the balance of payments showed a surplus of AED 77.3 billion equal to 5.2 per cent. of the UAE's nominal GDP in 2013 (based on the NBS' calculations of GDP for the UAE in 2013).

According to data from the UAE Central Bank, as at 31 December 2012 and 31 December 2013 the UAE's official foreign asset holdings amounted to approximately AED 168.4 billion and AED 245.6 billion, respectively. (See "*Monetary and Financial System – Foreign Reserves*").

The surplus in the trade balance (FOB) increased from AED 179.9 billion in 2010 to AED 391.5 billion in 2011, due to an increase in exports within the hydrocarbon sector by AED 211.6 billion, from AED 274.1 billion to AED 409.9 billion, an increase in non-hydrocarbon exports by AED 72.9 billion, from AED 187.3 billion to AED 260.3 billion, and an increase in re-exports by AED 116.3 billion, from AED 322.8 billion in 2010 to AED 439.1 billion in 2011. Meanwhile, total imports (FOB) increased by AED 113.4 billion.

The surplus in the trade balance (FOB) increased from AED 391.5 billion in 2011 to AED 484.7 billion in 2012, due to an increase in exports within the hydrocarbon sector by AED 30.7 billion, from

AED 409.9 billion to AED 440.6 billion, an increase in non-hydrocarbon exports by AED 93.9 billion, from AED 260.3 billion to AED 354.2 billion, and an increase in re-exports by AED 49.6 billion, from AED 439.1 billion in 2011 to AED 488.7 billion in 2012. Meanwhile, total imports (FOB) increased by AED 81.0 billion.

The surplus in the trade balance (FOB) increased from AED 484.7 billion in 2012 to AED 503.7 billion in 2013, due to an increase in exports within the hydrocarbon sector by AED 11.0 billion, from AED 440.6 billion to AED 451.6 billion, an increase in non-hydrocarbon exports by AED 42.2 billion, from AED 354.2 billion to AED 396.4 billion, and an increase in re-exports by AED 53.9 billion, from AED 488.7 billion in 2012 to AED 542.6 billion in 2013. Meanwhile, total imports (FOB) increased by AED 88.2 billion.

### **Foreign Trade**

External trade continues to be a significant contributor to the Ras Al Khaimah economy. As at the date of this Base Prospectus, efforts are underway to boost the export of Ras Al Khaimah manufactured products. The information in each of the tables below uses data supplied by Ras Al Khaimah's customs department and therefore excludes all imports from, and exports to, neighbouring emirates in the UAE. This data also does not separately present re-exports.

The tables below provide summary information on Ras Al Khaimah's principal imports and exports in the years indicated:

<b>Imports<sup>(1)</sup></b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>(AED millions)</i>			
Machinery, sound recorders, reproducers and their parts.....	991.2	596.0	140.7	4.3
Articles of stone, mica, ceramic products and glass	7.3	212.9	175.3	219.9
Foodstuffs, beverages and tobacco .....	3.0	2.0	61.2	0.6
Products of chemicals and allied industries.....	93.0	241.1	911.7	126.2
Vehicles of transport .....	41.7	45.8	88.7	616.5
Live animals and their products.....	55.0	36.9	91.4	105.6
Other.....	911.6	1,393.0	1,303.2	1,628.2
<b>Total .....</b>	<b>2,102.8</b>	<b>2,527.7</b>	<b>2,772.2</b>	<b>2,701.3</b>

Source: RAK Statistical Yearbook 2014.

Notes:

(1) The small differences between the annual total figures shown in this table and the annual total figures shown below in the imports table by country providing a geographical breakdown of imports are due to the groupings of countries adopted in the latter table causing minor rounding differences.

Ras Al Khaimah's principal import items in 2013 were base metals and transport vehicles which together accounted for approximately 54 per cent. of total imports.

<b>Exports</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>(AED millions)</i>			
Articles of stone, mica, ceramic products and glass	87.3	1,504.9	1,986.0	2,405.4
Textiles and textile articles .....	187.0	1.1	2.3	6.3
Products of chemicals and allied industries.....	29.7	31.1	1.4	2.0
Foodstuffs, beverages and tobacco .....	368.6	120.9	144.3	282.6
Live animals and their products.....	8.0	0.3	0.9	0.5
Pearls, stones, precious metals and its articles .....	0.4	—	—	—
Mineral products .....	1.0	25.1	2.0	5.2
Other.....	1,404.5	259.1	188.2	178.3
<b>Total .....</b>	<b>2,086.5</b>	<b>1,942.5</b>	<b>2,325.1</b>	<b>2,880.3</b>

Source: RAK Statistical Yearbook 2014.

Ras Al Khaimah's principal export items are stone, mica, ceramic products and glass. The products currently classified under this sector accounted for approximately 86 per cent. of the total exports of the Emirate in 2012, and over 83 per cent. in 2013. This is representative of the importance of Ras Al Khaimah's manufacturing industry, particularly RAK Ceramics. (see further "*Principal Sectors of the Economy – Construction and Real Estate*" and "*- Manufacturing*" below).

The tables below show the geographical breakdown of Ras Al Khaimah's imports and exports for the years indicated:

<b>Imports:</b>	<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
<b>Country</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>Value</b>
	<i>(AED Millions)</i>							
GCC countries .....	8.79	184.8	30.98	783.2	1.53	42.4	26.15	706.4
Other Arab countries .....	0.84	17.7	0.64	16.3	0.38	10.7	—	0.1
Asian countries.....	33.38	701.8	20.75	524.5	13.76	381.6	18.18	491.0
European countries .....	3.57	75.2	7.93	200.4	51.36	1,423.8	23.76	641.7
America .....	8.19	172.3	6.87	173.8	6.57	182.2	8.06	217.7
African countries.....	19.39	407.7	32.82	829.6	25.75	713.9	23.85	644.4
Other Countries.....	25.83	543.2	—	—	0.64	17.7	—	—
<b>Total .....</b>	<b>100</b>	<b>2,102.7</b>	<b>100</b>	<b>2,527.8</b>	<b>100</b>	<b>2,772.2</b>	<b>100</b>	<b>2,701.3</b>

Source: Department of Customs and Ports.

During 2013, GCC countries accounted for approximately 26 per cent. of the total value of items imported into the Emirate, followed by African Countries and European countries which each represented approximately 24 per cent. of the total value of imports.

<b>Exports:</b>	<b>2010</b>		<b>2011</b>		<b>2012</b>		<b>2013</b>	
<b>Country</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>Value</b>
	<i>(AED Millions)</i>							
GCC countries .....	74.71	1,558.70	55.76	1,083.20	69.33	1,612.1	72.10	2,076.7
Other Arab countries .....	2.27	47.3	4.9	95.1	6.71	156.0	4.30	123.9
Asian countries.....	21.11	440.4	20.92	406.5	14.26	331.5	12.80	368.7
European countries .....	0.04	0.8	2.1	40.8	—	—	—	—
America .....	0.27	5.6	0.11	2.2	0.41	9.5	—	—
African countries.....	0.88	18.3	14.3	277.9	9.29	216.0	10.73	308.9
Other Countries.....	0.74	15.4	1.9	36.8	—	—	0.07	2.1
<b>Total .....</b>	<b>100</b>	<b>2,086.4</b>	<b>100</b>	<b>1,942.5</b>	<b>100</b>	<b>2,325.1</b>	<b>100</b>	<b>2,880.3</b>

Source: Department of Customs and Ports.

Ras Al Khaimah currently exports more than 72 per cent. of its products to GCC countries.

## MONETARY AND FINANCIAL SYSTEM

*As Ras Al Khaimah does not have a separate monetary or financial system, this section describes the UAE's monetary and financial system generally, although certain sections focus specifically on Ras Al Khaimah where information is available.*

### Monetary and Exchange Rate Policy

The UAE's monetary and exchange rate policy is managed by the UAE Central Bank. The objective of the UAE's monetary policy is to facilitate the fixed exchange rate regime. In common with many other GCC countries, and reflecting the fact that oil and gas revenues are priced in U.S. dollars, the UAE dirham is pegged to the U.S. dollar. In the case of the UAE, the exchange rate has been maintained at AED 3.6725 = U.S.\$1.00 since 22 November 1980. There are no exchange controls in the UAE and the UAE dirham is freely convertible.

With the advent of the global financial crisis in 2008, the UAE's monetary policy has, in addition, been focussed on protecting its banking sector and a number of measures have been announced by the UAE Central Bank and Federal authorities in this regard.

### Liquidity and Money Supply

The following table sets out certain liquidity indicators for the UAE as at 31 December for each of the years indicated.

	2009	2010	2011	2012	2013
	<i>(AED millions)</i>				
Currency issued (M0).....	45,580	47,775	52,087	57,773	63,927
Money supply (M1).....	223,482	232,961	264,096	299,173	379,550
Private domestic liquidity (M2).....	740,618	786,388	825,758	862,374	1,056,770
Overall domestic liquidity (M3) .....	947,800	985,172	1,001,357	1,083,053	1,219,890
Broad money (M2) to nominal UAE GDP (%) .....	87.5	71.9	64.5	61.2	71.5
Private sector credit.....	723,866	720,617	730,861	729,032	753,513
Private sector credit to nominal UAE GDP (%) .....	85.6	65.9	57.1	51.7	51
Domestic credit.....	958,588	972,107	992,906	1,026,259	1,114,950
Domestic credit to nominal UAE GDP (%).....	113.3	88.9	77.6	72.8	75.5

Source: UAE Central Bank.

