

BASE PROSPECTUS



Dubai DOF Sukuk Limited

(incorporated in the Cayman Islands with limited liability)

U.S.\$2,500,000,000

Trust Certificate Issuance Programme

Under the trust certificate issuance programme described in this Base Prospectus (the **Programme**), Dubai DOF Sukuk Limited (in its capacity as issuer, the **Issuer** and, in its capacity as trustee, the **Trustee**), subject to compliance with all applicable laws, regulations and directives, may from time to time issue trust certificates (the **Trust Certificates**), each of which shall represent an undivided ownership interest in the relevant Trust Assets (as defined below), in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Trust Certificates may only be issued in registered form. The maximum aggregate face amount of all Trust Certificates from time to time outstanding under the Programme will not exceed U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Each Series (as defined herein) of Trust Certificates issued under the Programme will be constituted by (i) a master trust deed (the **Master Trust Deed**) dated 28 October 2009 entered into between the Issuer, the Trustee, Government of Dubai (the **Government**) and Deutsche Trustee Company Limited as delegate of the Trustee (the **Delegate**) and (ii) a supplemental trust deed (the **Supplemental Trust Deed**) in relation to the relevant Series. Trust Certificates of each Series confer on the holders thereof from time to time (the **Certificateholders**) the right to receive certain payments (as more particularly described herein) arising from the assets of a trust declared by the Trustee in relation to the relevant Series (the **Trust**) over certain assets including, in particular, the rights, title, interest and benefit of Dubai DOF Sukuk Limited in, to and under the Lease Assets of the relevant Series (the **Relevant Lease Assets**) as set out in (i) a master lease agreement (the **Master Lease Agreement**) dated 28 October 2009 entered into between the Issuer, the Trustee and the Government (in its capacity as lessee, the **Lessee**) and the Delegate and (ii) a supplemental lease agreement (as re-executed to give effect to any substitution, the **Supplemental Lease Agreement**) for the relevant Series between the same parties (such assets being referred to as the **Trust Assets** for the relevant Series).

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

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

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Trust Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Trust Certificates to be admitted to trading on the London Stock Exchange’s regulated market. The London Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

Application has also been made for Trust Certificates issued under the Programme for the period of 12 months from the date of this Base Prospectus to be approved by the Emirates Securities and Commodities Authority (**ESCA**), to be admitted to the Official List (the **DFM Official List**) of Securities of the Dubai Financial Market (**DFM**) and to be listed on the DFM.

References in this Base Prospectus to Trust Certificates being **listed** (and all related references) shall mean (in the case of Trust Certificates listed on the London Stock Exchange) that such Trust Certificates have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List and (in the case of Trust Certificates listed on the Dubai Financial Market) that such Trust Certificates have been approved by ESCA, have been admitted to the DFM Official List and have been admitted to trading on the DFM.

The Programme provides that Trust 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 Government and the relevant Dealer. The Issuer may also issue unlisted Trust Certificates and/or Trust Certificates not admitted to trading on any market.

Notice of the aggregate face amount of Trust Certificates and any other terms and conditions not contained herein which are applicable to each Series will be set out in a final terms (the **applicable Final Terms**) which, with respect to Trust Certificates to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange.

The Issuer and the Government may agree with any Dealer that Trust Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Trust 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 Trust Certificates.

Arrangers and Dealers

Dubai Islamic Bank PJSC Mitsubishi UFJ Securities International plc Standard Chartered Bank UBS Investment Bank

Dealers

Emirates NBD

National Bank of Abu Dhabi

The date of this Base Prospectus is 28 October 2009.

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) and for the purpose of giving information with regard to the Issuer, the Government and any Trust Certificates to be issued under the Programme which 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, the Government and of the Trust Certificates.

Each of the Issuer and the Government accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of the Issuer and the 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.

Certain information under the headings “*Risk Factors*”, “*Economy of Dubai*”, “*Balance of Payments and Foreign Trade*”, “*Monetary and Financial System*” and “*Public Finance*” have been extracted from information provided by the International Monetary Fund (the **IMF**) and CB Richard Ellis (in the case of “*Risk Factors*”), CB Richard Ellis, the UAE Central Bank, the UAE Telecommunications Regulatory Authority, Dubai Electricity and Water Authority, Dubai Ports Authority and Jebel Ali Free Zone (in the case of “*Economy of Dubai*”), the UAE Central Bank, the UAE Ministry of Economy and the IMF (in the case of “*Balance of Payments and Foreign Trade*”), the UAE Central Bank, Emirates NDB PJSC and the Dubai Financial Market (in the case of “*Monetary and Financial System*”) and the Investment Corporation of Dubai (in the case of “*Public Finance*”). Each of the Issuer and the 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, no facts have been omitted which would render the reproduced information inaccurate or misleading. This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Series of Trust Certificates, should be read and construed together with the applicable Final Terms.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of the Principal Paying Agent (as defined below) save that, if the relevant Trust 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 the Prospectus Directive, the applicable Final Terms will only be obtainable by a Certificateholder holding one or more Trust 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 Trust Certificates and identity.

No person is or has been authorised by the Issuer or the 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 Trust Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Government, the Dealers (as defined under “*Subscription and Sale*”), the Trustee, the Delegate (each as defined herein) or any other person. Neither the delivery of this document nor any sale of any Trust 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 and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer or the Government during the life of the Programme or to advise any investor in the Trust Certificates of any information coming to their attention.

None of the Dealers or the Delegate 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 Issuer or the Government in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Trust Certificates is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer, Government, the Dealers, the Trustee or the Delegate that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or the issue of

any Trust Certificates should purchase any Trust Certificates. Each investor contemplating purchasing any Trust 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 Government. None of the Dealers, the Trustee or the Delegate accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer or the Government in connection with the Programme.

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

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

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Trust 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 Trust Certificates may be restricted by law in certain jurisdictions. None of the Issuer, the Government, the Dealers, the Trustee or the Delegate represents that this Base Prospectus may be lawfully distributed, or that any Trust 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 Government, the Dealers, the Trustee or the Delegate which is intended to permit a public offering of any Trust Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Trust Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Trust 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 Trust Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Trust Certificates in the United States, the European Economic Area (including the United Kingdom), Bahrain, the Cayman Islands, the Dubai International Financial Centre, Japan, Malaysia, Saudi Arabia and the United Arab Emirates, see "*Subscription and Sale*".

The Trust Certificates have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, Trust Certificates may not be offered, sold or delivered within the United States or to U.S. persons, see "*Subscription and Sale*".

This Base Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Base Prospectus may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology. Although the Government believes that the expectations reflected in its forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct.

All references in this Base Prospectus to **U.S. dollars**, **U.S.\$** and **\$** are to the lawful currency of the United States of America, all references to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, and all references to **AED** and **dirham** are to the lawful currency of the United Arab Emirates. The dirham has been pegged to the U.S. dollar since 22 November 1980. The mid point between the official buying and selling rates for the dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00 and, unless otherwise indicated, U.S. dollar amounts in this Base Prospectus have been converted from AED at this exchange rate.

In addition, all references in this document to the **UAE** are to the United Arab Emirates and references to **Dubai** are to the Emirate of Dubai.

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.

NOTICE TO UK RESIDENTS

Trust Certificates to be issued under the Programme will represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000 (the *FSMA*)) which has not been authorised, recognised or otherwise approved by the Financial Services Authority. 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 Final Terms and any other marketing materials relating to the Trust Certificates (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*) and (ii) persons falling within any of the categories of persons described in Article 49 (High net worth companies, unincorporated associations, etc) of the Financial Promotion Order and (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 Final Terms or any other marketing materials in relation to any Trust Certificates.

Potential investors in the United Kingdom are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in any Trust 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.

CAYMAN ISLANDS NOTICE

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

NOTICE TO BAHRAIN RESIDENTS

The Central Bank of Bahrain and the Bahrain Stock Exchange assume no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaim any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Base Prospectus. Each potential investor intending to subscribe Trust Certificates (each, a **potential investor**) may be required to provide satisfactory evidence of identity and, if so required, the source of funds to purchase Trust Certificates within a reasonable time period determined by the Issuer, the Government and the Dealers. Pending the provision of such evidence, an application to subscribe for Trust Certificates will be postponed. If a potential investor fails to provide satisfactory evidence within the time specified, or if a potential investor provides evidence but none of the Issuer, the Government or the Dealers are satisfied therewith, its application to subscribe for Trust Certificates may be rejected in which event any

money received by way of application will be returned to the potential investor (without any additional amount added thereto and at the risk and expense of such potential investor). In respect of any Bahraini potential investors, the Issuer and the Government will comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition and Combating of Money Laundering and various Ministerial Orders issued thereunder including, but not limited to, Ministerial Order No. (7) of 2001 with respect to Institutions' Obligations Concerning the Prohibition and Combating of Money Laundering.

KINGDOM OF SAUDI ARABIA NOTICE

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 the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

TABLE OF CONTENTS

Risk Factors	7
Structure Diagram and Cashflows	17
General Description of the Programme	19
Form of the Trust Certificates	26
Terms and Conditions of the Trust Certificates	35
Use of Proceeds	58
Description of the Issuer	59
Overview of The Emirate of Dubai	61
Economy of Dubai	70
Balance of Payments and Foreign Trade	83
Monetary and Financial System	87
Public Finance	94
Indebtedness.....	101
Summary of the Principal Transaction Documents	102
Taxation	108
Subscription and Sale.....	110
General Information.....	114

RISK FACTORS

The purchase of any Trust 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 Trust Certificates. Before making an investment decision, prospective purchasers of Trust 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 Government believes that the factors described below represent the principal risks inherent in investing in Trust Certificates, but the inability of the Issuer to pay any amounts on or in connection with any Trust Certificate may occur for other reasons and none of the Issuer or the Government represents that the statements below regarding the risks of holding any Trust Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Issuer or the Government or which the Issuer or the Government currently deems immaterial, that may impact any investment in Trust 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 “Form of the Trust Certificates” and “Terms and Conditions of the Trust Certificates” shall have the same meanings in this section.

Risk factors relating to the Issuer

At the date of this Base Prospectus, the Issuer is a newly established exempted company with limited liability incorporated under the laws of the Cayman Islands on 8 October 2009 and has no operating history. The Issuer will not engage in any business activity other than the issuance of Trust Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity as Trustee, the issuance of shares in its capital and other activities incidental or related to the foregoing as required under the Transaction Documents.

The ability of the Issuer to pay amounts due on any Trust Certificates will primarily be dependent upon receipt by the Issuer from the Government of all amounts due under the Lease Agreement and the Purchase Undertaking which, in the aggregate, may not be sufficient to meet all claims under the relevant Trust Certificates and the Transaction Documents.

Risk factors relating to the Government and United Arab Emirates

Political and Economic Issues

Although Dubai and the UAE enjoy domestic political stability and generally healthy international relations, there is a risk that regional geopolitical instability could impact the country. Potential sources of instability in the region include a worsening of the situation in Iraq, a further impairment in the current poor relations between the United States and either or both of Syria and Iran and an escalation in the Israeli-Palestinian conflict. In addition, there is a risk that regional militant groups could begin to target foreign nationals or businesses, or government ministers, in the UAE and Dubai in particular, following similar attacks in Saudi Arabia.

Dubai enjoys a relatively diverse economy, with the oil and gas sector accounting for approximately only two per cent. of Dubai's gross domestic product (**GDP**) in 2008. However, any significant impact on international oil prices may have a negative impact on regional spending and liquidity and consequently is likely to affect Dubai's economy indirectly through its impact on trade, construction, real estate and banking sectors in particular, given also the openness of the economy with no capital or exchange controls. In addition the UAE has a relatively high ratio of banking assets to GDP.

Dubai is also dependent on expatriate labour and has made significant efforts in recent years to attract high volumes of foreign businesses and tourists to the Emirate. These steps make it potentially more vulnerable should regional instability increase or foreign militants commence operations in the Emirate.

During the second half of 2008 and into 2009, world oil prices have fallen by approximately 70 per cent. from their peak level of U.S.\$147 per barrel of Murban crude oil reached in July 2008 to around U.S.\$45 per barrel in February 2009. In addition, the credit crisis in the global financial markets and the deterioration in the global economic outlook have led to a general reduction in liquidity and available financing and generally increased financing costs. These events can be expected to affect Dubai and the UAE in a number of ways. First, GDP is likely to be adversely affected in 2009 reflecting the significant contributions of the oil and gas sector to UAE's GDP and, in the case of Dubai, through the impact of these events on the construction and real estate sectors. Second, the UAE's trade surplus is likely to decline in 2009 reflecting the reduced value of hydrocarbon exports and its current account balance is likely to be additionally impacted as a result of declining services receipts and lower investment income.

In its UAE 2006 Article IV Consultation (the **2006 Consultation**), the International Monetary Fund (the **IMF**) flagged that the regulatory structure of the capital markets and intermediary activities are potential sources of fragility in the financial sector and made a number of suggestions for reform of the UAE's capital markets including amendments to the company law, clearer delineation of responsibility among regulators, better collection of statistical information, a need to increase the public float of securities and to introduce modern techniques such as stabilisation and hedging. In addition, it suggested that employment opportunities for nationals should be created through long-term structural policies in the areas of education, training, wage policy and labour legislation.

In its UAE 2007 Article IV Consultation (the **2007 Consultation**), the IMF noted that high inflation has become a major issue for the UAE. The IMF pointed out that rapid growth in recent years coupled with capacity constraints have put upward pressure on asset and consumer prices and that shortages of housing, which have been more severe in Dubai and Abu Dhabi than in the other emirates, have led to sharp rises in rents which have been reflected in an increase in the consumer price index. The IMF concluded that if inflation was allowed to persist at the current rate, it could become entrenched with the attendant risk of undermining competitiveness and long-term growth of the UAE's economy. In its UAE 2009 Article IV Consultation (the **2009 Consultation**), the IMF recognised that inflationary pressures had eased in the UAE, and were likely to continue to do so in the near future due to the global slowdown, however the risk remains that any inflation-related downturn in the UAE may have an adverse effect on the economy of Dubai.

The IMF also highlighted in its 2009 Consultation its expectation for a substantial correction in the UAE real estate market and certain issues relating to the banking sector. Since September 2008 there have been significant falls in both office and residential rental rates and in the sales prices of residential properties, with research published by CB Richard Ellis in the third quarter of 2009 indicating that office lease rates in Dubai are now below levels experienced at the end of 2006 and are approximately 50 per cent. of the level in the third quarter of 2008. Similarly, CB Richard Ellis reports that residential property lease rates have fallen by about 40 per cent. from their levels at the same point in 2008 and that resales of residential developments are being priced at 2006 levels. These factors have also been reflected in the value of listed real-estate companies (at 30 November 2008, down by more than 60 per cent. from the highs experienced earlier that year), significant layoffs in the real estate sector, and the fact that many a of projects under construction have been slowed and new projects put on hold.

In relation to the banking sector, the IMF noted that in order to manage the risks to the banking system more frequent on site inspections to ensure compliance with prudential regulations should be held and off site surveillance of risk management practices should be enhanced. The IMF staff considered that a more comprehensive set of high frequency liquidity management indicators and contingency funding plans should be submitted by banks to the UAE Central Bank's supervisory unit and that there was an additional need to conduct regular and comprehensive stress testing to the system. In addition, the IMF also noted the risk of increasing non-performing loans within the banking sector.