Following the end of the global financial crisis, the rate of growth of broad money (comprising cash and money on deposit in banks in the domestic currency) increased by 22.5 per cent. in the 12 month period from 31 December 2012 to 31 December 2013. The rate of growth in broad money had slowed, with broad money increasing by only 4.4 per cent. in the 12 month period from 31 December 2011 to 31 December 2012 and 5.0 per cent. in the 12 month period from 31 December 2010 to 31 December 2011. The availability of credit was constrained from the first quarter of 2009 to 2010, but improved in 2011, with private sector credit increasing from AED 720,617 million as at 31 December 2010 to AED 730,861 million as at 31 December 2011, and then remained relatively stable at AED 729,032 million as at 31 December 2012. Private sector credit increased to AED 753,513 million as at 31 December 2013. Domestic credit increased from AED 992,906 million as at 31 December 2011 to AED 1,026,259 million as at 31 December 2012, and then to AED 1,114,950 million as at 31 December 2013.

## Foreign Reserves

The table below shows the foreign assets and gold holdings of the UAE Central Bank as at 31 December in each of the years indicated.

	2009	2010	2011	2012	2013
			(AED millions)		
Foreign assets and gold holdings ....	89,875	116,701	132,291	168,463	245,564

Source: UAE Central Bank.

These assets are principally held in deposit accounts with banks outside the UAE or are invested in securities and treasury bills issued by non-UAE issuers. The official reserves figure, however, excludes the stock of publicly controlled foreign assets held in other accounts by bodies controlled by other emirates.

In addition, the ruling families of the various emirates as well as the governments of the emirates and private citizens within the emirates have very significant sums invested abroad.

Foreign currency reserves partially declined in 2009 due to a drop in global oil prices. Foreign currency reserves subsequently increased in 2010, reflecting higher oil prices globally. This upward trend continued in 2011, 2012 and 2013 with oil prices remaining stable.

## Banking and Financial Services

In addition to the 14 branches of RAKBANK and CBI (combined) which were located in the Emirate as at 31 December 2014, Ras Al Khaimah also had six branches of foreign banks and 31 branches of national banks. All banks in the UAE operate under the supervision of the UAE Central Bank.

Although some UAE banks were affected by the liquidity issues that were experienced by banks globally since the second half of 2008, UAE banks were relatively resilient and have since strengthened financially. According to the UAE Central Bank, the aggregate loans, advances and overdrafts (net of provisions) extended to residents and non-residents of the UAE as at 31 December 2013 was AED 1,177.3 billion compared to AED 1,099.1 billion as at 31 December 2012, AED 1,071.0 billion as at 31 December 2011, AED 1,031.3 billion as at 31 December 2010 and AED 1,017.7 billion as at 31 December 2009. Of these amounts, specific and general provisions were AED 96.7 billion in 2013, AED 85.4 billion in 2012, AED 71.6 billion in 2011, AED 56.8 billion in 2010 and AED 43.3 billion in 2009, equating to provision rates of 8.2 per cent., 7.8 per cent., 6.7 per cent., 5.5 per cent. and 4.3 per cent. respectively.

The table below provides a statistical analysis of the UAE banking sector as at 31 December for each of the years indicated.

	2009	2010	2011	2012	2013
Total number of banks.....	52	51	51	51	51
Total number of branches.....	756	815	851	890	928
Total number of employees <sup>1</sup> .....	37,704	37,403	37,499	36,246	36,087
Total credit facilities <sup>2</sup> (AED millions).....	958,588	972,107	992,906	1,026,259	1,114,950
Total provisions <sup>3</sup> (AED millions) ...	43,300	56,800	71,600	85,400	96,700
Total assets <sup>4</sup> (AED millions).....	1,521,002	1,609,257	1,665,220	1,794,395	1,945,091
Total deposits (AED millions) .....	982,580	1,049,628	1,069,750	1,167,797	1,277,028

Source: UAE Central Bank.

1 Excluding overseas branches.

2 Net of provisions and interest in suspense.

3 Including interest in suspense.

4 Net of provisions and interest in suspense.

## Supervision of Banks

The UAE Central Bank, established in 1980, is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank has supervisory responsibility for all banking

institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks.

The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they are required to contain. An improved risk management framework is currently being implemented, which is designed to provide the UAE Central Bank with more up-to-date information on credit, market and operational risks within the banking sector.

The UAE Central Bank does not act as a lender of last resort, a role which tends to fall on the governments of the individual emirates.

Federal Law No. 10 of 1980 (the “**1980 Law**”) grants the UAE Central Bank powers to:

- exercise currency issue, stabilisation, valuation and free convertibility;
- direct credit policy for balanced growth of the economy;
- organise and promote an effective banking system with private banks and institutions;
- advise the Federal Government on financial and monetary issues;
- maintain the Federal Government’s reserves of gold and foreign currencies;
- act as a bank for the Federal Government and other banks operating in the UAE; and
- act as the Federal Government’s financial agent with the IMF, the World Bank and other international financial organisations.

The UAE Central Bank is also responsible for regulating anti-money laundering activities in the UAE. It has established a Financial Intelligence Unit and hosted teams from the Financial Action Task Force (the “**FATF**”) and the IMF who reviewed, discussed and tested existing UAE laws and regulations. This led the FATF to conclude, in January 2002, that the UAE had put in place an adequate anti-money laundering system.

Since 1999, regulated banks in the UAE have been required to report in accordance with International Financial Reporting Standards by the International Accounting Standards Board.

### ***Structure of the Banking System***

Banking institutions in the UAE fall into a number of categories, as defined by the 1980 Law. Domestic commercial banks, also known as “local” banks, of which there were 23 at 31 December 2013, are required to be public shareholding companies with a minimum share capital of AED 40 million and must be majority-owned by UAE nationals.

Licensed foreign banks, of which there were 28 at 31 December 2013, need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. The 1980 Law also licenses “financial institutions” (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities but are not permitted to accept funds in the form of deposits), foreign commercial banks (institutions which may not accept deposits with maturities of less than two years but which may borrow from their head office or other banks and the financial markets) and financial and monetary intermediaries (money and stock brokers).

### ***Characteristics of the Banking System***

The UAE banks are predominantly focused on the domestic market. In 1987, foreign banks operating in the UAE were limited to a maximum of eight branches.

With much of the economy directly or indirectly dependent on the oil sector, the UAE banks are vulnerable during long periods of low oil prices. In particular, oil revenues tend to drive levels of liquidity. The high oil prices and strong economic conditions in the UAE between 2005 and 2008 allowed the UAE banks to expand their activities significantly with total loans and deposits of the banking sector increasing by 255 per cent. and 214 per cent., respectively, between 31 December 2004 and 31 December 2008. As a result, the UAE financial system entered the global crisis exposed to a highly leveraged economy, a factor which the authorities recognised and responded to during the crisis. However, the UAE Central Bank has in recent years announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE and, in 2013 and the first half of 2014, banks in the UAE were no longer affected by the liquidity issues faced by some banks globally during 2008 and 2009 (see “*-Recent Developments – Capital*” for further details).

There is a high degree of state involvement in the UAE banking sector, with the five largest banks being controlled by the governments and/or ruling families of individual emirates.

Additionally, a number of banks have developed in the Islamic space to serve customers who wish to observe *Shari'a* principles, including the prohibition on the charging of interest on any financial transaction. These institutions offer a range of products, which broadly correspond to conventional banking transactions but are structured to ensure that all relevant *Shari'a* principles are complied with.

**Recent Developments**

**Capital**

The UAE national banks are well capitalised by international standards. The UAE Central Bank previously required all UAE banks to have a total capital adequacy ratio of at least 10 per cent. (of which Tier I capital must reach a minimum of 6 per cent. and Tier II capital may only be considered up to a maximum of 67 per cent. of Tier I capital) of total risk weighted assets. However, as a result of the global economic slowdown, the UAE Ministry of Finance and the UAE Central Bank temporarily increased the total capital ratio to 11 per cent. (from 30 June 2009) and 12 per cent. (from 30 June 2012). Subsequently, on 31 August 2009, the UAE Central Bank recommended that domestic and foreign banks operating in the UAE should ensure a minimum Tier I capital adequacy ratio of 7 per cent. with a minimum total capital adequacy ratio of 11 per cent. by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier I capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of 12 per cent. by 30 June 2010.

The following table sets out the capital adequacy ratio of all UAE national banks as at 31 December in each of the years indicated.

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Total capital adequacy ratio (per cent.).....	19.2	20.8	20.8	21.0	19.3
Tier I capital adequacy ratio (per cent.).....	15.4	16.1	16.3	17.6	16.9

Source: UAE Central Bank.

While the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements (“**BIS**”) guidelines, claims on or guaranteed by GCC central governments and central banks are risk weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent.