Contingent Liabilities

The Dubai government has significant investments in government related entities (**GREs**) which in many cases support or facilitate the Dubai government's strategic plan and collectively have revenues considerably in excess of those of the Dubai government itself. The Dubai government has in the past provided significant

financial support to companies in which it has ownership interests and other systemically important entities, including, most recently, AED 4 billion in capital injections to Emirates NBD through Investment Corporation of Dubai.

The information provided on page 101 of this Base Prospectus in relation to the Dubai government's indebtedness as at 30 September 2009 identifies that certain strategic government-related entities of the Emirate have significant borrowings which are not direct obligations of the Government of Dubai. If any of these entities are unable to, or are potentially unable to, fulfil their debt obligations, the Dubai government, although not legally obliged to do so and without any obligation whatsoever, may at its sole discretion decide to extend such support as it may deem suitable, and based on such terms as it may deem suitable, to any such entities in order to allow them to meet their debt obligations.

Investors should note that given the lack of consolidated reporting of the assets and liabilities of Dubai's GReEs, the overall financial position and potential future financing requirements of Dubai's GReEs may not yet have been fully identified.

Support Fund

The Dubai government has established a fund to provide support to strategic entities which require financial assistance but are able to demonstrate sustainable business plans, the on-going support of their existing financial creditors and realistic prospects of fulfilling their repayment obligations. The fund has been capitalised in the amount of U.S.\$10 billion which the Dubai government has borrowed from the UAE Central Bank. The expectation is that the entities supported by the fund will be able to repay such support in a timely manner (whether through the proceeds of asset sales or internal cash generation) and that this will enable the Dubai government to repay the UAE Central Bank in 2014 when the funds borrowed become due. No assurance can be given that all entities supported by the fund will be able to repay their support in a timely manner as this will be dependant on a variety of factors beyond the Dubai government's control.

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 on the banking sector) is only available on a federal basis relating to the entire UAE and investors should note that Dubai'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. The IMF, in the 2006 Consultation, identified a number of weaknesses in the statistical information prepared in relation to the UAE including with respect to data quality, coverage, regularity, timeliness and inter-sectoral consistency which will have impacted the statistical data included in this document.

The Dubai Statistics Centre has been established in 2006 and the statistical data prior to that period was based on estimation which may not be as accurate as current data. Prior to 2006, Dubai's GDP was calculated on the basis of statistical sampling. New and more accurate reporting was implemented in 2006 as the demand for data increased. As a result, GDP statistics for 2006 and onwards are not directly comparable to the GDP statistics presented for 2005 and earlier years. Accordingly, pre-2006 data has been presented for information purposes only.

Investors should note that no capital account data for the balance of payments is disclosed and that the Dubai government and the governments of other emirates have significant off-budget investments of varying sizes. There is no official information on either the aggregate amount or maturity profile of the indebtedness of Dubai's GReEs.

Investors should also note that all economic statistics for 2008 set out in this Base Prospectus are preliminary and subject to change. In particular, the 2008 figures set out in Dubai's budget for 2009 are preliminary estimates which are subject to change.

Waiver of Immunity

Federal Law No. 11 of 1992 grants to the Government and its affiliates immunity in respect of its assets. The Government has waived its rights in relation to sovereign immunity (subject to Federal Law No. 11 of 1992 which cannot be waived by the Ruler or Government alone), however there can be no assurance as to whether such waivers of immunity from execution or attachment or other legal process by it under the Transaction Documents are valid and binding under the laws of the UAE and applicable in Dubai.

Risk factors relating to the Trust Certificates

Absence of secondary market/limited liquidity

There is no assurance that a secondary market for the Trust Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of those Trust Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Trust Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of Trust Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on market values. Accordingly, the purchase of Trust Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the relevant Trust Certificates and the financial and other risks associated with an investment in the relevant Trust Certificates. An investor in Trust Certificates must be prepared to hold the relevant Trust Certificates for an indefinite period of time or until their maturity. Application has been made for the listing of certain Series to be issued under the Programme on the London Stock Exchange and/or on the DFM but there can be no assurance that any such listing will occur or will enhance the liquidity of the Trust Certificates of the relevant Series.

The Trust Certificates are limited recourse obligations

Trust Certificates to be issued under the Programme are not debt obligations of the Issuer. Instead, the Trust Certificates represent an ownership interest solely in the Trust Assets. Recourse to the Issuer in respect of each Series is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Trust Certificates. Upon the occurrence of a Dissolution Event, the sole rights of each of the Delegate and, through the Delegate, the Certificateholders of the relevant Series will be against the Issuer and the Government to perform their respective obligations under the Transaction Documents. Certificateholders will otherwise have no recourse to any assets of the Issuer or the Government in respect of any shortfall in the expected amounts due under the relevant Trust Assets. Reflecting the limited recourse nature of the Trust Certificates, Certificateholders will also not be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Issuer as a consequence of such shortfall or otherwise.

The Government is obliged to make certain payments under the Transaction Documents directly to the Issuer, and the Delegate will have direct recourse against the Government to recover such payments due to the Issuer pursuant to the Transaction Documents. In the absence of default by the Delegate, investors have no direct recourse to the Government and there is no assurance that the net 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 relevant Trust Certificates. After enforcing or realising the Trust Assets of a Series and distributing the net proceeds of such Trust Assets in accordance with Condition 4.2, the obligations of the Issuer in respect of the Trust Certificates of the relevant Series shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Issuer to recover any further sums in respect of such Trust Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents and the sole right of the Trustee, the Delegate and the Certificateholders against the Government shall be to enforce the obligation of the Government to perform its obligations under the Transaction Documents.

The Trust Certificates may be subject to early redemption

If so provided in the applicable Final Terms, a Series may be redeemed early at the option of the Issuer. Any such early redemption feature of any Trust Certificate is likely to limit its market value. During any period when the Issuer may elect to redeem Trust Certificates, the market value of those Trust Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any redemption period.

Risk factors relating to the Lease Assets

Transfer of the Lease Assets

The Master Purchase Agreement is, and each Supplemental Purchase Agreement will be, governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE and, to the extent that such laws are applied in relation to any dispute, there are doubts whether an ownership interest in certain assets (in particular those assets which are real estate based) can be effectively transferred without registration of the transfer with appropriate authorities. Accordingly, no assurance is given that any ownership interest in the Lease Assets relating to any Series will be effectively transferred to Dubai DOF Sukuk Limited.

The Government has agreed in the Purchase Undertaking to indemnify the Issuer for the purposes of redemption in full of the outstanding Trust Certificates of a Series in the event that any transfer of the relevant Lease Assets is found to be ineffective.

In the event that the Lease Assets of any Series are not repurchased by the Government for any reason, the Delegate will seek to enforce the above provisions of the Purchase Undertaking. To the extent that it obtains an English judgment or an arbitration award in its favour, it may seek to enforce that judgment or award in a Dubai court.

It is likely that, in any action heard by them, the courts of Dubai (if they do not simply enforce the judgment or arbitral award – see “*Enforcing foreign judgments in Dubai*”) would review the transaction as a whole and seek to uphold the intention of the parties to treat the arrangements as a financing transaction on the terms agreed, subject to the rights of any third party creditors of the Government that may exist at the relevant time.

UAE law allows the contracting parties to prove that their intention is different to that expressed in the contract. A UAE court’s right to re-characterise a transaction as a finance transaction is subject to the rights of any third parties not being prejudiced. A third party creditor of the Government may, if acting in good faith, challenge the re-characterisation of the transaction as stated above and claim that the transaction should be treated as a sale and purchase of assets. If successful, the transfer of title under the relevant Supplemental Purchase Agreement and the transactions contemplated thereunder may be declared void. Accordingly, the Government would be required to return the purchase price it received for those assets (i.e. the face amount of the Trust Certificates of the relevant Series) to investors less any amounts already paid to investors in respect of those assets (i.e. Periodic Distribution Amounts paid under the relevant Trust Certificates). As a result, in this particular situation, investors in the relevant Trust Certificates may not receive back the full amount of their investment.

Total Loss Event

As owner of the Lease Assets relating to each Series, Dubai DOF Sukuk Limited is required, among other things, to insure the relevant Lease Assets if Condition 10.3 is specified in the applicable Final Terms as being applicable. In accordance with Sharia principles, Dubai DOF Sukuk Limited has delegated this obligation to the Government, as its servicing agent, which has undertaken in the Servicing Agency Agreement, *inter alia*, to insure the relevant Lease Assets in the name of Dubai DOF Sukuk Limited against the occurrence of a Total Loss Event for their full reinstatement value (and to ensure, in relation to each relevant Series, that such amount is not at any time less than the aggregate face amount of the Trust Certificates of such Series then outstanding). A **Total Loss Event** is defined as the total loss or destruction of, or damage to the whole of, the relevant Lease Assets or any event or occurrence that renders the whole of the relevant 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 relevant Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

Nevertheless, should such an event occur the relevant Lease will terminate and the Trust Certificates of the relevant Series will be repaid using the proceeds of the insurance received by Dubai DOF Sukuk Limited. In this scenario, potential investors should be aware that: (i) rental under the relevant Lease will cease upon the occurrence of a Total Loss Event as that Lease will have terminated and accordingly the Periodic Distribution Amount received by the Certificateholders of the relevant Series will reflect this fact and (ii) there may be a delay in Dubai DOF Sukuk Limited receiving the proceeds of insurance and therefore in the relevant Certificateholders receiving a Dissolution Amount in respect of their Trust Certificates and no additional Periodic Distribution Amount will be paid in respect of this delay. In this regard, the Servicing Agency Agreement provides that if the insurance proceeds for an amount equal to the full reinstatement value are not paid into the relevant Transaction Account within 30 days of the occurrence of the Total Loss Event, the Government, as Servicing Agent, shall have failed in its responsibility to properly insure the relevant Lease Assets and accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Servicing Agency Agreement relating to insurance) the Government shall be responsible for paying any shortfall. The Delegate will be entitled to enforce this undertaking against the Government on behalf of the Certificateholders of the relevant Series.

Risk factors relating to taxation

Taxation risks on payments

Payments made by the Government to the Issuer under the Transaction Documents or by the Issuer in respect of the Trust Certificates could become subject to taxation. The Transaction Documents each require the Government to pay additional amounts in the event that any withholding or deduction is required by applicable law to be made in respect of payments made by it to the Issuer which are intended to fund Periodic Distribution Amounts and Dissolution Amounts. Condition 11 provides that the Issuer is required to pay additional amounts in respect of any such withholding or deduction imposed by or on behalf of Cayman Islands or the UAE or any Emirate thereof in certain circumstances. In the event that the Issuer fails to pay any such additional amounts in respect of any such withholding or deduction on payments due in respect of the Trust Certificates to Certificateholders, the Government has 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 Issuer in respect of any and all additional amounts required to be paid in respect of the Trust Certificates pursuant to Condition 11 in respect of any withholding or deduction in respect of any tax as set out in that Condition.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), EU Member States are required to provide to the tax authorities of another Member State details of certain payments paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium will change to a provision of information system from 1 January 2010. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament

approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State (or, in certain cases, through a relevant non-EU country or territory) 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 nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Trust 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 is not obliged to withhold or deduct tax pursuant to the Directive.

Risk factors relating to enforcement

Enforcement risk

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

Enforcing foreign judgments in Dubai

The Government has irrevocably agreed that certain of the Transaction Documents will be governed by English law and, where this is the case, that any dispute arising from such Transaction Documents may be referred to arbitration in Paris under the LCIA Arbitration Rules. The 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards entered into force in the UAE on 19 November, 2006. However, the UAE and France signed a bilateral convention for the mutual enforcement of arbitration awards in 1991, which was ratified by the UAE in 1992. The provisions of the New York Convention are stated not to affect the validity of any bilateral enforcement convention, nor to deprive a party of any right they may have under such a convention. The UAE courts should therefore give precedence to the provisions of the bilateral enforcement treaty over the provisions of the New York Convention, but this has yet to be tested in the UAE. Any arbitration award rendered in Paris should therefore be enforceable in the UAE in accordance with the terms of the bilateral convention. The bilateral enforcement treaty between the UAE and France contains broadly similar conditions for enforcement to those under the New York Convention, i.e. UAE courts should recognise and enforce French arbitration awards if the other requirements of the bilateral convention between the UAE and France are met.

Under the relevant Transaction Documents, any dispute may also be referred to the courts in England who shall have exclusive jurisdiction to settle any dispute arising from such Transaction Documents. Where an English judgment has been obtained, there is no assurance that the Government has, or would at the relevant time have, assets in the United Kingdom against which such judgment could be enforced. If the judgment were to be enforced in the UAE, under current UAE federal law, the UAE courts would be unlikely to enforce such judgment without re-examining the merits of the claim and may not observe the choice by the parties of English law as the governing law of such Transaction Documents. In addition, even if English law is accepted as the governing law, this will only be applied to the extent that it is compatible with the laws of Dubai, the UAE and public policy. This may mean that the UAE courts may seek to interpret English law governed documents as if governed by UAE law and there can therefore be no certainty that in those circumstances the Dubai courts would give effect to such documents in the same manner as the parties may intend.

However, in the event that enforcement is sought for a judgment obtained pursuant to an English law governed document or an action is brought under an English law governed document in the UAE and the UAE court does not agree to enforce the judgment and/or give effect to the choice of law, it is likely that UAE court would review the transaction as a whole and seek to uphold the intention of the parties to treat the arrangements between the parties as a financing transaction on the terms agreed (subject to any third party interests that may exist).

As the UAE judicial system is based on a civil code, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty.

Change of law

The structure of each issue of Trust Certificates under the Programme is based on English, UAE and Dubai law and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law, UAE law or Dubai law or administrative practices in either jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Trust Certificates or of the Government to comply with its obligations under the Transaction Documents.

Claims for specific enforcement

In the event that the Government fails to perform its obligations under any Transaction Document, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific enforcement of the relevant obligations or a claim for damages. There is no assurance that any court would order specific enforcement of a contractual obligation, as this is generally a matter for the discretion of the relevant court.

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

Additional risk factors

Credit ratings may not reflect all risks

As at the date of this base Prospectus, no rating agency has assigned a rating to the Government, any securities issued by the Government or to the Trust Certificates. In the future, one or more independent credit rating agencies may assign credit ratings to the Trust Certificates of any Series. 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 relevant Trust Certificates. A credit rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of repayment and may be revised, suspended or withdrawn by the assigning rating agency at any time.

Suitability of investments

The Trust Certificates of any Series may not be a suitable investment for all investors. Each potential investor in Trust 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 relevant Trust Certificates, the merits and risks of investing in the relevant Trust Certificates and the information contained 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 relevant Trust Certificates and the impact the relevant Trust 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 relevant Trust Certificates, including where the currency of payment is different from the potential investor's currency;
- (d) understand thoroughly the terms of the relevant Trust 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.