Banks in the UAE are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of shareholder equity. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee on Banking Supervision (the “**Basel Committee**”) has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (“**Basel III**”).

Basel III does not replace the Basel Committee’s revised 2005 comprehensive framework for capital adequacy (“**Basel II**”), rather, it implements a series of modifications to the existing regulatory structure.

Basel III increases the quantity and quality of the regulatory capital banks are required to hold. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit and market exposures arising from certain assets and transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity. The most significant features of the reforms introduced by Basel III are as follows:

- *Capital base*

Between 2013 and 2019, the common equity component of capital (known as Core Tier I) will increase from 2 per cent. of a bank's risk-weighted assets before certain regulatory deductions to 4.5 per cent. after such deductions. In addition, a new capital conservation buffer will be introduced, as well as a zero to 2.5 per cent. counter-cyclical capital buffer. As a result, the overall capital requirement (Tier I and Tier II) will increase from 8 per cent. at the Basel II baseline to 10.5 per cent. by 2019 with full Basel III implementation.

- *Common equity*

Common equity will continue to form the basis of Tier I capital, but other hybrid capital instruments permitted under Basel II will be replaced with instruments that are more loss absorbing and do not have incentives to redeem. Non-qualifying instruments issued on or after 12 September 2010 will be derecognised in full from 1 January 2013; certain other instruments issued prior to 12 September 2010 which qualified as Tier I capital under Basel II but do not so qualify under Basel III, consisting of, among other instruments, perpetual non-cumulative preference shares, will be gradually derecognised at a rate of 10 per cent. per year from 2013 to 2023.

- *Capital charges*

Increased capital charges will be introduced with respect to re-securitisation exposures and certain liquidity commitments held in the banking book will require more capital. With respect to a bank's trading books, more robust risk assessment methodologies will be utilised to value assets and increased counterparty and market risk charges will be assessed for exposure to other financial institutions and securitised assets.

- *Leverage ratio*

A minimum 3 per cent. leverage ratio, measured against a bank's gross (and not risk-weighted) balance sheet, will be adopted on a trial basis until 2018 and definitively adopted in 2019.

- *Liquidity standards*

A "liquidity coverage ratio" requiring high-quality liquid assets to equal or exceed certain cash outflows is expected to be adopted from 2015, thereby ensuring that a bank has sufficient high-quality liquid assets to survive a one-month period of market stress. In addition, a "net stable funding ratio" requiring "available" stable funding sources to equal or exceed "required" stable funding will be adopted from 2018, thereby ensuring that a bank has access to capital or high-quality funding to survive a one-year period of market stress.

The UAE Central Bank issued guidelines on the implementation of Basel III in July 2012 under the heading "Liquidity Regulations at Banks" (see "*Liquidity*" for further details). Since then, the UAE Central Bank has been preparing local institutions for the implementation of the Basel III standards.

### ***Liquidity***

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have adequate systems and controls to manage their liquidity positions, as well as contingency plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, "loans" comprise loans and advances to customers and interbank assets maturing after three months.

Most of the UAE banks are funded through on-demand or time-based customer deposits made by private individuals or private sector companies. According to data made available by the UAE Central Bank, together, these deposits constituted approximately 60.0 per cent. of total deposits of the UAE banking sector as at 30 November 2013. Government and public sector deposits contributed approximately 25.0 per cent. of total deposits as at 30 November 2013. Non-resident and other sources contributed approximately 15.0 per cent. as at the same date.

The UAE Central Bank has in recent years announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a certificates of deposit repurchase facility under which banks can use certificates of deposit as collateral for dirham or U.S. dollar funding from the UAE Central Bank.

In addition to these measures, during 2009, the Federal Government provided AED 50 billion in deposits to UAE banks and UAE banks were given the option to convert those deposits into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE subsequently made such conversions. As a result, the average capital adequacy ratio of all UAE national banks increased to 20.8 per cent. as at 31 December 2010 from 19.2 per cent. as at 31 December 2009. The capital adequacy ratio of all UAE national banks was 20.8 per cent, 21.0 per cent. and 19.3 per cent. as at 31 December 2011, 31 December 2012 and 31 December 2013, respectively.

In line with Basel III requirements, the UAE Central Bank issued Circular 30/2012 (“**Circular 30/2012**”) dated 12 July 2012 entitled “*Liquidity Regulations at Banks*”, which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in Circular 30/2012 (which, as at the date of this Base Prospectus, has not come into effect) elaborate on the responsibilities of a UAE bank’s board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee’s recommendations and international best practices. This Circular 30/2012 has currently been suspended by the UAE Central Bank.

#### ***Increased Provisions and Insolvencies***

A number of UAE banks have announced exposures to well-known GCC-based companies which have become insolvent or have been restructured. These include the Saad and Algozaibi groups of the Kingdom of Saudi Arabia, Tabreed and the Dubai World group in the UAE. As a result of global and regional economic conditions since late 2008 and increasing insolvencies and restructurings resulting therefrom, the total provisions recorded by banks in the UAE have increased from AED 25.2 billion, or 1.8 per cent. of total UAE bank assets, as at 31 December 2008 to AED 43.3 billion, or 2.9 per cent. of total UAE bank assets as at 31 December 2009, AED 56.8 billion, or 3.5 per cent. of total UAE bank assets, as at 31 December 2010, AED 71.6 billion, or 4.3 per cent. of total UAE bank assets, as at 31 December 2011, AED 85.4 billion, or 4.8 per cent. of total UAE bank assets as at 31 December 2012 and AED 96.7 billion, or 5.0 per cent. of total UAE bank assets as at 31 December 2013.

In November 2010, the UAE Central Bank published a new set of rules making it mandatory for banks and financial institutions to make provisions for their impaired loans on a quarterly basis. The new guidelines prescribed specific provisions for three categories of impaired loans and stipulated that lenders should build up general provisions equal to 1.5 per cent. of risk-weighted assets over a period of four years, up from the previous requirement of 1.25 per cent.

#### ***Large Exposures***

The UAE Central Bank defines large exposures as any funded on-or-off balance sheet exposure (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding a prescribed set of limits. The large exposure limits (defined as a percentage of the bank’s capital base) prior to April 2012 are as follows:

- (a) to a single borrower or group of borrowers – 7 per cent.;
- (b) to a shareholder of the bank holding more than 5 per cent. of the bank’s capital – 7 per cent.;
- (c) overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- (d) to the bank’s parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- (e) to Board members – 5 per cent. (25 per cent. for all such exposures in aggregate).

On 11 November 2013, the UAE Central Bank issued a circular (the “**2013 Large Exposure Limits Circular**”) amending certain of the large exposure limits (defined as a percentage of the bank’s capital

base). The 2013 Large Exposure Limits Circular entered into force on 30 January 2014. UAE banks have until 10 December 2018 to meet the revised limits set out therein. The 2013 Large Exposure Limits Circular maintained limits introduced by a UAE Central Bank circular published on 4 April 2012 (the “**2012 Central Bank Circular**”) of 100 per cent. of the bank’s capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such borrower. The 2013 Large Exposure Limits Circular introduced limits on lending by banks to their employees and introduced a prohibition on lending to a bank’s professional advisers. Set out below is a table showing a comparison between the exposure limits stipulated in the 2013 Large Exposure Limits Circular, following the 2012 Central Bank Circular, and those in place before the 2013 Large Exposure Limits Circular came into force (defined as a percentage of the bank’s capital base calculated under Basel II):

Exposure	New Limit		Old Limit	
	Individual	Aggregate	Individual	Aggregate
UAE Federal Government and their non-commercial entities.....	Exempt	Exempt	Exempt	Exempt
UAE local governments and their non-commercial entities.....	No limit for local government, 25 per cent. for each of their non-commercial entities	100 per cent.	25 per cent.	100 per cent.
Commercial entities of UAE Federal Government and UAE local government.....	25 per cent.	100 per cent.	25 per cent. max	100 per cent.
Commercial or other (non-commercial) private sector entities and individuals or a group of related entities .....	25 per cent.	None	25 per cent. max	50 per cent. max
Shareholders who own 5 per cent. or more of the bank’s capital and related entities .....	20 per cent.	50 per cent.	20 per cent. Max 10 per cent. funded	50 per cent. Max 25 per cent. funded
Inter-bank exposures of over one year.....	30 per cent.	None	—	—
Bank’s subsidiaries and affiliates.....	10 per cent.	25 per cent.	30 per cent.	25 per cent.
Board members.....	5 per cent.	25 per cent.	5 per cent.	25 per cent.
Bank employees .....	Maximum of 20 months’ salary	3 per cent.	Maximum of 20 months’ salary	20 per cent.
Bank’s external auditors, consultants and lawyers .....	Not allowed	Not allowed	Not allowed	Not allowed

### ***Federal Debt Management***

In December 2010, the Federal National Council passed the Public Debt Law under which the total value of the UAE’s public debt should not be more than 25 per cent. of the GDP or AED 200 billion, whichever is lower at the time of issuing public debt. The Public Debt Law is awaiting the approval of the President of the UAE and is therefore yet to be enacted. The Public Debt Law could therefore change before it is enacted.