Emerging markets

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Consents to variation of Transaction Documents and other matters

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 (a) is of a formal, minor or technical nature, or (b) is made to correct a manifest or proven (to the satisfaction of the Delegate) error, or (c) is not materially prejudicial to the interests of the relevant Certificateholders. Unless the Delegate otherwise decides, any such modification shall as soon as practicable thereafter be notified to the relevant Certificateholders and shall in any event be binding upon the relevant Certificateholders.

Reliance on Euroclear and Clearstream, Luxembourg procedures

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

Sharia requirements in relation to judgment interest

In accordance with applicable Sharia principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to judgment interest awarded in its favour by any court in connection with any dispute under the Purchase Agreement, the Lease Agreement, the Servicing Agency Agreement and the Purchase Undertaking (**the relevant Transaction Documents**). The relevant Transaction Documents have been drafted in a manner that is intended to ensure that on any default by the Government under the relevant Transaction Documents the relevant Lease Assets shall remain the property of the Trustee such that the Trustee will continue to be entitled to receive rental payments under the relevant Lease Agreements for the purposes of the periodic distribution amounts that will continue to accrue in respect of the period between such default and the award of a judgment in respect of that default by a court. On this basis, the expectation is that no judgment interest would be awarded by a court in respect of that period (although no assurance is given that this will be the case). However, should there be any delay in the enforcement of a judgment given against the Government, judgment interest could accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest. Certificateholders should note that the Trust Assets specifically exclude any rights which have been expressly waived by the Trustee in any of the Transaction Documents (which, to the extent applicable, would extend to any judgment interest awarded in the Trustee's favour in respect of a dispute).

Sharia rules

The Sharia Advisory Board of Dubai Islamic Bank PJSC and Standard Chartered Bank have each confirmed that the Transaction Documents are Sharia compliant. However, there can be no assurance that the Transaction Documents or any issue and trading of any Trust Certificates will be deemed to be Sharia

compliant by any other Sharia board or Sharia scholars. None of the Issuer, the Government or the Dealers makes any representation as to the Sharia compliance of any Series and potential investors are reminded that, as with any Sharia views, differences in opinion are possible. Potential investors should obtain their own independent Sharia advice as to the compliance of the Transaction Documents and the issue and trading of any Series with Sharia principles.

Interests of the Dealers

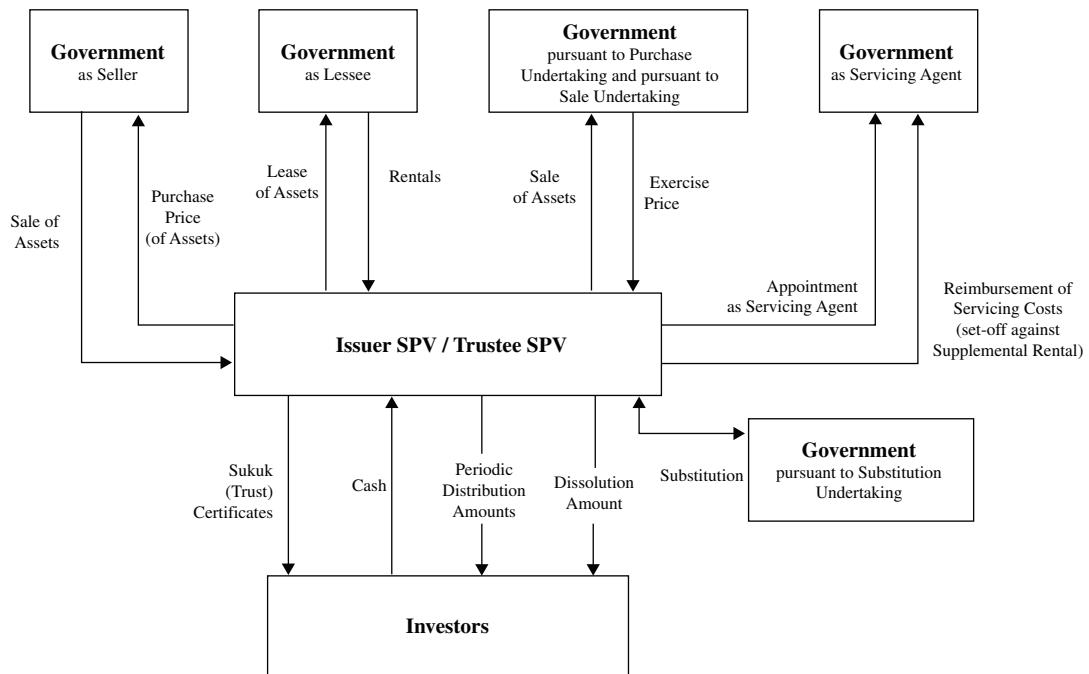
Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Government, in the ordinary course of business.

The Government holds 55.64 per cent. of the outstanding shares in Emirates NBD PJSC.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Potential investors are referred to the terms and conditions of the Trust Certificates and the detailed descriptions of the relevant 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 Issuer

On the Issue Date of each Series, the relevant Certificateholders will pay the issue price in respect of the issue of Trust Certificates to Dubai DOF Sukuk Limited and Dubai DOF Sukuk Limited will pay such amount to the Government as the purchase price payable under the relevant Supplemental Purchase Agreement for the relevant Lease Assets.

On the Issue Date, Dubai DOF Sukuk Limited will agree to lease, and the Government will agree to take on lease, the Lease Assets for the lease term which will equal the tenor of the sukuk. The Government (as lessee) will make rental payments at regular intervals to Dubai DOF Sukuk Limited (as lessor). The amount of each rental payment will be equal to the periodic distribution amount payable for the corresponding period under the Trust Certificates which Dubai DOF Sukuk Limited will pay the Certificateholders on each Periodic Distribution Date.

At maturity of the Trust Certificates or upon any earlier date for redemption or repayment of the Trust Certificates, Dubai DOF Sukuk Limited will sell, and the Government will buy, the Lease Assets at an exercise price which will be equal to the outstanding face amount of the Trust Certificates plus any accrued and unpaid Periodic Distribution Amounts owing to the Certificateholders. Dubai DOF Sukuk Limited will use the exercise price received to pay the Dissolution Amount to the Certificateholders.

Dubai DOF Sukuk Limited will appoint the Government as its servicing agent to carry out certain of its obligations under the Lease Agreement, namely the obligation to undertake any major maintenance, insurance and payment of taxes in connection with the Lease Assets. Dubai DOF Sukuk Limited will reimburse the Government for any expenses incurred by it in undertaking these duties.

The Government will be entitled under a Substitution Undertaking to substitute new assets for existing Lease Assets at its own cost.

GENERAL DESCRIPTION OF THE PROGRAMME

The following is an overview of the principal features of the Programme. This overview does not contain all of the information that an investor should consider before investing in Trust Certificates and is qualified in its entirety by the remainder of this Base Prospectus and the applicable Final Terms. Each investor should read the entire Base Prospectus and the applicable Final Terms carefully, especially the risks of investing in Trust Certificates issued under the Programme discussed under “Risk Factors”.

Words and expressions defined in “Form of the Trust Certificates” and “Terms and Conditions of the Trust Certificates” shall have the same meanings in this general description. In particular, the expressions **Trust Deed**, **Lease Agreement**, **Purchase Agreement**, **Servicing Agency Agreement**, **Purchase Undertaking**, **Sale Undertaking** and **Substitution Undertaking** mean, in relation to each Series, the Master Trust Deed when read together with the relevant Supplemental Trust Deed, the Master Lease Agreement when read together with the relevant Supplemental Lease Agreement, the Master Purchase Agreement when read together with the relevant Supplemental Purchase Agreement, the Master Servicing Agency Agreement when read together with the relevant Supplemental Servicing Agency Agreement, the Master Purchase Undertaking when read together with the relevant Supplemental Purchase Undertaking, the Master Sale Undertaking when read together with the relevant Supplemental Sale Undertaking and the Master Substitution Undertaking when read together with the relevant Supplemental Substitution Undertaking, respectively.

The Programme provides a facility for the issuance of Trust Certificates in Series. The terms and conditions governing each Series are those set out under “*Terms and Conditions of the Trust Certificates*”, as modified or supplemented by the applicable Final Terms. The following is an overview of the principal features of the Trust Certificates.

On the occasion of each issuance of Trust Certificates, the Issuer will receive contributions from the Certificateholders representing the proceeds of the Trust Certificates in the amount specified in the relevant Supplemental Trust Deed.

In relation to each Series, Dubai DOF Sukuk Limited (in its capacity as Trustee and as Purchaser) will enter into a Supplemental Purchase Agreement with the Government (in its capacity as Seller). Pursuant to the Supplemental Purchase Agreement, the Seller will sell certain assets (the **Lease Assets**). The purchase price of the relevant Lease Assets will be an amount equivalent to the proceeds of the issue of such Series.

Dubai DOF Sukuk Limited (in its capacity as Trustee and as Lessor) will lease the relevant Lease Assets to the Government (in its capacity as Lessee). The lease will commence on the Issue Date of the relevant Series and will end on (a) the later of the Maturity Date for the Series and the date on which the relevant Series is redeemed in full or (b) in the event that the relevant Series is redeemed in full prior to its Maturity Date, on the date of such redemption. Under the Servicing Agency Agreement, Dubai DOF Sukuk Limited (in its capacity as Lessor) has appointed the Government as servicing agent in respect of the Lease Assets, with responsibility for insuring the Lease Assets, paying proprietorship taxes and performing major maintenance and structural repair.

The Government (in its capacity as Obligor) has agreed to purchase all of the rights, title, interests, benefits and entitlements of Dubai DOF Sukuk Limited in, to and under the relevant Lease Assets on the relevant Maturity Date or, as the case may be, on the relevant Dissolution Date pursuant to the Purchase Undertaking, to be supplemented, at the time of each such purchase, by a sale agreement (each a **Sale Agreement**) substantially in the form annexed to the relevant Supplemental Purchase Undertaking and containing the specific terms applicable to the relevant purchase. In addition, in any case where Dubai DOF Sukuk Limited is entitled to require the redemption of the Trust Certificates of any Series, the Government has the right to purchase Dubai DOF Sukuk Limited’s rights, title, interests, benefits and entitlements in, to and under the relevant Lease Assets on the relevant Dissolution Date pursuant to the Sale Undertaking, to be supplemented, at the time of each such purchase, by a sale agreement (each a **Sale Agreement**) substantially in the form annexed to the relevant Supplemental Sale Undertaking and containing the specific terms applicable to the relevant purchase. The exercise price payable by the Government pursuant to each Sale Agreement will be an amount equal to (a) the Aggregate Face Amount (as specified in the applicable Final Terms) of the relevant Series, (b) all accrued but unpaid Periodic Distribution Amounts on such date (including any additional

amounts payable pursuant to Condition 11) and (c) all amounts payable in respect of any Servicing Agency Expenses in respect of which an appropriate rental payment has not been made in accordance with the Lease Agreement. The proceeds of sale of Dubai DOF Sukuk Limited's rights, title, interests, benefits and entitlements in, to and under the relevant Lease Assets will be distributed to Certificateholders of the relevant Series in the manner provided in the Conditions or as otherwise specified in the applicable Final Terms.

In relation to each Series, Dubai DOF Sukuk Limited has granted the Government the right to require Dubai DOF Sukuk Limited to sell any or all of the relevant Lease Assets (the **Substituted Assets**) to it in exchange for new assets (the **New Assets**) of a value which is equal to or greater than the value of the Substituted Assets. Such right has been granted by Dubai DOF Sukuk Limited to the Government pursuant to the Substitution Undertaking, to be supplemented at the time of each such substitution by a sale agreement (each a **Sale Agreement**) substantially in the form annexed to the relevant Supplemental Substitution Undertaking and containing the specific terms applicable to the relevant substitution. The substitution of the relevant Lease Assets will become effective on the Substitution Date (as specified in the Substitution Notice to be delivered by the Lessee in accordance with the Substitution Undertaking) by Dubai DOF Sukuk Limited and the Lessee entering into a Sale Agreement and the relevant Lease Agreement shall be amended in the manner provided in the Substitution Notice by the Lessor and the Lessee entering into a new Supplemental Lease Agreement on the Substitution Date. Each Sale Agreement will (i) effect the transfer of rights, title, interests, benefits and entitlements in the Substituted Assets from Dubai DOF Sukuk Limited to the Lessee and (ii) effect the transfer of the rights, title, interests, benefits and entitlements in the New Assets from the Lessee to Dubai DOF Sukuk Limited and the Substitution Notice will provide that the New Assets and any relevant Lease Assets not replaced will be leased to the Lessee under the new Supplemental Lease Agreement.

Pursuant to the Trust Deed, Dubai DOF Sukuk Limited (as trustee) will, in relation to each Series, declare a trust (a **Trust**) over all of its rights, title, interest and benefit in, to and under the relevant Lease Assets and over all of its rights, title, interest and benefit, present and future, in, to and under each of the Transaction Documents (other than in relation to any representations given to Dubai DOF Sukuk Limited by the Government pursuant to any of the Transaction Documents and excluding any rights which have been waived by the Trustee in any of the Transaction Documents) and any amounts standing to the credit of the relevant Transaction Account (the assets the subject of each Trust being the **Trust Assets**).

Dubai DOF Sukuk Limited will act as trustee in respect of the Trust Assets for the benefit of Certificateholders of each Series in accordance with the Trust Deed and the Conditions. Under the Trust Deed, the Trustee will, with effect from and including the date of the Master Trust Deed and save in certain limited respects only, unconditionally and irrevocably delegate all of the present and future duties, powers, trusts, authorities and discretions vested in it under the Trust Deed to the Delegate. In particular, but without limitation, the Delegate shall be entitled to deliver an Exercise Notice to the Government in accordance with the Purchase Undertaking and, following a Dissolution Event, take any enforcement action in the name of the Trustee against the Government.

Following the distribution of the relevant Trust Assets to the Certificateholders of any Series in accordance with the Conditions and the Trust Deed, neither the Trustee nor the Delegate shall be liable for any further sums, and accordingly those Certificateholders may not take any action against the Trustee, the Delegate or any other person to recover any such sum in respect of the relevant Trust Certificates or the relevant Trust Assets.

The Delegate shall not be bound in any circumstances to take any action to enforce or to realise such Trust Assets or take any action against the Government under any Transaction Documents unless directed or requested to do so by the relevant Certificateholders in accordance with the Conditions, and then only to the extent indemnified and/or secured and/or prefunded to its satisfaction.

No Certificateholder shall be entitled to proceed directly against the Government unless (i) the Delegate, having become bound so to proceed, fails to do so within 30 days of becoming so bound and such failure is continuing and (ii) the relevant Certificateholder (together with the other Certificateholders of the same Series who propose to proceed directly against the Government) holds at least one-fifth of the aggregate face amount of the relevant Series then outstanding.

Notwithstanding anything set out above, in relation to each Series after enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 4.2, the obligations of Dubai DOF Sukuk Limited in respect of the Trust Certificates shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Issuer to recover any further sums in respect of the Trust Certificates and the right to receive any such sums unpaid shall be extinguished. Under no circumstances shall Dubai DOF Sukuk Limited, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents, and the sole right of Dubai DOF Sukuk Limited, the Delegate and the Certificateholders against the Government shall be to enforce the obligation of the Government to perform its obligations under the Transaction Documents.

Certificateholders, by subscribing for or acquiring Trust Certificates, acknowledge that no recourse may be had for the payment of any amount owing in respect of any Trust Certificates against the Issuer, in any circumstances whatsoever, to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Issuer shall be extinguished.

Certificateholders should note that the Trustee and the Delegate will have recourse to the Government (pursuant to the terms of the Transaction Documents) and the ability of Dubai DOF Sukuk Limited to pay the amounts due in respect of the Trust Certificates will ultimately be dependent on the Government.

A description of the Government is included elsewhere in this Base Prospectus.

Certain Transaction Documents are described in more detail in “*Summary of the Principal Transaction Documents*” below.

Issuer, Trustee and Lessor:	Dubai DOF Sukuk Limited, a company incorporated in accordance with the laws of, and formed and registered in, the 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.
Obligor, Lessee and Servicing Agent:	Government of Dubai
Ownership of the Issuer:	The authorised share capital of the Issuer is U.S.\$50,000 consisting of 50,000 shares with a nominal value of U.S.\$1 each, of which 250 shares are fully paid up and issued. The Issuer's entire issued share capital is held by Maples Finance Limited on trust for charitable purposes.
Administration of the Issuer:	The affairs of the Issuer are managed by Maples Finance Limited (the Issuer Administrator), who will provide, amongst other things, certain administrative services for and on behalf of the Issuer pursuant to a Corporate Services Agreement dated on or about 28 October 2009 between, <i>inter alia</i> , the Issuer and the Issuer Administrator (the Corporate Services Agreement).
Arrangers:	Dubai Islamic Bank PJSC Mitsubishi UFJ Securities International plc Standard Chartered Bank UBS Limited
Dealers:	Dubai Islamic Bank PJSC Emirates NBD PJSC Mitsubishi UFJ Securities International plc National Bank of Abu Dhabi P.J.S.C. Standard Chartered Bank UBS Limited

Delegate:	Deutsche Trustee Company Limited
Principal Paying Agent:	Deutsche Bank AG, London Branch
Registrar:	Deutsche Bank Luxembourg S.A.
Certain Restrictions:	Each Series denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> "). The proceeds of each Tranche will not be accepted in the United Kingdom.
Programme Size:	Up to U.S.\$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Government may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Trust Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer, the Government and the relevant Dealer.
Maturities:	The Trust Certificates will have such maturities as may be agreed between the Issuer, the Government 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 relevant Specified Currency.
Issue Price:	Trust Certificates may only be issued on a fully-paid basis and at an issue price which is at par.
Form of Trust Certificates:	The Trust Certificates will be issued in registered form as described in " <i>Form of the Trust Certificates</i> ". The Trust Certificates of each Series will be represented on issue by interests in one or more Global Trust Certificates which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in each Global Trust Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. See " <i>Form of the Trust Certificates</i> ". Definitive Trust Certificates evidencing holdings of Trust Certificates will be issued in exchange for interests in a Global Trust Certificate only in limited circumstances.
Clearance and Settlement:	Holders of the Trust Certificates must hold their interest in the relevant Global Trust Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing systems.
Face Amount of Trust Certificates:	The Trust Certificates will be issued in such face amounts as may be agreed between the Issuer, the Government and the relevant Dealer save that the minimum face amount of each Trust Certificate

will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions*” above, and save that the minimum face amount of each Trust Certificate admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €50,000 (or, if the Trust Certificates are issued in a currency other than euro, the equivalent amount in such currency).

Status of the Trust Certificates:

Each Trust Certificate will evidence an undivided ownership interest of the Certificateholders in the Trust Assets of the relevant Series, will be a limited recourse obligation of the Issuer and will rank *pari passu*, without any preference or priority, with all other Trust Certificates of the relevant Series issued under the Programme.

Periodic Distributions:

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

Redemption of Trust Certificates:

Trust Certificates shall be redeemed at the Dissolution Amount specified in the applicable Final Terms.

Dissolution Events:

Upon the occurrence of any Dissolution Event, the Trust Certificates may be redeemed in full on the Dissolution Date at the Dissolution Amount and the relevant Return Accumulation Period may be adjusted accordingly. See Condition 13.

Optional Dissolution:

If so specified in the applicable Final Terms, a Series may be redeemed prior to its Maturity Date in the circumstances set out in Condition 10.2 and Condition 10.3.

Total Loss Event:

If Total Loss Event is specified in the applicable Final Terms as applying in relation to the Series, the occurrence of a Total Loss Event will result in the redemption of the Trust Certificates of that Series and the consequent dissolution of the relevant Trust. The Servicing Agent is responsible for ensuring that, in the event of a Total Loss Event occurring, all insurance proceeds in respect thereof are paid in U.S. dollars directly into the relevant Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event.

Withholding Tax:

All payments by the Government under the Transactions Documents shall be made without withholding or deduction for, or on account of, any taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Government will be required to pay additional amounts so that the Issuer will receive the full amounts that it would have received in the absence of such withholding or deduction.

All payments in respect of Trust Certificates by the Issuer shall be made without withholding or deduction for, or on account of, any

taxes, levies, imposts, duties, fees, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction. In the event that any such withholding or deduction is made, the Issuer will, save in the limited circumstances provided in Condition 11, be required to pay additional amounts so that the holders of the Trust Certificates will receive the full amounts that they would have received in the absence of such withholding or deduction.

Negative Pledge and other Covenants: The Master Lease Agreement contains a negative pledge given by the Government. See “*Summary of the Principal Transaction Documents*”.

Cross Default: The Master Lease Agreement contains a cross default provision in relation to the Government. See “*Summary of the Principal Transaction Documents*”.

Issuer Covenants: The Issuer has agreed to certain restrictive covenants as set out in Condition 5.

Certificateholder Meetings: A summary of the provisions for convening meetings of Certificateholders of each Series to consider matters relating to their interests as such is set out in Condition 17.

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

Listing and Admission to Trading: Application has been made to the UK Listing Authority for Trust Certificates issued under the Programme during the period of 12 months from the date hereof to be admitted to the Official List and to the London Stock Exchange for such Trust Certificates to be admitted to trading on the London Stock Exchange’s regulated market.

Application has also been made for Trust Certificates issued under the Programme for the period of 12 months from the date hereof to be approved by ESCA, to be admitted to the DFM Official List and to be listed on the DFM.

Trust Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer, the Government and the relevant Dealer in relation to the Series. Trust Certificates which are neither listed nor admitted to trading on any market may also be issued.

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

Transaction Documents: The Transaction Documents are the Master Trust Deed, each Supplemental Trust Deed, the Programme Agreement, the Agency Agreement, the Master Purchase Agreement, each Supplemental Purchase Agreement, the Master Lease Agreement, each Supplemental Lease Agreement, the Master Servicing Agency Agreement, each Supplemental Servicing Agency Agreement, the Master Purchase Undertaking, each Supplemental Purchase Undertaking, the Master Sale Undertaking, each Supplemental Sale

Undertaking, the Master Substitution Undertaking, each Supplemental Substitution Undertaking and the Costs Undertaking.

Governing Law and Jurisdiction:

The Trust Certificates of each Series will be governed by, and construed in accordance with, English law.

The Master Purchase Agreement, each Supplemental Purchase Agreement, the Master Lease Agreement, each Supplemental Lease Agreement and each Sale Agreement will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. The courts of Dubai will have jurisdiction to hear all disputes relating to each such document.

Each other Transaction Document will be governed by English law. In respect of any dispute under any such Transaction Document to which it is a party, the Government has consented to arbitration in Paris under the LCIA Arbitration Rules. Any dispute may also be referred to the courts in England (which shall have exclusive jurisdiction to settle any dispute arising from such documents).

Waiver of Immunity:

To the extent that the Government may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, the Government will agree in the Transaction Documents not to claim and will irrevocably and unconditionally waive such immunity in relation to any legal proceedings. Further, the Government will irrevocably and unconditionally consent to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any legal proceedings.

Selling Restrictions:

There are restrictions on the distribution of this Base Prospectus and the offer or sale of Trust Certificates in the United States, the European Economic Area (including the United Kingdom), Bahrain, the Cayman Islands, the Dubai International Financial Centre, Japan, Malaysia, Saudi Arabia and the United Arab Emirates.

United States Selling Restrictions:

Regulation S, Category 1.

FORM OF THE TRUST CERTIFICATES

The Trust Certificates of each Series will be in registered form. Trust Certificates will be issued outside the United States to persons who are not U.S. persons in reliance on Regulation S.

Each Series will initially be represented by a global trust certificate in registered form (a **Global Trust Certificate**). Each Global Trust Certificate will represent ownership interests in the relevant Trust Assets. Global Trust Certificates will be deposited with a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and will be registered in the name of a nominee for the common depositary. Persons holding ownership interests in Global Trust Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Trust Certificates in fully registered form.

Payments of any amount in respect of each Global Trust Certificate will, in the absence of provision to the contrary, be made to the person shown on the relevant Register (as defined in Condition 1.2) as the registered holder of the relevant Global Trust Certificate. None of the Issuer, the Trustee, the Delegate, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Trust Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Trust Certificates in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 8.1) immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in a Global Trust Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Trust Certificates only upon the occurrence of an Exchange Event. The Issuer will promptly give notice to Certificateholders in accordance with Condition 16 if an Exchange Event occurs. For these purposes, **Exchange Event** means that (i) a Dissolution Event (as defined in Condition 13) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Delegate is available. In the event of the occurrence of an Exchange Event, any of the Delegate, the Issuer or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Trust Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the relevant Global Trust Certificate shall be exchanged in full for Definitive Trust Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Trust Certificates to be executed and delivered to the Registrar within 15 days following the request for exchange for completion and dispatch to the relevant Certificateholders. A person having an interest in a Global Trust Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Trust Certificates.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Trust Certificates*"), the Principal Paying Agent shall arrange that, where a further Tranche is issued which is intended to form a single Series with an existing Tranche, the Trust Certificates of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Trust Certificates of any other Tranche of the same Series until at least the expiry of the 40-day distribution compliance period (as defined in Regulation S) applicable to the Trust Certificates of such Tranche.

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 specified in the applicable Final Terms.

FORM OF FINAL TERMS

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

[Date]

Dubai DOF Sukuk Limited

**Issue of [Aggregate Face Amount of Series] [Title of Trust Certificates]
under the
U.S.\$2,500,000,000
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 28 October 2009 [and the Supplement to the Base Prospectus dated []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Trust Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Government and the offer of the Trust Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer at Maples Finance Limited, P.O. Box 1093, Queensgate House, Grand Cayman, K-Y1102, Cayman Islands and copies may be obtained from that office.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[The proceeds of any issue of Trust Certificates should not be accepted in the United Kingdom.]

1. Issuer, Trustee and Lessor:	Dubai DOF Sukuk Limited
2. Obligor, Lessee and Servicing Agent:	Government of Dubai (the Government)
3. Series Number:	[]
4. Specified Currency:	[]
5. Aggregate Face Amount of Series:	[]
6. Issue Price:	100 per cent. of the Aggregate Face Amount
7. Specified Denominations:	[]
(this means the minimum integral face amount in which transfers can be made)	[]
	<i>(N.B. If an issue of Trust Certificates is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €50,000 minimum denomination is not required.)</i>

8.	(a) Issue Date:	[]
	(b) Return Accrual Commencement Date:	[Issue Date][specify other]
9.	Maturity Date:	[Specify date or (for Floating Periodic Distribution Trust Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.]
10.	Periodic Distribution Amount Basis:	[[] per cent. Fixed Periodic Distribution Amount] [[specify reference rate] +/- [] per cent. Floating Periodic Distribution Amount] (further particulars specified below)
11.	Dissolution Basis:	Dissolution at par
12.	Change of Periodic Distribution Basis:	[Specify details of any provision for convertibility of Trust Certificates into the other Periodic Distribution basis.] [Not Applicable]
13.	Call Option:	[Not Applicable] [Optional Dissolution (Call)] (further particulars specified below)
14.	Status:	Unsubordinated
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

16.	Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(a) Rate[(s)]:	[] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear]
	(b) Periodic Distribution Date(s):	[[] in each year up to and including the Maturity Date] [specify other] <i>(NB: This will need to be amended in the case of long or short return accumulation periods)</i>
	(c) Fixed Amount(s):	[] per Trust Certificate of [] Specified Denomination
	(d) Broken Amount(s):	[] per Trust Certificate of [] Specified Denomination <i>(Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 16(c))</i>
	(e) Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or [specify other]]
	(f) Determination Date(s):	[] in each year <i>(Insert regular periodic distribution dates, ignoring issue date or maturity date in the case of a long or short first or last return accumulation period N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration)</i>

N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))

- (g) Other terms relating to the method of calculating Fixed Periodic Distributions: [Not Applicable/give details]
17. Floating Periodic Distribution Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Specified Periodic Distribution Dates: [] [Not Applicable]
(Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert "Not Applicable")
- (b) Specified Period: [] [Not Applicable]
(Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable")
- (c) Business Day Convention: [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / [specify other]]
- (d) Additional Business Centre(s): [Not Applicable/give details]
- (e) Manner in which the Rate(s) is/are to be determined: [Screen Rate Determination (Condition 7.3 applies/specify other)]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Reference Rate: [For example, LIBOR or EURIBOR]
- (ii) Periodic Distribution Determination Date: []
(Second London business day prior to the start of each Return Accumulation Period if LIBOR (other than Sterling or euro LIBOR), first day of each Return Accumulation Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Return Accumulation Period if EURIBOR or euro LIBOR)
- (iii) Relevant Screen Page: [For example, Reuters [LIBOR01/EURIBOR01]]
- (iv) Relevant Time: [For example, 11.00 a.m. London time]
- (g) Margin: []

- (h) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 7 for alternatives)
- (i) Calculation Agent: [Principal Paying Agent] [specify other]
- (j) Other terms relating to the method of calculating Floating Periodic Distributions: [Not Applicable] [give details]

PROVISIONS RELATING TO DISSOLUTION

18. Optional Dissolution (Call): [Applicable/Not Applicable]
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (a) Optional Dissolution Amount: [Final Dissolution Amount] [[] per Trust Certificate of [] Specified Denomination] [specify other]
- (b) Optional Dissolution Date: [Any Periodic Distribution Date] [specify other]
- (c) Notice period (if other than as set out in the Conditions): []
19. Final Dissolution Amount: [] per Trust Certificate [] of Specified Denomination] [specify other]
20. Early Dissolution Amount (Tax): [Final Dissolution Amount] [[] per Trust Certificate of [] Specified Denomination] [specify other]
21. Dissolution Amount pursuant to Condition 13: [] per Trust Certificate of [] Specified Denomination] [specify other]

GENERAL PROVISIONS APPLICABLE TO THE TRUST CERTIFICATES

22. Form of Trust Certificates: Global Trust Certificate exchangeable for Trust Certificates in definitive registered form in the limited circumstances specified in the Global Trust Certificate
23. Additional Financial Centre(s): []
(Note that this paragraph relates to the place of payment and not Return Accumulation Period end dates, to which sub-paragraph 17(d) relates)

PROVISIONS IN RESPECT OF THE TRUST ASSETS¹

24. Lease Assets on the Issue Date: As scheduled to the Supplemental Purchase Agreement specified below, a copy of which schedule is set out in the Annex hereto
25. Trust Assets: [Condition 4.1 applies] [specify other]

¹ This section contemplates only an ijara or sharikat al melk programme. Amend appropriately for any other structure.