### ***Insurance***

There is an absence of published statistical data on the insurance sector in the UAE and Ras Al Khaimah. Insurance companies are regulated by the Insurance Division of the Federal Ministry of Economy.

RAK National Insurance Co. (“**RAK National Insurance**”) is a public shareholding company incorporated in the Emirate and is listed on the ADX. It undertakes several classes of insurance business, including life insurance, saving and accumulation of funds. In addition to its head office, RAK National Insurance has two further branches located in Dubai and Abu Dhabi.

### ***Capital Markets***

The capital markets in the UAE are regulated by a number of entities including the Emirates Securities and Commodities Authority (the “**SCA**”), which licenses intermediaries to trade on the Dubai Financial Market (“**DFM**”) and ADX. The SCA is a Federal Government organisation but has financial, legal and administrative independence.

Equity prices declined generally in the UAE in 2008 but, more recently, have rebounded with the ADX rising from 2,390.0 as at 31 December 2008 to 2,742.6 as at 31 December 2011 before falling to 2,561.2 as at 31 December 2012 and rising to 4,316.6 as at 31 December 2013, and then rising to

5,082.7 as at 31 August 2014. The DFM index has shown greater volatility rising from 1,636.3 as at 31 December 2008 to 1,803.6 as at 31 December 2009, before falling to 1,630.5 as at 31 December 2010 and 1,353.4 as at 31 December 2011, rising to 1,622.5 as at 31 December 2012 and rising to 3,369 as at 31 December 2013, and then rising to 5,063.0 as at 31 August 2014 before dropping to 3,771 as at 31 December 2014. As at the end of February 2015, the index remained at 3,789.

The other significant stock exchange in the UAE is NASDAQ Dubai (formerly known as the Dubai International Financial Exchange) which commenced operations in September 2005 and, as an entity based in the Dubai International Financial Centre, is separately regulated by the Dubai Financial Services Authority.

## PUBLIC FINANCE

### Government Finance

#### *RAK Government Budget and Financials*

The RAK Government is organised into major departments each with specific responsibilities. The Finance Department has a number of sub-departments, which include: the civil courts, the economic department, the customs department, the Emirate's police force and the land department. The Municipality Department has one subsidiary, the Public Works Department.

The sub-departments within the Finance Department submit their individual budgets to the Finance Department on an annual basis, whilst all other governmental entities prepare their annual budgets and financial statements independently from the Finance Department. All revenues generated by the Finance Department's sub-departments are credited to one main revenue account held by the Finance Department of the RAK Government. The departments' expenditures are paid for by the Finance Department in accordance with the approved annual budget for each department.

Funds from government entities which are not sub-departments of the Finance Department are transferred from these entities to the Finance Department as and when required by the RAK Government. The RAK Government's budget is prepared independently from the UAE Federal budget.

#### *Government Consolidated Accounts*

The RAK Government, through the IDO, has introduced full consolidated accounting on an accruals basis. The accounts are prepared quarterly and represent the net trading and asset position of the Emirate. The table below sets out the actual trading results for the years ended 31 December 2011, 2012 and 2013

	2011	2012	2013
	<i>(AED millions)</i>		
(Net Government Department Surplus/(Deficit) .....	(204)	(237)	(282)
.....	—	—	(206)
Net Profits from Business Subsidiaries.....	1,021	873	1,076
Dividends and Other Income .....	177	218	369
Increase/(Decrease) in Value of Listed Shareholdings .....	542	(387)	3,590
Movement in Value of Private Investments .....	—	551	(19)
Net Overall Surplus/(Deficit).....	1,536	1,018	4,528

Source: IDO.

The performance of the RAK Government's investments (which includes dividends and other transfers from government related entities and investments in publicly quoted companies) improved in 2013. The RAK Government expects the cost of government departments and services to continue to be low, with staff costs remaining relatively static and dividends increasing.

Whilst the trading performance of business entities is down compared to 2011, the general trend has been upwards since the beginning of 2013 and general profitability has been maintained. The RAK Government forecasts that a net overall surplus will continue to be achieved for the foreseeable future.

### Government Cash Flow Analysis

The RAK Government regularly prepares detailed cash flow statements in order to centrally control the liquidity and payment commitments of the Emirate. The table below sets out the detailed cash flow statements for the years indicated.

	2010	2011	2012	2013
	<i>(AED millions)</i>			
<b>Cash Inflows</b>				
Government departments .....	572	468	528	767
Port & maritime .....	213	264	291	408
Industrial development .....	642	999	785	554
Oil & gas.....	657	874	798	1,022
Mineral development.....	689	1,001	1,155	1,419
Tourism, travel and hospitality .....	352	385	458	290
Investment proceeds .....	114	177	234	369
Real estate .....	—	—	—	3
Other cash flows .....	139	196	39	78
<b>Total Cash Inflows .....</b>	<b>3,378</b>	<b>4,364</b>	<b>4,288</b>	<b>4,910</b>
<b>Revenue Expenditure</b>				
Wages & salaries.....	(412)	(478)	(556)	(753)
General expenditure.....	(1,491)	(1,389)	(1,675)	(1,840)
Others .....	(65)	(39)	(213)	(526)
Finance costs .....	(189)	(236)	(219)	(246)
<b>Total Revenue Expenditure .....</b>	<b>(2,157)</b>	<b>(2,142)</b>	<b>(2,663)</b>	<b>(3,365)</b>
<b>Operating Cash flow Surplus.....</b>	<b>1,221</b>	<b>2,222</b>	<b>1,625</b>	<b>1,545</b>
<b>Capital Expenditure .....</b>	<b>(591)</b>	<b>(799)</b>	<b>(809)</b>	<b>(674)</b>
<b>Investment and Debt transactions.....</b>	<b>14</b>	<b>(890)</b>	<b>(480)</b>	<b>706</b>
<b>Net Cash Movement.....</b>	<b>644</b>	<b>533</b>	<b>336</b>	<b>1,577</b>

Source: IDO.

### Government Revenue

Ras Al Khaimah's government revenues totalled AED 4.8 billion for the year ended 31 December 2014.

The revenues continue to reflect the diversified economy which the Emirate enjoys, with no one entity contributing more than 24 per cent. of the total government consolidated revenues. The largest contributors to government revenues continue to be the oil and gas industries together with rock and limestone revenue.

This profile of diversification in the RAK Government's income mirrors the overall GDP and industrial data for Ras Al Khaimah as a whole.

### Inter-emirate transfer payments

Ras Al Khaimah receives a fixed AED 22 million each year from the Federal Government by way of an inter-emirate transfer payment. In addition, the Federal Government contributes to the funding of certain socio-economic and infrastructure projects.

## Operating Expenditure

Operating expenditure principally comprises general expenses such as: payments for goods and services used by the various government departments and entities; wages and salaries; other overheads; and marketing expenses. General expenses accounted for the majority of Ras Al Khaimah's current government expenditure and have represented more than two-thirds of the Emirate's total current government expenditure during each of the last five years.

No significant increase in these costs is currently forecast.

## Government Assets and Investments

### Government Assets

The table below shows a summary of the tangible assets owned by the RAK Government as of 31 December 2012 and 2013:

	<b>2012</b>	<b>2013</b>
	<i>(AED millions)</i>	
<b>Investment In Securities</b>		
Direct Investment in listed companies.....	4,498	8,088
Direct Investment in non-listed companies .....	1,094	808
Investments held by Subsidiaries.....	2,485	2,582
<b>Total Investments .....</b>	<b>8,077</b>	<b>11,478</b>
<b>Current Assets</b>		
Cash and cash equivalent .....	946	2,523
Other current assets .....	4,581	3,655
<b>Total Current Assets .....</b>	<b>5,527</b>	<b>6,178</b>
<b>Non Current Assets</b>		
Tangible Fixed Assets.....	6,420	7,170
Other non Current Assets.....	1,436	1,421
<b>Total non Current Assets.....</b>	<b>7,856</b>	<b>8,591</b>
<b>TOTAL ASSETS .....</b>	<b>21,460</b>	<b>26,246</b>

Source: IDO.

The majority of the RAK Government's investments are held directly. Investments are concentrated in the financial services, heavy industry, mining, manufacturing and tourism industries.

### Government Investments

The table below shows the principal listed commercial enterprises in which the RAK Government directly held a shareholding as at 31 December 2012 and 31 December 2013. At 31 December 2013, 70.21 per cent. (2012: 55.68 per cent.) of the RAK Government's total investments were direct investment in listed companies. No material change to this portfolio mix has occurred as at the date of this Base Prospectus.

The strategy followed by the RAK Government in making these investments is to focus on strategic industries with a view to assisting in their development and growth.

The market value of the RAK Government’s holding in listed companies, as at 31 December 2012 and 2013 was as follows:

	<b>Market Value</b>	
	<b>2012</b>	<b>2013</b>
	<i>(AED millions)</i>	
<b>Company Name</b>		
RAKBANK .....	3,296	6,315
Gulf Pharmaceutical Industries .....	538	642
Union Cement Company.....	224	517
RAK National Insurance Co. ....	176	165
RAK Ceramics .....	40	116
Gulf Cement Company.....	53	75
RAK Co. for White Cement .....	63	76
RAK Properties .....	25	64
Other Listed Holdings .....	83	118
<b>TOTAL MARKET VALUE OF LISTED SHARES .....</b>	<b>4,498</b>	<b>8,088</b>

Source: IDO.