26.	Details of Transaction Account:	Dubai DOF Sukuk Limited Transaction Account No: [] with [] for Series No.: [1/2/3 etc]
27.	Other Transaction Document Information:	[]
(a)	Supplemental Trust Deed:	Supplemental Trust Deed dated [] between Dubai DOF Sukuk Limited, the Government and the Delegate
(b)	Supplemental Purchase Agreement:	Supplemental Purchase Agreement dated [] between Dubai DOF Sukuk Limited and the Government
(c)	Supplemental Lease Agreement:	Supplemental Lease Agreement dated [] between Dubai DOF Sukuk Limited, the Lessee and the Delegate
(d)	Supplemental Servicing Agency Agreement:	Supplemental Servicing Agency Agreement dated [] between Dubai DOF Sukuk Limited and the Servicing Agent
(e)	Supplemental Purchase Undertaking:	Supplemental Purchase Undertaking dated [] executed by the Government
(f)	Supplemental Sale Undertaking:	Supplemental Sale Undertaking dated [] executed by Dubai DOF Sukuk Limited
(g)	Supplemental Substitution Undertaking:	Supplemental Substitution Undertaking dated [] executed by Dubai DOF Sukuk Limited
28.	Total Loss Event	Condition 10.3 [does/does not] apply]

OTHER FINAL TERMS

29.	Other final terms:	[Not Applicable/give details] [(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)]
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DISTRIBUTION

30.	(a) If syndicated, names of Managers:	[Not Applicable/give names]
	(b) Date of Subscription Agreement:	[]
31.	If non-syndicated, name of relevant Dealer:	[]
32.	Additional selling restrictions:	[Not Applicable/give details]

[PURPOSE OF FINAL TERMS]

These Final Terms comprise the final terms required for the issue [and admission to trading on the London Stock Exchange's regulated market and admission to the Official List of the UK Listing Authority][and admission to listing on the DFM] of the Trust Certificates described herein pursuant to the U.S.\$2,500,000,000 Trust Certificate Issuance Programme of Dubai DOF Sukuk Limited.]

RESPONSIBILITY

Each of the Issuer and the Government accepts responsibility for the information contained in these Final Terms. To the best of the knowledge and belief of each of the Issuer and the Government (having taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[] has been extracted from []. Each of the Issuer and the 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.]

Signed on behalf of Dubai DOF Sukuk Limited

Signed on behalf of Government of Dubai

By:
Duly authorised

By:
Duly authorised

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Trust Certificates to be admitted to trading on the London Stock Exchange's regulated market and admission to the Official List of the UK Listing Authority with effect from [].]
[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Trust Certificates to be admitted to the DFM Official List and to be listed on the DFM.]
[Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

2. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

[Save for any fees payable to the [Managers/Dealer], so far as each of the Issuer and the Government is aware, no person involved in the issue of the Trust Certificates has an interest material to the offer – *Amend as appropriate if there are other interests.*]

[When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

3. [YIELD (Fixed Periodic Distribution Trust Certificates only)]

Indication of yield: []
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

4. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []

Annex to the Final Terms

Lease Assets*

* Insert schedule of Lease Assets from the Supplemental Purchase Agreement once finalised.

TERMS AND CONDITIONS OF THE TRUST CERTIFICATES

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

The applicable Final Terms in relation to any Series may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Series.

Dubai DOF Sukuk Limited (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 up to U.S.\$2,500,000,000 in aggregate face amount of trust certificates. In these Terms and Conditions (the **Conditions**), references to **Trust Certificates** shall be references to the trust certificates which are the subject of the applicable Final Terms and references to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Trust Certificate.

Trust Certificates issued under the Programme are issued in series (each a **Series**). The applicable Final Terms supplement these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Trust Certificate.

Each of the Trust Certificates will represent an undivided ownership interest in the Trust Assets (as defined in Condition 4.1) which are held by the Trustee on trust (the **Trust**) for, *inter alia*, the benefit of the registered holders of the Trust Certificates pursuant to (i) a Master Trust Deed (the **Master Trust Deed**) dated 28 October 2009 and made between the Issuer, the Trustee, Government of Dubai (the **Government**) and Deutsche Trustee Company Limited (the **Delegate**) and (ii) a supplemental trust deed (the **Supplemental Trust Deed**) and, together with the Master Trust Deed, the **Trust Deed**) having the details set out in the applicable Final Terms.

Payments relating to the Trust Certificates will be made pursuant to an agency agreement dated on or about 28 October 2009 (the **Agency Agreement**) made between the Issuer, the Trustee, the Delegate, the Government, Deutsche Bank AG, London Branch in its capacities as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression shall include any successor and, together with any other paying agents appointed, the **Paying Agents**, which expression shall include any successors) and calculation agent (in such capacity, the **Calculation Agent**, which expression shall include any successor) and Deutsche Bank Luxembourg S.A. in its capacities as registrar (in such capacity, the **Registrar**, which expression shall include any successor) and as transfer agent (in such capacity and together with the Registrar, the **Transfer Agents**, which expression shall include any successors). The Paying Agents, the Calculation Agent and the Transfer Agents are together referred to in these Conditions as the **Agents**.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions:

- (a) any reference to face amount shall be deemed to include the Dissolution Amount (as defined in Condition 8.1), any additional amounts (other than relating to Periodic Distribution Amounts (as defined in Condition 6.2)) which may be payable under Condition 11, and any other amount in the nature of face amounts payable pursuant to these Conditions;
- (b) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 11 and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (c) references to Trust Certificates being “outstanding” shall be construed in accordance with the Master Trust Deed; and

- (d) any reference to a Transaction Document (as defined below) shall be construed as a reference to that Transaction Document as amended and/or supplemented up to and including the Issue Date.

Subject as set out below, copies of the documents set out below are available for inspection and obtainable free of charge during normal business hours at the specified office for the time being of the Principal Paying Agent. The holders of the Trust Certificates (the **Certificateholders**) 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 Dubai DOF Sukuk Limited (in its capacity as purchaser) and Government of Dubai (in its capacity as seller, the **Seller**) dated on or about 28 October 2009 (the **Master Purchase Agreement**);
- (b) the supplemental purchase agreement (the **Supplemental Purchase Agreement** and, together with the Master Purchase Agreement, the **Purchase Agreement**) having the details set out in the applicable Final Terms;
- (c) a master lease agreement between Dubai DOF Sukuk Limited (in such capacity, the **Lessor**), Government of Dubai (in such capacity, the **Lessee**) and the Delegate dated on or about 28 October 2009 (the **Master Lease Agreement**);
- (d) the supplemental lease agreement (the **Supplemental Lease Agreement** and, together with the Master Lease Agreement, the **Lease Agreement**, which expression includes any new Supplemental Lease Agreement entered into pursuant to the Substitution Undertaking on any substitution of Lease Assets) having the details set out in the applicable Final Terms;
- (e) a master purchase undertaking entered into by Government of Dubai (in such capacity, the **Obligor**) as a deed dated on or about 28 October 2009 (the **Master Purchase Undertaking**);
- (f) the supplemental purchase undertaking (the **Supplemental Purchase Undertaking** and, together with the Master Purchase Undertaking, the **Purchase Undertaking**) entered into by the Obligor as a deed having the other details set out in the applicable Final Terms and containing the form of sale agreement (the **Sale Agreement**) to be executed by the Obligor and Dubai DOF Sukuk Limited on the Maturity Date or, as the case may be, the relevant Dissolution Date (as defined in Condition 10.6);
- (g) a master sale undertaking entered into by Dubai DOF Sukuk Limited as a deed dated on or about 28 October 2009 (the **Master Sale Undertaking**);
- (h) the supplemental sale undertaking (the **Supplemental Sale Undertaking** and, together with the Master Sale Undertaking, the **Sale Undertaking**) entered into by Dubai DOF Sukuk Limited as a deed having the other details set out in the applicable Final Terms and containing the form of sale agreement (the **Sale Agreement**) to be executed by Government of Dubai and Dubai DOF Sukuk Limited on the relevant Dissolution Date;
- (i) a master substitution undertaking entered into by Dubai DOF Sukuk Limited as a deed dated on or about 28 October 2009 (the **Master Substitution Undertaking**);
- (j) the supplemental substitution undertaking (the **Supplemental Substitution Undertaking** and, together with the Master Substitution Undertaking, the **Substitution Undertaking**) entered into by Dubai DOF Sukuk Limited as a deed having the other details set out in the applicable Final Terms and containing the form of sale agreement (the **Sale Agreement**) to be executed by Government of Dubai and Dubai DOF Sukuk Limited on the exercise by Government of Dubai of its rights under the Substitution Undertaking;
- (k) a master servicing agency agreement between the Lessor and Government of Dubai (in its capacity as servicing agent, the **Servicing Agent**) dated on or about 28 October 2009 (the **Master Servicing Agency Agreement**);

- (l) the supplemental servicing agency agreement (the **Supplemental Servicing Agency Agreement** and, together with the Master Servicing Agency Agreement, the **Servicing Agency Agreement**) having the details set out in the applicable Final Terms;
- (m) the Trust Deed;
- (n) the Agency Agreement;
- (o) a programme agreement between Dubai DOF Sukuk Limited, Government of Dubai and the dealers named in it dated on or about 28 October 2009 (the **Programme Agreement**);
- (p) a costs undertaking entered into by Government of Dubai as a deed dated on or about 28 October 2009 (the **Costs Undertaking**); and
- (q) the applicable Final Terms.

The documents listed above are referred to in these Conditions as the **Transaction Documents**. The statements in these 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 Trust Certificate, shall be deemed to authorise and direct Dubai DOF Sukuk Limited, on behalf of the Certificateholders, (i) to apply the sums paid by it in respect of its Trust Certificates in making payment to the Seller as the purchase price for the Lease Assets and (ii) to enter into each Transaction Document to which it is a party, subject to the provisions of the Trust Deed and these Conditions.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Trust Certificates are issued in registered form in the Specified Denominations and, in the case of Trust Certificates in definitive form, are serially numbered.

For so long as any of the Trust Certificates is represented by a Global Trust Certificate held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular face amount of such Trust Certificates (in which regard any certificate or other document issued by a clearing system as to the face amount of such Trust Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer, the Trustee, the Delegate, Government of Dubai (in whatever capacity it is acting, the **Government**) and the Agents as the holder of such face amount of such Trust Certificates for all purposes other than with respect to payment in respect of such Trust Certificates, for which purpose the registered holder of the Global Trust Certificate shall be treated by the Issuer, the Trustee, the Delegate, the Government and any Agent as the holder of such face amount of such Trust Certificates in accordance with and subject to the terms of the relevant Global Trust Certificate and the expressions **Certificateholder** and **holder** in relation to any Trust Certificates and related expressions shall be construed accordingly.

Each holder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered holder of the Global Trust Certificate. 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.

1.2 Register

The Registrar will maintain a register (the **Register**) of Certificateholders in respect of the Trust Certificates in accordance with the provisions of the Agency Agreement. In the case of Trust

Certificates in definitive form, a definitive Trust Certificate will be issued to each Certificateholder in respect of its registered holding of Trust Certificates.

1.3 Title

The Issuer, the Trustee, the Delegate, the Government and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Trust Certificate is for the time being registered (as set out in the Register) as the holder of such Trust Certificate or of a particular face amount of the Trust Certificates for all purposes (whether or not such Trust Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Issuer, the Trustee, the Delegate, the Government and the Agents shall not be affected by any notice to the contrary. Each Trust Certificate will represent an undivided ownership interest in the Trust Assets.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for moneys payable in respect of such Trust Certificate or face amount.

2. TRANSFERS OF TRUST CERTIFICATES

2.1 Transfers of interests in the Global Trust Certificate

Transfers of interests in the Global Trust Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Trust Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Trust Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Trust Certificates in definitive form

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Trust Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer (a) the holder or holders must (i) surrender the definitive Trust Certificate for registration of the transfer thereof (or the relevant part thereof) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as Dubai DOF Sukuk Limited, the Government, the Delegate and the Registrar may from time to time prescribe (the initial such regulations being scheduled to the Master Trust Deed).

Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request a new Trust Certificate in definitive form of a like aggregate face amount to the Trust Certificate (or the relevant part of the Trust Certificate) transferred. In the case of the transfer of part only of a Trust Certificate in definitive form, a new Trust Certificate in definitive form in respect of the balance of the Trust Certificate not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

No Certificateholder may require the transfer of a Trust Certificate in definitive form to be registered during the period of 15 days ending on a Periodic Distribution Date, the Maturity Date, a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Trust Certificate falls due.

2.3 Costs of registration

Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS AND LIMITED RE COURSE

3.1 Status

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

3.2 Limited Recourse

The proceeds of the Trust Assets are the sole source of payments on the Trust Certificates. Save as provided in the next sentence, the Trust Certificates do not represent an interest in or obligation of either the Issuer or the Government. Accordingly, Certificateholders, by subscribing for or acquiring the Trust Certificates, acknowledge that they will have no recourse to any assets of the Issuer, the Trustee (including, in particular, other assets comprised in other trusts, if any) or the Government (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted following which all obligations of the Issuer shall be extinguished.

The Government is obliged to make certain payments under the Transaction Documents directly to Dubai DOF Sukuk Limited and Dubai DOF Sukuk Limited, as trustee for and on behalf of the Certificateholders, and the Delegate will have direct recourse the Government to recover such payments.

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Trust Certificates. If, following the distribution of such proceeds, there remains a shortfall in payments due under the Trust Certificates, subject to Condition 14, no holder of Trust Certificates will have any claim against Dubai DOF Sukuk Limited or the Government (to the extent that it fulfils all of its obligations under the Transaction Documents) or against any assets (other than the Trust Assets to the extent not exhausted) in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In particular, no holder of Trust Certificates will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of Dubai DOF Sukuk Limited as a consequence of such shortfall or otherwise.

3.3 Agreement of Certificateholders

By purchasing Trust 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 or on behalf of Dubai DOF Sukuk Limited 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 any Transaction Document, against

Dubai DOF Sukuk Limited to the extent the Trust Assets have been exhausted following which all obligations of Dubai DOF Sukuk Limited 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 Dubai DOF Sukuk Limited under the Transaction Documents have been paid in full, it will not institute against, or join with any other person in instituting against, Dubai DOF Sukuk Limited any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law.

4. THE TRUST

4.1 The Trust Assets

Pursuant to the Trust Deed, the Trustee holds the Trust Assets upon trust absolutely for the holders of the Trust Certificates *pro rata* according to the face amount of Trust Certificates held by each holder. Unless otherwise specified in the applicable Final Terms, the term **Trust Assets** means:

- (a) all of Dubai DOF Sukuk Limited's rights, title, interest and benefit, present and future, in, to and under the assets the subject of the Supplemental Purchase Agreement as varied from time to time as a result of the exercise of rights granted under the Substitution Undertaking (the **Lease Assets**);
- (b) all of Dubai DOF Sukuk Limited's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given to Dubai DOF Sukuk Limited by the Government pursuant to any of the Transaction Documents and excluding any rights which have been waived by the Trustee in any of the Transaction Documents);
- (c) all monies standing to the credit of the Transaction Account specified in the applicable Final Terms (the **Transaction Account**) from time to time,

and all proceeds of the foregoing.