## INDEBTEDNESS

The RAK Government pursues a centralised debt policy. In accordance with this policy, both sovereign level and subsidiary level debt obligations are managed and controlled centrally through the IDO.

The table below sets out the details of the outstanding loans and debt issuances which are consolidated in the RAK Government's finances as at 31 December 2014.

	Sukuk	Bank Loans	Total
	<i>(AED million)</i>		
IDO.....	3,983	1,435	5,418
Other Entities.....	—	2,508	2,508
	3,983	3,943	7,926
	3,983	3,943	7,926

Source: IDO.

Of the debt and loans listed in the above table, approximately 18 per cent. will mature by the end of 2015, 50 per cent. between 2016 and 2019 and the remaining 32 per cent. in 2020 and beyond.

On 28 May 2008, the RAK Government through the IDO raised AED 1 billion for a term of five years by way of a sukuk issue under the RAK Capital U.S.\$2 billion Trust Certificate Issuance Programme. On 21 July 2009, the RAK Government through the IDO raised U.S.\$400 million (approximately AED 1,468.8 million) for a term of five years by way of a sukuk issue under the RAK Capital U.S.\$2 billion Trust Certificate Issuance Programme. On 4 November 2010, the RAK Government issued ¥5 billion (approximately AED 266.05 million) 3.58 per cent. bonds due in 2030 and ¥10 billion (approximately AED 452.11 million) 3.77 per cent. bonds due in 2040. On 15 December 2010, the RAK Government acting through the IDO raised U.S.\$400 million (approximately AED 1,468.8 million) for a term of five years by way of a sukuk issue under the RAK Capital U.S.\$2 billion Trust Certificate Issuance Programme and bought back a proportion of the AED 1 billion sukuk issued in May 2008, of which the balance was repaid at maturity on 28 May 2013. On 21 October 2013, the RAK Government acting through the IDO raised U.S.\$500 million (approximately AED 1,836.5 million) for a term of five years by way of a sukuk issue under the RAK Capital U.S.\$2 billion Trust Certificate Issuance Programme. On 21 July 2014, the U.S.\$400 million sukuk issued in July 2009 was repaid in full.

The RAK Government guaranteed a term loan facility provided to RAKEEN originally totalling U.S.\$250 million which is scheduled to mature in 2017. This term loan facility is structured in a way that certain pledged assets of RAKEEN would first be liquidated to meet outstanding principal obligations, and following such event the RAK Government is obliged to pay any balance still outstanding. The RAK Government has also guaranteed two separate additional loans which now total AED 83.5 million, which are scheduled to mature in 2017. In 2013, the RAK Government undertook to pay out amounts due under these guaranteed RAKEEN loans on an ongoing basis.

Whilst it remains the RAK Government's general policy not to provide financial guarantees, it may, in the future, consider granting such guarantees in relation to specific projects that it considers to be of particular strategic importance after giving due care to the associated risks.

## DESCRIPTION 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 specified offices of the Principal Paying Agent (as defined in the Conditions).*

### **Master Purchase Agreement**

The Master Purchase Agreement was entered into on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 between the Issuer (in its capacity as “**Purchaser**”) and the RAK Government (in its capacity as “**Seller**”). The parties will subsequently enter into a Supplemental Purchase Contract in relation to the issuance of each Series of Certificates. The Master Purchase Agreement and any Supplemental Purchase Contract will be governed by Ras Al Khaimah Law and the federal laws of the UAE to the extent applicable in Ras Al Khaimah.

Pursuant to the Master Purchase Agreement, as supplemented by a Supplemental Purchase Contract in relation to the issuance of each Series of Certificates, the Seller has agreed to sell to the Purchaser, and the Purchaser has agreed to buy from the Seller, the Assets (as such term is defined in the relevant Supplemental Purchase Contract) for the Purchase Price (as defined in the Master Purchase Agreement), inclusive of all Taxes (as defined in the Master Purchase Agreement), if any, and free and clear of any Encumbrance (as defined in the Master Purchase Agreement) or any rights of third parties, payable on the Issue Date. The Assets for each Series of Certificates will be identified in the schedule to the relevant Supplemental Purchase Contract.

### **Master Lease Agreement**

The Master Lease Agreement was entered into on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 between the RAK Government (in its capacity as “**Lessee**”) and the Trustee (in its capacity as “**Lessor**”). The parties will subsequently enter into a Supplemental Lease Contract in relation to the issuance of each Series of Certificates. The Master Lease Agreement and any Supplemental Lease Contract will be governed by Ras Al Khaimah Law and the federal laws of the UAE to the extent applicable in Ras Al Khaimah.

Under the terms of the Master Lease Agreement, as supplemented by a Supplemental Lease Contract in relation to the issuance of each Series of Certificates, the Lessor has agreed to lease to the Lessee, and the Lessee has agreed to lease from the Lessor, the Lease Assets (as such term is defined in the relevant Supplemental Lease Contract) during a Lease Term commencing on the Lease Commencement Date (as defined in the relevant Supplemental Lease Contract) and terminating on the Lease End Date (as defined in the relevant Supplemental Lease Contract).

During the Lease Term, the Lessee will agree to pay the Lessor the Rental (as defined in the Master Lease Agreement) for the first Rental Period (as defined in the Master Lease Agreement). The Lessee will further undertake to renew the Lease (as defined in the Master Lease Agreement) for each subsequent Rental Period falling within the Lease Term.

The Rental payments under the Master Lease Agreement in respect of the Lease Assets will not be less than the Periodic Distribution Amounts payable on the Periodic Distribution Dates in respect of each Series of Certificates.

Under the terms of the Master Lease Agreement, the Lessee has agreed to release from liability, and has agreed that no liability shall attach to, the Lessor (and each of its directors, officers, employees, delegates or agents and duly appointed representatives) as against the Lessee or any third party, in contract or otherwise, for any loss (including loss of life), injury, damage, cost, expense, claim or demand occurring on, or caused directly or indirectly by or due to the usage of, any part of the Lease Assets, and the Lessor shall not be liable to reimburse or compensate the Lessee in respect of any claim made against the Lessee for any such loss, injury, damage, cost, expense, claim or demand.

If a Total Loss Event occurs with respect to the Lease Assets of a particular Series of Certificates in respect of which Condition 10.5 (*Capital Distribution of the Trust – Dissolution following a Total Loss Event*) is stated in the applicable Final Terms to be applicable, then the relevant Supplemental Lease Contract and the Lease in relation to such Lease Assets shall automatically terminate and the Lessor

will be entitled to all insurance proceeds payable as a result of the Total Loss Event together with any unpaid Rental accrued up to the date on which the Total Loss Event occurred.

The Lessee shall, at its own cost and expense, be responsible for the performance of all Ordinary Maintenance and Repair required for the Lease Assets. The Lessor shall be responsible for: (i) the performance of all Major Maintenance and Structural Repair; (ii) the payment of any proprietorship or other relevant taxes; and (iii) insuring the Lease Assets (to the extent insurable), and the Lessee acknowledges that the Lessor may procure that the Servicing Agent, in accordance with the terms and conditions set out in the Servicing Agency Agreement, shall perform, or shall procure the performance of, the Major Maintenance and Structural Repair on behalf of the Lessor, the payment of such taxes and any insurance of the Lease Assets.

All payments by the Lessee to the Lessor under the Master Lease Agreement and the relevant Supplemental Lease Contract shall be paid in full without any set-off (save as provided in the Servicing Agency Agreement) or counterclaim of any kind and without any deduction or withholding for or on account of Tax, unless the deduction or withholding is imposed or levied by or on behalf of any relevant taxing authority, in which event the Lessee shall forthwith pay to the Lessor such additional amount so that the net amount received by the Lessor will equal the full amount which would have been received by it had no such deduction or withholding been made.

Under the Master Lease Agreement, the Lessee bears the entire risk of loss of or, damage to, the relevant Lease Assets or any part thereof arising from the usage or operation thereof by the Lessee to the extent that such loss or damage has resulted from the Lessee's negligence, default, or breach of its obligations under the Master Lease Agreement. In addition, the Lessor shall not be liable (and the Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential, punitive or other damages, howsoever arising, in connection with the Lessee's use or operation of the Lease Assets.

The payment obligations of the Lessee under the Master Lease Agreement are and will be direct, unconditional, unsecured payment obligations of the Lessee and shall rank at least *pari passu* with all other unsecured and unsubordinated payment obligations of the Lessee.

The Lessee has agreed that each of the following events or circumstances shall constitute a “**RAK Government Event**”:

- (a) **Non-payment:** the Lessee fails to pay any amount owed under a Transaction Document when due and such failure continues for a period of 10 days; or
- (b) **Breach of other obligations or undertakings:** the Lessee defaults in performance or observance of or compliance with any of its other obligations or undertakings in any Transaction Document for a period of 30 days after notice of such default shall have been given to the Lessee by the Delegate (except where such default is, in the opinion of the Delegate, not capable of remedy when no such notice of default shall be required); or
- (c) **Cross-default:** (i) any Indebtedness or Sukuk Obligation of the Lessee is accelerated or becomes due and repayable prior to the stated maturity thereof; or (ii) the Lessee fails to pay in full any Indebtedness or Sukuk Obligation when due (after expiration of any applicable grace period) or any guarantee of any Indebtedness or Sukuk Obligation of others given by the Lessee shall not be honoured when due and called upon; **provided that** the aggregate amount of the relevant Indebtedness, Sukuk Obligation or guarantee in respect of which one or more of the events mentioned above in this paragraph (c) shall have occurred equals or exceeds U.S.\$50,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Execution or distress:** any execution, distress, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against, or an encumbrancer takes possession of, the whole or any substantial part of the property, undertaking or assets of the Lessee or any event occurs which under the laws of any jurisdiction has a similar or analogous effect; or
- (e) **Non-compliance with judgments:** the Lessee fails to comply with or pay any sum (being an amount of not less than U.S.\$50,000,000 (or its equivalent in any other currency or currencies)) due from it under any final non-appealable judgment or order given by a court of competent jurisdiction and such failure continues for the period of 30 days following the service by the Delegate on the Lessee of notice requiring the same to be paid; or

- (f) **Moratorium:** the Lessee shall enter into an arrangement with its creditors generally for the rescheduling or postponement of any Indebtedness, as a result of its inability or potential inability to fulfil its obligations to them, or a moratorium on the payment of all or any part of the Indebtedness of the Lessee shall be declared; or
- (g) **Unlawfulness or invalidity:** the validity of its obligations under the Transaction Documents is contested by the Lessee or the Lessee shall deny any of its obligations under the Transaction Documents or as a result of any change in, or amendment to, the laws or regulations in the United Arab Emirates or the Emirate of Ras Al Khaimah, which change or amendment takes place after 23 March 2015: (i) it becomes unlawful for the Lessee to perform or comply with any of its obligations under or in respect of the Transaction Documents; or (ii) any such obligations become unenforceable or invalid; or
- (h) **Failure to take action, etc:** any action, condition or thing at any time required to be taken, fulfilled or done in order: (i) to enable the Lessee lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Transaction Documents; or (ii) to ensure that those obligations are legal, valid, binding and enforceable, is not taken, fulfilled or done.

For these purposes:

“**Indebtedness**” means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by securities); and

“**Sukuk Obligation**” means any undertaking or other obligation to pay any money given in connection with the issue of trust certificates whether or not in return for consideration of any kind.

The Certificateholders will also have the benefit of a negative pledge, pursuant to which the RAK Government will undertake that, so long as any Certificate remains outstanding (as defined in the Master Trust Deed), it will not create, or have outstanding, any mortgage, charge, liens, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness or Relevant Sukuk Obligation, or any guarantee or indemnity in respect of any Relevant Indebtedness or Relevant Sukuk Obligation, without at the same time or prior thereto according to its obligations under the Transaction Documents the same security as is created or subsisting to secure any such Relevant Indebtedness or Relevant Sukuk Obligation, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Master Trust Deed) of the Certificateholders or by the Delegate.

For these purposes:

“**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, certificates, 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; and

“**Relevant Sukuk Obligation**” means any undertaking or other obligation to pay any money given in connection with the issue of Certificates, 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.

#### **Master Trust Deed, as supplemented by each Supplemental Trust Deed**

The Master Trust Deed was executed on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 between the RAK Government, the Issuer, the Trustee and the Delegate and is governed by English law. A Supplemental Trust Deed between the same parties shall be entered into on the Issue Date of each Series of Certificates and shall also be governed by English law.

Upon issue of the Global Certificate initially representing the Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the Trust declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Certificates comprise (unless otherwise specified in the relevant Supplemental Trust Deed), *inter alia*, the Trustee’s rights, title, interest and benefit in the Lease Assets for that Series, the Trustee’s rights title, interest and benefit in, to and under the Transaction Documents (other than any representations given to the Trustee by the RAK Government in the Transaction Documents) and any amounts it may have deposited in the relevant Transaction Account, subject to the terms of the relevant Supplemental Trust Deed.

Pursuant to the Master Trust Deed, the Trustee will, in relation to each Series of Certificates, *inter alia*:

- (a) hold the Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries pertaining to the applicable Series *pro rata* according to the face amount of Certificates of that Series held by each Certificateholder, in accordance with the provisions of the Trust Deed; 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 Master Trust Deed and the relevant Supplemental Trust Deed.

The Delegate will, following it becoming aware of the occurrence of a Dissolution Event which is continuing in respect of any Certificates and subject to Condition 13 (*Dissolution Events*), exercise the Trustee's rights in relation to the Trust Assets if: (a) the Delegate is directed in writing by Certificateholders holding at least 20 per cent. of the then aggregate outstanding face amount of the Certificates; or (b) the Delegate is directed by an Extraordinary Resolution, and provided in either case that the Delegate is 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 doing so; or (c) the Delegate determines in its absolute discretion to do so (and notifies the Certificateholders of such determination).

The Master Trust Deed specifies, *inter alia*, that:

- (a) following the enforcement, realisation of the Certificates and ultimate distribution of the net proceeds of the relevant Trust Assets in respect of the Certificates to the Certificateholders in accordance with the Conditions and the Master Trust Deed, neither the Trustee nor the Delegate shall be liable for any further sums and, accordingly, the Certificateholders may not take any action against the Trustee, the Delegate or any other person to recover any such sum in respect of the Certificates or the relevant Trust Assets;
- (b) no Certificateholder shall be entitled to proceed directly against the Issuer or the RAK Government under any Transaction Document unless: (i) the Delegate fails to do so within a reasonable period; and (ii) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders who propose to proceed directly against the Issuer or the RAK Government, as the case may be) holds at least 20 per cent. of the then outstanding aggregate face amount of the Certificates pertaining to the relevant Series. Under no circumstances shall the Delegate or any Certificateholders have any right to cause the sale or other disposition of any of the Trust Assets, and the sole right of the Delegate and the Certificateholders against the Issuer and the RAK Government shall be to enforce their respective obligations under the Transaction Documents;
- (c) the Delegate shall not be bound in any circumstances to take any action to enforce or realise the relevant Trust Assets or take any action against the Issuer and/or the RAK Government under any Transaction Document unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 20 per cent. of the then outstanding aggregate face amount of the Certificates pertaining to the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing; and
- (d) after enforcing or realising the relevant Trust Assets and distributing the net proceeds of the relevant Trust Assets pertaining to a particular Series in accordance with Condition 5.2 (*Trust – Application of Proceeds from Trust Assets*), the obligations of the Delegate in respect of such Certificates shall be satisfied and no Certificateholder may take any further 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 holder of the Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer.

In addition, under the Master Trust Deed, the RAK Government will undertake to the Delegate that, if any amount payable by the RAK Government to the Delegate pursuant to any Transaction Document is not recoverable from the RAK Government for any reason whatsoever or the Trustee or any Certificateholder suffers any cost, expense or loss as a result of the Issuer's holding of the Lease Assets (which cost, expense or loss is not recoverable under the Master Purchase Agreement or the related Supplemental Purchase Contract), then the RAK Government will indemnify the Delegate against all losses, claims, costs, charges and expenses, but excluding the costs of funding the same, to which it may be subject or which it may incur under or in respect of the Transaction Documents.

### **Purchase Undertaking**

The Purchase Undertaking was executed as a deed on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 by the RAK Government in favour of the Issuer (in its capacity as Trustee for the Certificateholders) and the Delegate and is governed by English law.

Under the terms of the Purchase Undertaking, the RAK Government has, provided there has been no Total Loss Event in relation to the relevant Lease Assets, irrevocably undertaken in favour of the Trustee and the Delegate to purchase all of the Trustee's rights, benefits and entitlements in and to the Lease Assets on the Maturity Date of the Certificates of a particular Series or any earlier due date following the occurrence of a Dissolution Event, as the case may be, at the Exercise Price specified in the Exercise Notice delivered by the Trustee or Delegate pursuant to the Purchase Undertaking. The Exercise Price will not be less than the outstanding face amount of the Certificates of the relevant Series.

The RAK Government agrees in the Purchase Undertaking that except for the set-off of outstanding Servicing Agency Expenses against the Exercise Price, all payments by it under the Purchase Undertaking will be made without set-off or counterclaim of any kind and without any such deduction or withholding for or on account of Tax unless required by law and, in the event that there is any deduction or withholding, the RAK Government 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 withholding or deduction had been made.

The RAK Government confirms and undertakes under the Purchase Undertaking that its payment obligations are and will be direct, unconditional, unsecured payment obligations of the RAK Government and shall rank at least *pari passu* with all other unsecured and unsubordinated payment obligations of the RAK Government.