4.2 Application of Proceeds from the Trust Assets

On each Periodic Distribution Date and on the Maturity Date or any earlier Dissolution Date, 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;
- (b) *second*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;
- (c) *third*, only if such payment is made on the Maturity Date or a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Amount or amount payable on a Total Loss Event, as the case may be; and
- (d) *fourth*, only if such payment is made on the Maturity Date or a Dissolution Date, to the Servicing Agent in or towards payment of all outstanding Servicing Agency Expenses.

5. COVENANTS

The Issuer covenants that, for so long as any Trust Certificate is outstanding, it will not (without the prior written consent of the Delegate):

- (a) incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee 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);
- (b) secure any of its present or future indebtedness for borrowed money or any other trust certificates issued by it 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 interest in any of the Trust Assets except pursuant to the Transaction Documents;
- (d) use the proceeds of the issue of the Trust Certificates for any purpose other than as stated in the Transaction Documents;
- (e) amend or agree to any amendment of any Transaction Document to which it is a party 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 Trust Certificates (it being accepted that an increase in the aggregate face amount of the Programme will not be materially prejudicial to such rights) without the prior approval of the Delegate or the Certificateholders by way of Extraordinary Resolution;
- (f) act as trustee in respect of any trust other than a trust corresponding to any other Series issued under the Programme;
- (g) have any subsidiaries or employees;
- (h) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; and
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto 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 Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto.

6. FIXED PERIODIC DISTRIBUTION PROVISIONS

6.1 Application

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

6.2 Periodic Distribution Amount

Subject to Condition 4.2 and Condition 8 and unless otherwise specified in the applicable Final Terms, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Trust Certificates on each Periodic Distribution Date equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

In these Conditions:

Periodic Distribution Amount means, in relation to a Trust Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Trust Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with this Condition 6 or Condition 7; and

Return Accumulation Period means the period from (and including) a Periodic Distribution Date (or the Return Accrual Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date.

6.3 Determination of Periodic Distribution Amount

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Trust Certificate in definitive form for any Return Accumulation Period shall be the Fixed Amount or, if so specified in the applicable Final Terms, the Broken Amount so specified.

Except in the case of Trust Certificates in definitive form where a Fixed Amount or Broken Amount is specified in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Trust Certificate shall be calculated by applying the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms (the **Rate**) applicable to the relevant Return Accumulation Period to the face amount (in the case of a Global Trust Certificate) or Specified Denomination (in the case of a Trust Certificate in definitive form) of such Trust Certificate during such Return Accumulation Period, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (i) in the case of Trust Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual 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 Trust 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 Accrual

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 these 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.

6.4 Cessation of Profit Entitlement

No further amounts will be payable on any Trust Certificate from and including the Maturity Date or, as the case may be, the Dissolution Date, unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust Certificates in the manner provided in this Condition.

7. FLOATING PERIODIC DISTRIBUTION PROVISIONS

7.1 Application

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

7.2 Periodic Distribution Amount

Subject to Condition 4.2 and 8 and unless otherwise specified in the applicable Final Terms, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Trust Certificates 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 Accrual Commencement Date.

In relation to each Periodic Distribution Date, the distribution payable will be equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if 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 is:

- (A) in any case where Specified Periods are specified in accordance with Condition 7.2(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 these 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 London and any 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 TARGET Settlement Day; and

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

7.3 Screen Rate Determination

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the applicable Final Terms (the **Rate**) is to be determined, the Rate applicable to the Trust 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 or Eurozone 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 quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre 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 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 Trust 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 Trust Certificates in respect of a preceding Return Accumulation Period.

In this Condition the following expressions have the following meanings:

Reference Banks means the principal London office of each of four major banks engaged in the London or Eurozone inter-bank market selected by or on behalf of the Issuer with the approval of the Delegate, provided that once a Reference Bank has first been selected by or on behalf of the Issuer, such Reference Bank shall not be changed unless it ceases to be capable of acting as such; and

Relevant Screen Page means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

7.4 Cessation of Profit Entitlement

No further amounts will be payable on any Trust Certificate from and including the Maturity Date or, as the case may be, the Dissolution Date, unless default is made in the payment of the Dissolution Amount in which case Periodic Distribution Amounts will continue to accrue in respect of the Trust Certificates in the manner provided in this Condition.

7.5 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 Trust Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period to the face amount (in the case of a Global Trust Certificates) or Specified Denomination (in the case of a Trust Certificate in definitive form) of such Trust Certificate during such Return Accumulation Period, multiplying the product by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

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

- (a) if “Actual/Actual (ISDA)” or “Actual/Actual” 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 divided by 365;
- (c) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;
- (d) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 360;
- (e) if “30/360” “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” 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 D₁ is greater than 29, in which case D₂ will be 30;

- (f) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” 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 D₂ will be 30;

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

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

where:

“Y₁” is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

“D₁” is the first calendar day, 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 D₁ will be 30; and

“D₂” 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 D₂ will be 30.

7.6 Calculation of Other Amounts

If the applicable Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

7.7 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 Issuer, the Government, the Delegate, the Paying Agents and each listing authority, stock exchange (save where the Trust Certificates are listed on the Dubai Financial Market (the **DFM**) and/or quotation system (if any) by which the Trust 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 fourth day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders. The Calculation Agent will be required 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 and any such recalculation will be notified to the Issuer, the Government, the Delegate, the Paying Agents, the Certificateholders and each listing authority, stock exchange (save where the Trust Certificates are listed on DFM) and/or quotation system (if any) by which the Trust Certificates have then been admitted to listing, trading and/or quotation as soon as practicable after such determination. Where the Trust Certificates are listed on the Dubai Financial Market, the Government shall, promptly upon being notified of the same by the Principal Paying Agent, cause each Rate, Periodic Distribution Amount, relevant Periodic Distribution Date, any other amount(s) determined by the Calculation Agent together with any other relevant payment date(s) (including any subsequent amendments of the same) determined under this Condition 7.7 to be notified to the DFM and any other listing authority relevant to that listing.

7.8 Notifications, etc. to be final

All communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 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 Delegate, the Government, the Agents and all Certificateholders and (in the absence as referred to above) no liability 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.

7.9 Determination by the Delegate

The Delegate shall, if the Calculation Agent defaults at any time in its obligation to determine any Rate, Periodic Distribution Amount and/or Periodic Distribution Date in accordance with the above provisions, determine the relevant Rate, Periodic Distribution Amount and/or Periodic Distribution Date, the former at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the Periodic Distribution Amount and the Periodic Distribution Date in the manner provided in this Condition and the determinations shall be deemed to be determinations by the Calculation Agent.

8. PAYMENT

8.1 Payments in respect of the Trust Certificates

Subject to Condition 8.2, payment of the Dissolution Amount and any Periodic Distribution Amount will be made by transfer to the registered account of each Certificateholder. Payments of the Dissolution Amount will only be made against surrender of the relevant Trust Certificate at the specified office of any of the Paying Agents. The Dissolution 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 this Condition:

- (a) **Dissolution Amount** means, as appropriate, the Final Dissolution Amount, the Optional Dissolution Amount, the Dissolution Amount for the purposes of Condition 13 or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms (including any amount payable following a Total Loss Event (if so specified in the applicable Final Terms));
- (b) **Payment Business Day** means:
 - (i) in the case where presentation and surrender of a definitive Trust Certificate is required before payment can be made, a day on which banks in the relevant place of surrender of the definitive Trust Certificate are open for presentation and payment of securities and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account;

- (A) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
 - (B) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre;
- (b) a Certificateholder's **registered account** means the account maintained by or on behalf of such Certificateholder with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;
 - (c) a Certificateholder's **registered address** means its address appearing on the Register at that time; and
 - (d) **Record Date** means, in the case of the payment of a Periodic Distribution Amount, the date falling on the fifteenth day before 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 Dissolution Date, as the case may be.

8.2 Payments subject to Applicable Laws

Payments in respect of Trust Certificates are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 11.

8.3 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 on the due date for payment or, in the case of a payment of the Dissolution Amount, if later, on the Payment Business Day on which the relevant definitive Trust Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional 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 definitive Trust Certificate (if required to do so).

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

9. AGENTS

9.1 Agents of Issuer

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

9.2 Specified Offices

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided, however, that:

- (a) there will at all times be a Principal Paying Agent;

- (b) there will at all times be a Registrar;
- (c) if a Calculation Agent (other than the Principal Paying Agent) has been appointed in the applicable Final Terms, there will at all times be a Calculation Agent;
- (d) so long as any Trust Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system; and
- (e) there will at all times be a Paying Agent in a Member State of the European Union 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 to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Issuer in accordance with Condition 16.

10. CAPITAL DISTRIBUTIONS OF THE TRUST

10.1 Scheduled Dissolution

Unless the Trust Certificates are previously redeemed, the Issuer will redeem each Trust Certificate on the Maturity Date at the Final Dissolution Amount together with any Periodic Distribution Amount payable. Upon payment in full of such amounts to the Certificateholders, the Trust will terminate, the Trust Certificates shall cease to represent 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.

10.2 Dissolution at the Option of the Issuer

If Optional Dissolution (Call) is specified in the applicable Final Terms as being applicable, the Trust Certificates may be redeemed in whole but not in part on any Optional Dissolution Date at the relevant Optional Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts on the Issuer giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 16 (which notice shall be irrevocable and shall oblige the Issuer to redeem the Trust Certificates on the relevant Optional Dissolution Date). Upon such redemption, the Trust will terminate, the Trust 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.

10.3 Dissolution following a Total Loss Event

This Condition 10.3 is applicable to the Trust Certificates only if it is specified in the applicable Final Terms as being applicable.

Upon the occurrence of a Total Loss Event the Trust Certificates may be redeemed and the Trust dissolved on the dates specified by the Delegate. The Trust 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 the Servicing Agent is required to insure the Lease Assets against total loss in an amount equal to their full reinstatement value (which value will not be

*less than the Aggregate Face Amount of the Series) and further 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 of the Lease Assets (the difference between the amount (if any) paid into the Transaction Account and such full reinstatement value being the **Total Loss Shortfall Amount**), the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failure to comply with the terms of the Servicing Agency Agreement relating to insurance) shall be responsible for paying the Total Loss Shortfall Amount into the Transaction Account immediately.*

10.4 No other Dissolution

The Issuer shall not be entitled to redeem the Trust Certificates, and the Trustee shall not be entitled to dissolve the Trust, otherwise than as provided in this Condition and Condition 13.

10.5 Cancellations

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

10.6 Dissolution Date

In these Conditions, the expression **Dissolution Date** means, as the case may be, (a) following the occurrence of a Dissolution Event (as defined in Condition 13), the date on which the Trust Certificates are dissolved in accordance with the provisions of Condition 13 or (b) the Optional Dissolution Date.

11. TAXATION

All payments in respect of the Trust Certificates 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. In such event, the Issuer will pay additional amounts so that the full amount which otherwise would have been due and payable under the Trust Certificates is received by parties entitled thereto, except that no such additional amount shall be payable in relation to any payment in respect of any Trust 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 Trust Certificate by reason of having some connection with a Relevant Jurisdiction other than the mere holding of such Trust 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 imposed on a payment to an individual and 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 Trust Certificate to another Paying Agent in a different Member State of the European Union.

As used in these Conditions:

Relevant Date means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which the full amount has been so received;

Relevant Jurisdiction means the Cayman Islands and the UAE or any Emirate thereof or, in either case, any political subdivision or authority thereof or therein having the power to tax; and

Taxes means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction.

The Lease Agreement and the Purchase Undertaking each provide that payments thereunder by the Lessee and the Obligor, respectively, 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 Lessee and the Obligor, respectively, of additional amounts so that the full amount which would otherwise have been due and payable is received by the Issuer.

12. PRESCRIPTION

The right to receive distributions in respect of the Trust Certificates will be forfeited unless claimed within periods of 10 years (in the case of Dissolution Amounts) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 8.

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 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 the performance or observance of or compliance with any of its other obligations or undertakings under the Trust Deed, the Lease Agreement or the Purchase Undertaking 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 Government Event (as defined in the Lease Agreement) occurs; or
- (d) the Issuer repudiates any Transaction Document or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document; or
- (e) at any time it is or will become unlawful or impossible for the Issuer 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 and binding; or
- (f) either (i) the Issuer becomes insolvent or is unable to pay its debts as they fall due or (ii) an administrator or liquidator of the whole or substantially the whole of the undertaking, assets and revenues of the Issuer is appointed (or application for any such appointment is made) or (iii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Issuer ceases or threatens to cease to carry on all or substantially the whole of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) an order or decree is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer; or
- (h) any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraph (f) and (g) above,

the Delegate shall, as soon as practicable upon becoming aware thereof, give notice of the occurrence of such Dissolution Event to the holders of Trust Certificates in accordance with Condition 16 with a request to such holders to indicate if they wish the Trust Certificates to be redeemed and 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 Trust Certificates outstanding or if so directed by an Extraordinary Resolution of the holders of the Trust 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, the Delegate may, give notice to the Issuer, the Government and all the holders of the Trust Certificates in accordance with Condition 16 that the Trust Certificates are to be redeemed at the Dissolution Amount on the date specified in such notice. Upon payment in full of such amounts, the Trust will terminate, the Trust 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.

For the purpose of (a) above, amounts shall be considered due in respect of the Trust Certificates (including any amounts calculated as being payable under Condition 6, Condition 7 and Condition 10) notwithstanding that the Issuer has, at the relevant time, insufficient funds to pay such amounts.

14. ENFORCEMENT AND EXERCISE OF RIGHTS

14.1 Enforcement

Upon the occurrence of a Dissolution Event and the giving of notice to the Issuer by the Delegate, to the extent that the amounts payable in respect of the Trust Certificates have not been paid in full pursuant to Condition 13, the Delegate shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

- (a) enforce the provisions of the Purchase Undertaking against the Obligor; and/or
- (b) enforce the provisions of the Lease Agreement against the Lessee; and/or
- (c) take such other steps as the Delegate may consider necessary in its absolute discretion to protect the interests of the Certificateholders.

Notwithstanding the foregoing, the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Issuer and/or the Government to enforce their respective obligations under the Transaction Documents, these Conditions and the Trust Certificates.

14.2 Delegate not obliged to take Action

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 Government under any Transaction Document 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 Trust 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.

14.3 Direct Enforcement by Certificateholder

No Certificateholder shall be entitled to proceed directly against the Issuer or the Government under any Transaction Document unless (a) the Delegate, having become bound so to proceed, fails to do so within 30 days of becoming so bound and such failure is continuing 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 Government as the case may be) holds at least 20 per cent. of the then aggregate face amount of the Trust 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 (other than pursuant to the Purchase Undertaking) and the sole right of the Delegate and the Certificateholders against the Issuer and the Government shall be to enforce their respective obligations under the Transaction Documents.

14.4 Limited Recourse

The foregoing paragraphs in this Condition are subject to this paragraph. After enforcing or realising the Trust Assets and distributing the proceeds of the Trust Assets in accordance with Condition 4.2 and the Trust Deed, the obligations of the Issuer in respect of the Trust Certificates shall be satisfied and no holder of the Trust Certificates may take any further steps against the Issuer, the Trustee, the Delegate or any other person to recover any further sums in respect of the Trust Certificates and the right to receive any sums unpaid shall be extinguished. In particular, no holder of the Trust Certificates shall be entitled in respect thereof to petition or to take any other steps for the winding-up of Dubai DOF Sukuk Limited.

15. REPLACEMENT OF DEFINITIVE TRUST CERTIFICATES

Should any definitive Trust Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar 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 Issuer or the Government may reasonably require. Mutilated or defaced Trust Certificates must be surrendered before replacements will be issued.

16. NOTICES

All notices to Certificateholders will be valid if:

- (a) published in a daily newspaper (which will be in 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*) approved by the Delegate; 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 listing authority, stock exchange and/or quotation system (if any) by which the Trust Certificates have then been admitted to listing, trading and/or quotation. 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.

Until such time as any definitive Trust Certificates are issued, there may, so long as any Global Trust Certificate representing the Trust Certificates is held on behalf of one or more clearing systems, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the relevant clearing systems for communication by them to the Certificateholders and, in addition, for so long as any Trust Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Certificateholders on the day after the day on which the said notice was given to the relevant clearing systems.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Trust Certificates are represented by a Global Trust Certificate held on behalf of one or more clearing systems, such notice may be given by any holder of a Trust Certificate to the Principal Paying Agent through the clearing system in which its interest in the Trust Certificates is held in such manner as the Principal Paying Agent and the relevant clearing system may approve for this purpose.

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

- 17.1 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 any 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 more than a majority in the outstanding face amount of the Trust Certificates, or at any adjourned such meeting one or more persons present whatever the outstanding face amount of the Trust Certificates held or represented by him or them, except that any meeting the business of which includes the modification of certain provisions of the Trust Certificates (including modifying the Maturity Date, reducing or cancelling any amount payable in respect of the Trust Certificates, altering the currency of payment of the Trust Certificates and amending Condition 5 and certain covenants given by the Government in the Transaction Documents in a way which is materially prejudicial to the interests of the Certificateholders), the quorum shall be one or more persons present holding or representing not less than 75 per cent. in the outstanding face amount of the Trust Certificates, or at any adjourned such meeting one or more persons present holding or representing not less than 25 per cent. in the outstanding face amount of the Trust 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 Trust Certificates, whether or not they are present at the meeting and whether or not voting.

- 17.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent or sanction as aforesaid, that any Dissolution Event or an event which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event shall not be treated as such if, in the opinion of the Delegate, (a) such modification is of a formal, minor or technical nature, (b) such modification is made to correct a manifest or proven (to the satisfaction of the Delegate) error or (c) such modification, waiver, authorisation or determination is not, in the opinion of the Delegate, materially prejudicial to the interests of Certificateholders.
- 17.3 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 the Certificateholders as a class (but 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.
- 17.4 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Certificateholders and shall be notified to the Certificateholders as soon as practicable thereafter in accordance with Condition 16.

18. INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE

- 18.1 The 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 and/or prefunded to its satisfaction.
- 18.2 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Government under the Transaction Documents and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been made by the Government but are not so made 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.

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

19. 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.

20. GOVERNING LAW AND DISPUTE RESOLUTION

20.1 The Trust Deed and the Trust Certificates (including the remaining provisions of this Condition and any non-contractual obligations arising out of or in connection with the Trust Deed and the Trust Certificates) are governed by, and shall be construed in accordance with, English law.

20.2 Subject to Condition 20.3, any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed and/or the Trust Certificates (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

- (a) the place of arbitration shall be Paris;
- (b) there shall be three arbitrators, each of whom shall be disinterested in the arbitration, shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
- (c) the language of the arbitration shall be English.

20.3 Notwithstanding Condition 20.2 above, the Trustee, the Delegate or any Certificateholder (where permitted so to do) may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

- (a) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
- (b) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If the Trustee, the Delegate or any Certificateholder (where permitted so to do) gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 20.4 and, subject as provided below, any arbitration commenced under Condition 20.2 in respect of that Dispute will be terminated. With the exception of the Delegate (whose costs will be borne by the Issuer, failing which the Government), each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

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

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

- 20.4 In the event that a notice pursuant to Condition 20.3 is issued, the following provisions shall apply:
- (a) subject to paragraph (c) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
 - (b) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
 - (c) this Condition 20.4 is for the benefit of the Trustee, the Delegate and the Certificateholders only. As a result, and notwithstanding paragraph (a) above, the Trustee, the Delegate and any Certificateholder (where permitted so to do) may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Certificateholders may take concurrent Proceedings in any number of jurisdictions.
- 20.5 Each of the Issuer and the Government has in the Trust Deed appointed an agent for service of process and has undertaken that, in the event of such agent ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Delegate as its agent for service of process in respect of any Proceedings or Disputes. Nothing herein shall affect the right to serve proceedings in any matter permitted by law.
- 20.6 To the extent that the Government may claim for itself or its assets or revenues immunity from jurisdiction, enforcement, prejudgment proceedings, injunctions and all other legal proceedings and relief and to the extent that such immunity (whether or not claimed) may be attributed to it or its assets or revenues, the Government agrees not to claim and irrevocably and unconditionally waives such immunity in relation to any Proceedings or Disputes. Further, the Government irrevocably and unconditionally consents to the giving of any relief or the issue of any legal proceedings, including, without limitation, jurisdiction, enforcement, prejudgment proceedings and injunctions in connection with any Proceedings or Disputes.

USE OF PROCEEDS

The net proceeds of each Series issued will be paid by the Issuer to the Seller as the purchase price for the Lease Assets.

DESCRIPTION OF THE ISSUER

General

Dubai DOF Sukuk Limited, a Cayman Islands exempted company with limited liability, was incorporated on 8 October 2009 under the Companies Law (2009 Revision) of the Cayman Islands with company registration number 231813. The Issuer has been established as a special purpose vehicle for the sole purpose of issuing Trust Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Issuer is at the offices of Maples Finance Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

The authorised share capital of the Issuer is U.S.\$50,000 divided into ordinary shares of U.S.\$1.00 each, 250 of which have been issued. All of the issued shares (the Shares) are fully-paid and are held by Maples Finance Limited as share trustee (the Share Trustee) under the terms of a trust deed (the Trust Deed) dated 28 October 2009 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Trust Deed). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit the Certificateholders or Qualified Charities (as defined in the Trust Deed). It is not anticipated that any distribution will be made whilst any Trust Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Business of the Issuer

The Issuer has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Trust Certificates to be issued under the Programme. The Trust Certificates are the obligations of the Issuer alone and not the Share Trustee.

The objects for which the Issuer is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 8 October 2009.

Financial Statements

Since the date of its incorporation, no financial statements of the Issuer have been prepared. The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Directors of the Issuer

The Directors of the Issuer are as follows:

Name:	Principal Occupation:
Guy Major	Senior Vice President of Maples Finance Limited
Carlos Farjallah	Senior Vice President of Maples Finance Limited

The business address of each Director is c/o Maples Finance Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Issuer, save for the fact that each Director is an employee and/or officer of the Issuer Administrator (or an affiliate thereof), which provides corporate services for a number of other structured finance special purpose vehicles.

The Administrator

Maples Finance Limited will also act as the Issuer Administrator. The office of the Issuer Administrator will serve as the general business office of the Issuer. Through the office, and pursuant to the terms of the

Corporate Services Agreement, the Issuer Administrator will perform in the Cayman Islands various administrative functions on behalf of the Issuer, including communications with shareholders and the general public, and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Issuer Administrator will 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 14 days' notice to the Issuer Administrator at any time within 12 months of the happening of certain stated events, including any 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 three months' notice in writing.

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 three months' written notice.

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

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

OVERVIEW OF THE EMIRATE OF DUBAI

Introduction

The Emirate of Dubai (**Dubai** or the **Emirate**) is one of seven emirates which together comprise the Federation of the United Arab Emirates (**UAE**). The federation was established on 2 December 1971. On formation, the federation comprised the following emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Qaiwain and Fujairah. Ras Al Khaimah joined in February 1972. The President of the UAE is Sheikh Khalifa bin Zayed Al Nahyan who is also the Ruler of Abu Dhabi. The Ruler of Dubai is Sheikh Mohammad bin Rashid Al Maktoum who is also the Vice President and Prime Minister of the UAE.

Location and Geography



Dubai is the second largest emirate in the UAE after Abu Dhabi, and is situated on the west coast of the UAE in the south-western part of the Arabian Gulf. It covers an area of 3,885 square kilometers and lies at a longitude of approximately 55 degrees east and latitude 25 degrees north. Except for a tiny enclave in the Hajar Mountains at Hatta, the Emirate comprises one contiguous block of territory.

The UAE as a whole extends along the west coast of the Arabian Gulf, from the base of the Qatar peninsula to Ras Al Khaimah in the North and across the Musandam peninsula to the Gulf of Oman in the East, covering an area of 83,699 square kilometres in total.

The climate is very dry, with minimal rainfall during winter months. During those months, the temperature is pleasant at an average 26° celsius, although in summer the temperature can reach the high forties celsius with 90 per cent. humidity, particularly on the coast.

History

Dubai started as a pearl diving and fishing village in the first half of the eighteenth century. The growth of the Emirate began in the early part of the nineteenth century when members of the Bani Yas tribe, led by Sheikh Maktoum Bin Butti, left Abu Dhabi and migrated north to found an independent sheikhdom in the area now known as Dubai.

In the nineteenth century, Dubai, split by a 14 kilometre (**km**) long creek that leads into a natural harbour, established itself as a centre for the import and re-export of merchandise and this trade activity, along with the pearl industry, were the most important pillars of Dubai's economic activity during the nineteenth century.

In the early part of the twentieth century, to counter the loss of economic activity from the decline in the pearl industry following the First World War, Dubai sought to attract traders through its liberal business policies and low taxes, enabling the Emirate to establish itself as a centre for trade in gold bullion, textiles and consumer durables.

In the 1930s and 1940s, oil was discovered in Kuwait, Qatar and Saudi Arabia, adding to that already found in Iran, Iraq and Bahrain. In 1958, oil was found off the shore of Abu Dhabi and, in 1966, oil was first discovered by the Dubai Petroleum Company at Fateh, which lies 92 km off the coast of Dubai. Over the years, oil revenues have been used to create and develop the economic and social infrastructure of the Emirate. In addition, as a regional trading hub, Dubai was well placed to capitalise on the increase in Middle East business activity that came with oil exports.

The British remained in the area until their withdrawal in 1971. Steps were then taken by the rulers of the seven emirates, under the guidance of Abu Dhabi's then Ruler, Sheikh Zayed bin Sultan Al Nahyan, 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 then Ruler of Dubai, Sheikh Rashid bin Saeed Al Maktoum, became Prime Minister of the federal government. Sheikh Zayed bin Sultan Al Nahyan served as President of the UAE from 1971 until his death in November 2004, when he was succeeded by his son, Sheikh Khalifa bin Zayed Al Nahyan, as Ruler of Abu Dhabi and President of the UAE. The current Ruler of Dubai and Prime Minister of the UAE is Sheikh Mohammed bin Rashid Al Maktoum.

Population

The population of the UAE, based on a census carried out in 2005, was approximately 3.8 million, of whom approximately 1.2 million resided in Dubai. However, it is estimated that there were over 300,000 non-UAE nationals resident in the country who were not included in the census. This takes the total population of the UAE to more than 4 million in 2005. Based on estimates made by the Ministry of Economy of the UAE, the population of the UAE had increased to 4.5 million in 2008.

The populations of both the UAE and Dubai 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 for the UAE:

Population of UAE:

	1975	1980	1985	1995	2005
Total population	557,887	1,042,099	1,379,303	2,411,041	3,769,080
Dubai population	183,187	276,301	370,788	689,420	1,200,309

Sources: Official UAE Census Data

Ministry of Economy Central Statistics Department

The table below sets out the estimated population of Dubai at the end of each of the periods indicated:

Estimated Population of Dubai:

	2005	2006	2007	2008
Total Population	1,200,309	1,321,453	1,529,792	1,645,973

Source: Dubai Statistics Centre

The population of Dubai was estimated to be 1,645,973 at the end of 2008 by the Dubai Statistics Centre. The majority of the population is estimated to be non-UAE nationals, mainly drawn from the Indian subcontinent, Europe and other Arab countries. Approximately 77 per cent. of the population is estimated to be male and 23 per cent. female, reflecting the large male expatriate workforce.

In addition approximately 64 per cent. of the population is concentrated in the 20-39 age group, of which the 30-34 age group represents 19.5 per cent. of the population (Source: Dubai Statistics Centre).

Governance, Legislation and Judiciary

UAE Constitution

The original constitution of the UAE (the **Constitution**) was initially provisional and provided the legal framework for the federation. The Constitution was made permanent pursuant to a constitutional amendment in May 1996.

The major principle adopted by the Constitution was that jurisdiction for enacting substantive legislation was confined to the federal government, but the local governments of the seven emirates were authorised to regulate those matters that were not the subject of legislation by the federal government.

Pursuant to Articles 120 and 121 of the Constitution, the federal government is responsible for foreign affairs; security and defence; nationality and immigration; education; public health; the currency; postal, telephone and other communications services; air traffic control and the licensing of aircraft and a number of other matters including labour relations; banking; the delimitation of territorial waters; and the extradition of criminals. The UAE's monetary and exchange rate policy is managed on a federal basis by the UAE Central Bank. See "*Monetary and Financial System*".

Article 122 of the Constitution states that the Emirates shall have jurisdiction in all matters not assigned to the exclusive jurisdiction of the federation, in accordance with the provision of the preceding two Articles.

The individual emirates are given flexibility in the governance and management of their own emirates. The Constitution permits individual emirates to elect to maintain their own competencies in certain sectors. Based on this flexibility, Dubai has elected to assume responsibility for its own education, public health and judicial systems. The natural resources and wealth in each emirate are considered to be the public property of that emirate. See "*Emirate of Dubai*".

Federal Supreme Council

The UAE is governed by the Supreme Council of the Rulers of all 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 (for renewable five-year terms). Decisions relating to substantive matters are decided by a majority vote of five emirates, provided that the votes of both Dubai and Abu Dhabi are included in that majority, but matters that are purely procedural are decided by a simple majority vote.

The Supreme Council is vested with legislative as well as executive powers. It ratifies federal laws and decrees, plans general policy and approves the nomination of the Prime Minister and accepts his resignation. It also relieves him from his post upon the recommendation of the President.