If the RAK Government fails to pay all or part of any Exercise Price that is due in accordance with the Purchase Undertaking (the "**Outstanding Exercise Price**"), then the RAK Government shall irrevocably, unconditionally and automatically (without the necessity for any notice or any other action) continue to lease the Relevant Lease Assets (as defined in the Purchase Undertaking) from the Trustee and act as servicing agent in respect of the Relevant Lease Assets with effect from the date immediately following the due date for payment of the Outstanding Exercise Price on the terms and conditions, *mutatis mutandis*, of the Master Lease Agreement, the Supplemental Lease Contract and the Servicing Agency Agreement. In such case, Rental shall accrue on a daily basis in respect of the period from and including the due date for payment, but excluding the date on which the Outstanding Exercise Price is paid in full at the rate or rates determined as provided in the Master Lease Agreement and, in the case of an incomplete Rental Period, on the basis of the applicable Day Count Fraction (as defined in the Master Lease Agreement). No prior notification of the Rental Rate (as defined in the Master Lease Agreement) need be given to the Lessee.

Subject to payment of the Exercise Price in accordance with the Purchase Undertaking, the parties will enter into a relevant Sale Agreement to effect the sale of the Lease Assets that are the subject of the relevant Series of Certificates.

### **Sale Undertaking**

The Sale Undertaking was executed as a deed on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 by the Trustee for the Certificateholders in favour of the RAK Government and is governed by English law.

Pursuant to the Sale Undertaking, and subject to the Trustee being entitled to redeem the Certificates upon the occurrence of a Tax Event (as defined in Condition 10.2 (*Capital Distribution of the Trust – Early Dissolution for Tax Reasons*)) or, if specified in the applicable Final Terms of a Series of Certificates, the exercise of an Optional Dissolution (Call), the RAK Government may, by exercising its right under the Sale Undertaking and delivering an Exercise Notice to the Trustee (with a copy to the Delegate) specifying the Tax Redemption Date or Optional Dissolution Date (as applicable), which must not be less than 30 nor more than 60 days after the date on which the Exercise Notice is given and (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable to the particular Series of Certificates) must also be a Periodic Distribution Date, oblige the Trustee to sell all its rights, benefits and entitlements in and to the relevant Lease Assets at the Exercise Price on the Tax Redemption Date or Optional Dissolution Date, as the case may be.

The Exercise Price will not be less than the outstanding face amount of the Certificates of the relevant Series.

### **Redemption Undertaking**

The Redemption Undertaking was executed as a deed on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 by the RAK Government in favour of the Issuer (in its capacity as Trustee for the Certificateholders) and the Delegate and is governed by English Law.

Under the terms of the Redemption Undertaking, the RAK Government has, provided there has been no Total Loss Event in relation to the relevant Lease Assets, irrevocably undertaken in favour of the Trustee and the Delegate to purchase all of the Trustee's rights, benefits and entitlements in and to the Redemption Lease Assets of each Series of the Certificates on the relevant redemption date as specified in the Redemption Notice (as defined in the Conditions, the "**Redemption Date**"). In consideration for such purchase of the Redemption Lease Assets, the RAK Government will surrender certain Certificates held by it (the "**Redeemed Trust Certificates**") to the Trustee and the Trustee shall cancel such Redeemed Trust Certificates in accordance with the Master Trust Deed, the Redemption Undertaking Deed and the Conditions.

The Redemption Lease Assets shall be selected by the RAK Government in its sole and absolute discretion. However, the RAK Government will be obliged to represent and warrant that following each Redemption Date, the relevant Lease Assets will be not less than the outstanding face amount of the Certificates following cancellation on the relevant Redemption Date.

The specific terms applicable to such sale will be confirmed in the relevant Transfer Agreement to be executed by the Trustee and the RAK Government on the Redemption Date to effect the sale of the Redemption Lease Assets that are the subject of the relevant Series of Certificates and the surrender of Redeemed Trust Certificates.

In order to exercise these rights, the Trustee is required to have received a Cancellation Notice from the RAK Government under, and in accordance with the terms of, the Master Trust Deed.

### **Servicing Agency Agreement**

The Servicing Agency Agreement was entered into on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 by the RAK Government (in its capacity as Servicing Agent) and the Trustee (in its capacity as Lessor) and is governed by English law.

Pursuant to the Servicing Agency Agreement, the Servicing Agent will be responsible on behalf of the Lessor for ensuring that the Lease Assets are properly insured (so long as such Lease Assets are insurable) for the performance of all Major Maintenance and Structural Repair (as defined in the Master Lease Agreement) and for the payment of any proprietorship taxes charged, levied or claimed in respect of the Lease Assets.

The Lessor shall reimburse to the Servicing Agent any Servicing Agency Expenses on the Rental Payment Date (as defined in the Master Lease Agreement) falling immediately after the Rental Period in which the Servicing Agency Expenses were incurred or, in the case of the final Rental Period, on the Lease End Date.

An amount equal to the Servicing Agency Expenses to be paid by the Servicing Agent (in its capacity as Lessee under the Master Lease Agreement) to the Lessor as or as part of any: (i) Rental; or (ii) Exercise Price under the Purchase Undertaking or Sale Undertaking shall be set-off against the Servicing Agency Expenses to be paid by the Lessor to the Servicing Agent under the Servicing Agency Agreement.

### **Costs Undertaking Deed**

The Costs Undertaking Deed was executed as a deed on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 by the RAK Government in favour of the Issuer (in its capacity as Trustee for the Certificateholders), the Issuer Administrator and each Service Provider (as defined in the Costs Undertaking Deed) and is governed by English Law. Pursuant to the Costs Undertaking Deed, the RAK Government will pay certain fees and expenses of, and indemnify against certain losses, among others, the Trustee, the Issuer Administrator and each Service Provider.

### **Sale Substitution Undertaking**

The Sale Substitution Undertaking was executed as a deed on 4 May 2008, as amended and restated on 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 by the Issuer (in its capacity as Trustee of the Certificateholders) in favour of the RAK Government and is governed by English Law.

Pursuant to the Sale Substitution Undertaking, the Trustee has granted to the RAK Government the right to require the Trustee to sell all or part of the Lease Assets that are the subject of a particular Series of Certificates (the “**Substituted Assets**”) in exchange for the delivery of certain substitute assets (the “**New Assets**”), **provided that** the value of the New Assets is equal to or greater than the value of the Substituted Assets. The substitution of Lease Assets will become effective on the Replacement Date (as specified in the Exercise Notice to be delivered by the RAK Government in accordance with the Sale Substitution Undertaking) by the Trustee and the RAK Government entering into a relevant Transfer Agreement which will: (i) effect the transfer of ownership rights in the Substituted Assets from the Trustee to the RAK Government; and (ii) effect the transfer of the ownership rights in the New Assets from the RAK Government to the Trustee.

Notwithstanding such asset substitution, the Lease in relation to a particular Series of Certificates shall continue subject to the terms of the Master Lease Agreement and the relevant Supplemental Lease Contract.

## TAXATION

*The following summary of certain Cayman Islands, United Arab Emirates and EU Savings Directive tax consequences of ownership of Certificates is based upon laws, regulations, decrees, rulings, income tax conventions, administrative practice and judicial decisions in effect at the date of this Base Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Certificates. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Certificates. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the acquisition, ownership and disposition of Certificates, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Base Prospectus, and of any actual changes in applicable tax laws after such date.*

### **Cayman Islands**

There are no income, corporation, capital gains or other taxes in effect in the Cayman Islands on the basis of present legislation. The Issuer has obtained an undertaking from the governor-in-cabinet of the Cayman Islands dated 13 May 2008, pursuant to the Tax Concessions Law (as revised) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations 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 include the Certificates) of the Issuer or by way of the withholding in whole or part of any relevant payment.

No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of Certificates. However, an instrument transferring title to such Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Issuer to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.\$853.66. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

### **United Arab Emirates**

*The following summary of the anticipated tax treatment in the UAE in relation to the payments on the Certificates is based on the taxation law and practice in force at the date of this Base Prospectus, and does not constitute legal or tax advice and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Certificates and the receipt of any payments with respect to such Certificates under the laws of the jurisdictions in which they may be liable to taxation.*

There is currently in force in the Emirate of Ras Al Khaimah legislation establishing a general corporate taxation regime (the Ras Al Khaimah Income Tax Decree 1969). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry 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 Ras Al Khaimah taxation in respect of payments on debt securities (including Periodic Distribution Amounts or the Dissolution Distribution Amounts in relation to the Certificates).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to raise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into “Double Taxation Arrangements” with certain other countries, but these are not extensive in number.

## **EU Savings Directive**

Under EC Council Directive 2003/48/EC (the “**EU Savings Directive**”) 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) paid by a person within its jurisdiction to or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria may instead apply (unless during that period it elects otherwise) a withholding system in relation to such payments deducting tax at a rate of 35.0 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the “**Amending Directive**”). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply the new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of “interest payment” to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

## **The proposed financial transactions tax (the “FTT”)**

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Certificates (including secondary market transactions) in certain circumstances. The issuance and subscription of Certificates should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Certificates may be sold under the Programme from time to time by the Issuer to any one or more of Al Hilal Bank PJSC, Citigroup Global Markets Limited, J.P. Morgan Securities plc and National Bank of Abu Dhabi P.J.S.C. (together, the “Dealers”). The arrangements under which Certificates may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 4 May 2008, as amended and restated on or around 12 November 2010 and on 30 September 2013 and as further amended and restated on 23 March 2015 (the “Dealer Agreement”) and made between the Issuer, the RAK Government and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Certificates, the price at which such Certificates will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Series of Certificates.

### General

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has complied and will (to the best of its knowledge and belief) comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the RAK Government or any other Dealer shall have any responsibility or bear any expense therefor.

None of the Issuer, the RAK Government or any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates.

With regard to each Series, the relevant Dealers will be required to comply with any additional restrictions agreed between the Issuer, the RAK Government and the relevant Dealers and as shall be set out in the applicable subscription agreement.

### United States

The Certificates have not been nor will be registered under the Securities Act nor any state securities law, and the Certificates may not be offered, sold or delivered within the United States or to or for the account or benefit of, any U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Certificates: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Certificates on a syndicated basis, the relevant lead manager, of all Certificates of the Series of which such Certificates are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Certificates, an offer or sale of such Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by the Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Certificates to the public in that Relevant Member State:

- (a) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) **Fewer than 100 offerees:** at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) **Other exempt offers:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Certificates referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of Certificates to the public**” in relation to any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

### **United Kingdom**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) in relation to any Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or to the RAK Government; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other

than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

#### **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “**Exempt Offer**” in accordance with the Markets Rules (MKT Module) of the Dubai Financial Services Authority (the “**DFSA**”); 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 Saudi Arabia**

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a “**Saudi Investor**”) who acquires Certificates pursuant to any offering should note that the offer of Certificates is a private placement under Article 10 or Article 11 of the “*Offers of Securities Regulations*” as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the “**KSA Regulations**”) through a person authorised by the Capital Market Authority (the “**CMA**”) to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “*Sophisticated Investors*” under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates will comply with the KSA Regulations.

Investors are informed that Article 17 of the Regulations place restrictions on secondary market activity with respect to the Certificates, including as follows:

- (a) Saudi Investor (referred to as a “transferor”) who has acquired Certificates pursuant to a private placement may not offer or sell Certificates to any person (referred to as a “transferee”) unless the offer or sale is made through an authorised person where one of the following requirements is met:
  - (i) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals one million or an equivalent amount;
  - (ii) the Certificates are offered or sold to a sophisticated investor; or
  - (iii) the Certificates are being offered or sold in such other circumstances as the CMA may prescribe for these purposes;
- (b) if the requirement of paragraph (a)(i) above cannot be fulfilled because the price of the Certificates being offered or sold to the transferee has declined since the date of the original private placement, the transferor may offer or sell the Certificates to the transferee if their purchase price during the period of the original private placement was equal to or exceeded Saudi Riyals 1 million or an equivalent amount;
- (c) if the requirement in paragraph (b) above cannot be fulfilled, the transferor may offer or sell Certificates if he/she sells his entire holding of Certificates to one transferee; and
- (d) the provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the Certificates.

#### **Kingdom of Bahrain**

Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it will only make any offer pursuant to this Base Prospectus available 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).

### **Malaysia**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) this Base 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 or in categories 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), and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of the Certificates as aforesaid without the necessary approvals being in place.

### **Cayman Islands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make any offer or invitation to the public in the Cayman Islands to subscribe for any Certificates.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (a) to “**professional investors**” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**CO**”) or which do not constitute an offer to the public within the meaning of the CO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the SFO and any rules made under the SFO.

### **Singapore**

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and that it will not offer or sell

any Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Certificates, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor pursuant to Section 274 of the SFA; or (b) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:
  - (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - (b) where no consideration is or will be given for the transfer;
  - (c) where the transfer is by operation of law; or
  - (d) pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

#### **State of Qatar (excluding the Qatar Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not offer, sell or deliver, at any time, directly or indirectly, any Certificates in the State of Qatar except: (i) in compliance with all applicable laws and regulations of the State of Qatar; 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. This Base Prospectus has not been reviewed or approved by the Qatar Central Bank or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

#### **Qatar Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus: (i) has not been, and will not be, registered with or approved by the Qatar Financial Centre Regulatory Authority and may not be publicly distributed in the Qatar Financial Centre; (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the Qatar Financial Centre and may not be reproduced or used for any other purpose.

#### **State of Kuwait**

Each Dealer has acknowledged and agreed and each further Dealer appointed under the Programme will be required to acknowledge and agree the following:

No Certificates have been licensed for offering in the State of Kuwait by the Capital Markets Authority Kuwait or any other relevant Kuwaiti government agency. The offering of Certificates in the State of Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities. No private or public offering of Certificates is being made in the State of Kuwait, and no agreement relating to the sale of

Certificates will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market Certificates in the State of Kuwait.

## GENERAL INFORMATION

### Authorisation

In relation to the Issuer, the establishment of the Programme was authorised by a meeting of the Board of Directors of the Issuer passed on 1 May 2008. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Certificates. The update of the Programme and the issuance of Certificates thereunder was duly authorised by a resolution of the Board of Directors of the Issuer dated 19 March 2015.

In relation to the RAK Government, the establishment of the Programme, any update of the Programme and the issuance of the Certificates was authorised by Emiri Decree No. 14 of 2008 of the Ruler's Court of the Government of Ras Al Khaimah issued on 30 April 2008 and Emiri Decree No. 21 of 2010 of the Ruler's Court of the Government of Ras Al Khaimah issued on 11 November 2010.

### Listing of Certificates

It is expected that each Series of Certificates which is to be admitted to the Official List and to trading on NASDAQ Dubai will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Series.

Application has been made for the Certificates to be admitted to the Official List and to be admitted to trading on NASDAQ Dubai. The listing of the Programme in respect of Certificates on the Official List is expected to be granted on or around 23 March 2015. However, unlisted Certificates may be also issued pursuant to the Programme.

### Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the RAK Government is aware), which may have, or have had during the twelve months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and the RAK Government.

### Significant/Material Change

Save in respect of the Outstanding Certificates, since the date of the Issuer's incorporation there has been no material adverse change in the financial position or prospects of the Issuer nor any significant change in the financial or trading position of the Issuer.

Since 31 December 2014, there has been no significant change in the tax and budgetary systems, gross public debt, foreign trade and balance of payments, foreign exchange reserves, financial position and resources and income and expenditure figures of the RAK Government.

### Documents on Display

Copies of the following documents (together with English translations thereof) will, when published, be inspected during normal business hours at the registered office of the Issuer and at the specified office of the Principal Paying Agent for the time being in London, for twelve months from the date of this Base Prospectus:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) Emiri Decrees No. 14 of 2008 and No. 21 of 2010 of the Ruler's Court of the Government of Ras Al Khaimah;
- (c) the Master Trust Deed, the Agency Agreement, the Master Lease Agreement, the Master Purchase Agreement, the Servicing Agency Agreement, the Purchase Undertaking, the Sale Substitution Undertaking, the Sale Undertaking, the Redemption Undertaking, any Sale Agreement or Transfer Agreement and the Costs Undertaking;
- (d) any Supplemental Trust Deed in relation to Certificates which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system;
- (e) a copy of this Base Prospectus; and
- (f) any future base prospectuses, information memoranda, supplements and applicable Final Terms (save that the applicable Final Terms relating to a Certificate which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European

Economic Area in circumstances where a Base Prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of Certificates and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

#### **Clearing of the Certificates**

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Series of Certificates allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms.

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, L1855 Luxembourg.

#### **Dealers transacting with the Issuer or the RAK Government**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer or the RAK Government in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the RAK Government. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the RAK Government routinely hedge their credit exposure to the Issuer or the RAK Government, as applicable, consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**ISSUER AND TRUSTEE**

**RAK Capital**  
c/o Intertrust SPV (Cayman) Limited  
190 Elgin Avenue  
George Town  
Grand Cayman  
KY1-9005  
Cayman Islands

**RAK GOVERNMENT, SELLER AND  
SERVICING AGENT**

**The Government of the Emirate of Ras Al Khaimah**  
**acting through the Investment &**  
**Development Office**  
P.O. Box 12222  
Ras Al Khaimah  
United Arab Emirates

**ARRANGER**

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**DEALERS**

**Al Hilal Bank PJSC**  
P.O. Box 63111  
Abu Dhabi  
United Arab Emirates

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Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**National Bank of Abu Dhabi P.J.S.C.**  
One NBAD Tower  
Sheikh Khalifa Street  
P.O. Box 4  
Abu Dhabi  
United Arab Emirates

**DELEGATE**

**Deutsche Trustee Company Limited**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**PRINCIPAL PAYING AGENT, PAYMENT ADMINISTRATOR, CALCULATION  
AGENT AND REPLACEMENT AGENT**

**Deutsche Bank AG, London Branch**  
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1 Great Winchester Street  
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United Kingdom

**REGISTRAR AND TRANSFER AGENT**

**Deutsche Bank Luxembourg S.A.**  
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**LEGAL ADVISERS**

*To the Issuer as to Cayman Islands law*

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*To the Arrangers and Dealers as to English law  
and UAE law*

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