The then Ruler of Abu Dhabi, Sheikh Zayed bin Sultan Al Nahyan, was elected in 1971 as the first President of the UAE and was re-elected as President for successive five-year terms until his death in November 2004. The then Ruler of Dubai, Sheikh Rashid bin Said Al Maktoum, was elected in 1971 as the first Vice-President of the UAE and continued as Vice-President until his death in 1990. Sheikh Zayed bin Sultan Al Nahyan was succeeded by his son Sheikh Khalifa bin Zayed Al Nahyan as Ruler of Abu Dhabi who was elected as President of the UAE in November 2004 by the members of the Supreme Council. Sheikh Mohammed bin Rashid Al Maktoum became the Ruler of Dubai in January 2006 upon the death of his elder brother Sheikh Maktoum bin Rashid Al Maktoum who had ruled Dubai since 1990. He was also nominated by the President of the UAE, Sheikh Khalifa bin Zayed Al Nahyan, to be the next Prime Minister and Vice President of the

UAE in January 2006. The members of the Supreme Council accepted the President's nomination shortly thereafter.

Federal Council of Ministers

The Federal Council of Ministers (the **Cabinet**) is described in the Constitution as the executive authority for the federation and is responsible for implementing policy decisions of the Supreme Council. This cabinet of ministers is the principal executive body of the federation. The Constitution defines the responsibilities of the Cabinet, which include the issuing of regulations, the preparation of draft laws and the drawing up of the annual federal budget.

Upon approval of the Supreme Council, the President appoints the Prime Minister and the Council of Ministers to assume the country's executive authority. Based in Abu Dhabi, the Cabinet is headed by the Prime Minister and consists of the Deputy Prime Minister and a number of other Ministers. These Ministers are normally selected (for no fixed term) by the approval of the Supreme Council on the recommendation of the Prime Minister.

The federal government is entrusted with the task of enacting legislation regulating the principal and central aspects of the federation such as foreign affairs, defence, security, the federal judicial system, federal finance and loans and civil aviation. Federal matters are regulated through a number of specially created federal ministries which include the Ministries of Foreign Affairs, Defence, Justice, Finance, and Economy. Although most of the federal government ministries are based in Abu Dhabi, many also maintain offices in Dubai.

Federal National Council

The Federal National Council is a parliamentary body which comprises 40 members of the national community. Each emirate appoints members for a particular number of seats based on population and 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 either of 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, if required, amending, all proposed federal legislation, and is empowered to summon and to question any federal minister regarding ministry performance. One of the main duties of the Federal National Council is to discuss the annual budget of the UAE. Although the Federal National Council can monitor and debate government policy, it has no veto or amendment power and cannot initiate any legislation by itself.

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 selects an electoral college whose members are at least 100 times the number of Federal National Council members for the emirate. The members of each electoral college elect half of the Federal National Council members for their emirate, with the remainder being appointed by the Ruler.

Legal and Court System

There are three primary sources of law in the UAE, namely (i) federal laws and decrees (applicable in all seven emirates), (ii) local laws and decrees (i.e. laws and regulations enacted by the emirates individually), and (iii) the Shari'ah (Islamic law). The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler or local government of each emirate can apply his or its own rules, regulations and practices.

The federal judiciary, whose independence is guaranteed under the Constitution, includes the Federal Supreme Court and Courts of First Instance. The Federal Supreme Court consists of five judges appointed

by the Supreme Council. The judges decide on the constitutionality of federal laws and arbitrate on inter-emirate disputes and disputes between the federal government and the emirates.

In accordance with the Constitution, three of the seven emirates (Abu Dhabi, Dubai and Ras Al Khaimah) have elected to maintain their own court system, separate from that of the UAE, and these courts have sole jurisdiction to hear cases brought in the respective emirates.

The judicial system in Dubai is comprised of (i) a Court of First Instance, (ii) a Court of Appeal and (iii) a Court of Cassation.

Emirate of Dubai

The relationship between the federal government and the local governments of the emirates is laid down in the Constitution and allows for a degree of flexibility in the distribution of authority. The Constitution states that each emirate shall exercise all powers not assigned to the federation. Each emirate has its own local government, consisting of departments or authorities, so that each emirate retains significant political and financial autonomy.

Dubai enjoys good relations with each of the other emirates in the UAE. Each emirate manages its own budget on an independent basis and no emirate has any obligation to contribute to the budget of any other emirate. Each emirate makes contributions to the federal budget in agreed amounts.

The laws of Dubai are passed by Decree of the Ruler, Sheikh Mohammed bin Rashid Al Maktoum, who is also the Vice-President and Prime Minister of UAE. The Crown Prince of Dubai is Sheikh Hamdan bin Mohammed Al Maktoum. The Deputy Rulers are Sheikh Hamdan bin Rashid Al Maktoum and Sheikh Maktoum bin Mohammed Al Maktoum.

The key entities in the structure of the Dubai government are (i) the Ruler's Court, (ii) the Supreme Fiscal Committee (the **SFC**) and (iii) the Executive Council. The Dubai Department of Economic Development (**DED**) and the Dubai Department of Finance (**DOF**) are administrative bodies. All five of these entities have distinct roles:

The Ruler's Court: Except in relation to applicable federal laws, His Highness the Ruler of Dubai is the sole legislator for the Emirate and all Dubai laws are passed by His Highness after drafts of the laws have been approved by the Ruler's Court in consultation with the Executive Council. All other matters that require the involvement of His Highness the Ruler of Dubai are channelled through the Ruler's Court.

SFC: The SFC was established in November 2007 to formulate the fiscal policies of the Dubai government and to regulate Dubai government borrowings. The SFC is authorised to approve borrowings by the Dubai government and Dubai government owned entities on behalf of the Dubai government. The SFC also aims to improve coordination between various Dubai government entities, and to enable government entities to meet their respective development targets in a cost efficient manner.

Executive Council: The Executive Council seeks to ensure coordination amongst Dubai government departments such as the courts, the police, the Health Authority, the Land Department, the Department of Civil Aviation, the DED and the Department of Tourism and Commerce Marketing. The Executive Council works with these departments to implement an overall strategy for the Dubai government, while considering the requirements and strategies of each particular department. In addition, the Executive Council works with DOF to prepare an overall budget to fund the requirements of the various government departments. In addition to this broad coordination role, the Executive Council also recommends new laws and regulations, and is involved in the implementation of laws promulgated at both the Emirate and federal levels.

DED: The DED is a regulatory and administrative body responsible for licensing and regulation of the business sector. All businesses operating in Dubai are required to be registered with and licensed by the DED. The DED also helps formulate Dubai government policy in relation to economic planning and the promotion of Dubai as a business centre. The DED works closely with relevant government bodies such as the Ministry of Labour and the Real Estate Regulatory Authority.

DOF: The DOF is the local ministry of finance and treasury for the Dubai government. All revenues of the Dubai government are collected within the DOF and all Dubai government authorities are funded through the DOF. In addition, the DOF also functions as an administrative office of the SFC for executing and monitoring compliance with the SFC's decisions.

In addition to the above, the Investment Corporation of Dubai (**ICD**) is the principal investment entity of the Dubai government. ICD was formed in 2006 as a holding company for a series of investments that had previously been held directly by the DOF. See "*Public Finance – Principal Investments*". ICD's role is to supervise the Dubai government's investment portfolio, adding value through the implementation of best-practice corporate governance. After initial capitalisation by the Dubai government, ICD is now self-funding and makes a contribution to the budget of the Dubai government. See "*Public Finance – Dubai Government Budget*".

The Dubai government also owns 100 per cent. of the shares in Dubai World Corporation (**Dubai World**), which acts as an independent holding company for a series of investments in the transport and logistics; drydocks and maritime; urban development; and investment and financial services sectors.

Strategy of Dubai

Since the establishment of the UAE in 1971, Dubai has developed its status as a major city, enhancing the wellbeing of its people and creating an environment that attracts business and individuals. To support, maintain and develop this status, the Dubai government intends to focus on (i) achieving comprehensive development and building human resources, (ii) promoting economic development and government modernisation, (iii) sustaining growth and prosperity, (iv) protecting UAE nationals' interests, the public interest and wellbeing, and (v) providing an environment conducive for growth and prosperity in all sectors.

Dubai Strategic Plan 2015

In 2007, the Dubai government adopted a set of guiding principles for the various sectors that comprise the Dubai Strategic Plan 2015 (the **DSP 2015**). The aim of the DSP 2015 is to ensure an understanding of the Dubai government's vision among all government entities and a common framework for the operations of these entities. The DSP 2015 focuses on the core areas of economic development; social development; security, justice and safety; infrastructure, land and development; and government excellence.

The global economic crisis has significantly impacted the Dubai government's economic development plans and, as a result, the government is currently re-assessing the stated aims of the DSP 2015 in the area of economic development. The stated aims of the DSP 2015 in all other areas remain unchanged.

Economic Development

The DSP 2015 set out certain economic growth and productivity goals although, as indicated above, these are being re-assessed in light of the global economic crisis.

The DSP 2015 envisaged that future economic growth would be focussed on the following six sectors: travel and tourism; financial services; professional services; transport and logistics; trade and storage; and construction. These sectors were identified based on their then current status, international competitiveness, Dubai's capacity to develop them and the availability of necessary enabling factors. In addition, the DSP 2015 identified seven enabling factors that also needed to be developed in parallel, namely human capital; productivity; science, technology and innovation; the cost of living and doing business; quality of life; economic policy and institutional framework; and laws and regulations.

The specific strategic approaches designed to achieve the DSP 2015's economic development goals are briefly described below:

- *Sector focus and development:* moving Dubai to a new growth path, coupled with future diversification, while maintaining the focus on high-value added sectors that can boost overall economic growth;

- *Productivity growth*: transforming Dubai into a hub of business excellence by raising the productivity of economic sectors and maintaining high production quality standards;
- *Human capital excellence*: preparing Dubai's workforce for the high-value, knowledge-driven economy, which requires attracting and retaining skilled employees, improving UAE nationals' qualifications and increasing their motivation;
- *Science, technology and innovation*: turning Dubai into a science and technology hub in targeted sectors, by supporting the development of existing sectors, and establishing the right environment for nurturing the post 2015 economy;
- *Cost of living and doing business*: ensuring and maintaining Dubai's competitiveness by managing the rising cost of living;
- *Quality of life improvement*: establishing Dubai as a preferred home for current and future residents by improving the well-being of citizens and residents and helping them live healthier lives enriched with opportunity and choice; and
- *Economic policy and institutional framework*: striving for excellence in economic policy-making and deployment through coordination with the federal government, the provision of adequate data, and strengthening the institutional framework and capabilities.

Social Development

The DSP 2015 acknowledges that, for economic success to be sustained, it is important that social development sector infrastructure be developed. To ensure that the social development sector is properly equipped to deliver the services required, the DSP 2015 set a number of development aims and strategies for achieving those aims. In particular, the aims and strategies focussed on:

- preserving national identity and improving community cohesion through, among other measures, amending immigration rules to ensure and maintain a demographic balance and raising levels of cultural awareness and Arabic language proficiency;
- increasing UAE nationals' participation in the workforce and society by equipping them with the necessary life skills for living in a rapidly changing environment and supporting them to become preferred employees in strategic sectors;
- improving the achievement of students and ensuring that all UAE nationals have access to quality education through a range of measures targeted at improving educational facilities, governance, the quality of teaching staff, the curriculum and access to education;
- improving the quality of healthcare services and the health status of the population through a range of measures targeted at, among other things, improving the quality and availability of healthcare facilities, governance, access to healthcare and the introduction of health insurance;
- ensuring that quality social services are provided to meet the needs of the population by, among other measures, improving the availability of and access to appropriate services and mobilising voluntary social work and civil organisations;
- ensuring equality and acceptable working conditions for the workforce through co-ordination with the federal authorities to improve and update labour regulations, increasing the awareness of both employers and employees in relation to their respective rights and providing an environment which attracts and retains the necessary expertise; and
- enriching cultural environment through the development of infrastructure, the identification of talent and the promotion of cultural events.

Infrastructure, Land and Environment

The strategic vision for this sector is to integrate infrastructure development and environmental focus in order to achieve sustainable development. Within this context, the Dubai government aims to provide a sustainable, effective and balanced infrastructure including all elements such as energy, electricity, water, roads, transportation and waste management while protecting the environment. In particular:

- urban planning will focus on optimising land use and distribution to balance economic, infrastructure and social development needs while preserving natural resources;
- the provision of efficient energy, electricity and water supplies to meet the Emirate's growing needs;
- the provision of an integrated roads and transportation system to facilitate mobility and improve safety; and
- maintaining the Emirate as a clean, attractive and sustainable environment.

Security, Justice and Safety

The aims in this sector are to provide the infrastructure necessary to ensure human rights and public safety in light of the socio-economic environment and the global challenges faced by Dubai. In particular, there will be a focus on preserving security and order through improvements in the police force and border controls whilst ensuring the integrity and transparency of the security services and the protection of human rights. Crisis management and disaster contingency plans are to be developed to ensure the provision of necessary equipment and infrastructure in the event of a crisis.

In the justice area, access to, and the administration of, justice is to be improved through a range of measures aimed at improving case management, the quality of the judiciary and the elimination of existing economic, geographic, legal and protective barriers that impede access to justice.

In terms of safety, relevant safety regulations are to be improved and safety awareness raised and legislation relating to public health is to be updated and developed.

Government Excellence

Although the Dubai government has made progress in enhancing public sector performance in recent years, including through modernising operations, introducing e-government initiatives and promoting the use of advanced technologies, the Emirate's leadership remains committed to further enhancing the Dubai government's ability to continuously provide world-class services. The DSP 2015 envisages that the Dubai government will focus on five long-term strategic aims:

- strengthening its strategic and forward-looking focus through implementing an integrated strategy across all government entities, developing mechanisms for risk identification and management and for the evaluation of policies after they have been implemented;
- enhancing the Dubai government's organisational structures and accountability including through the introduction of key performance indicators;
- increasing efficiency through improved financial management techniques such as results-based budgeting, linking budgets to government priorities, ensuring that all departments move from cash-based to accruals-based financial systems and updating accounting policies and the consolidation of accounts as well as outsourcing to the private sector where appropriate;
- enhancing responsiveness and customer service through technology improvements and the introduction of complaints and customer care programmes; and
- empowering and motivating public service employees through training, performance management and other tools.

International Relations

Pursuant to Articles 120 and 121 of the UAE Constitution, foreign policy and international relations are a federal matter and, accordingly, Dubai does not enter into bilateral agreements with foreign governments.

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, 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.

Within the Arabian Gulf region, and in the broader Arab world, the UAE has sought to enhance cooperation and to resolve disagreement through the pursuit of dialogue. Thus one of the central features of the UAE's foreign policy has been the development of closer ties with its neighbours in the Arabian Gulf region. The Gulf Cooperation Council (**GCC**), which comprises the UAE, Kuwait, Saudi Arabia, Bahrain, Qatar and 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 its establishment, the UAE 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. 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 an active participant in a number of multi-lateral aid-giving institutions, including the International Bank for Reconstruction and Development (the **World Bank**), the International Monetary Fund (the **IMF**), the International Development Agency and regional bodies like the OPEC 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 international organisations including, among others, the GCC, the United Nations (the **UN**), the League of Arab States, the Organisation of Islamic Countries, the Organisation of Arab Petroleum Exporting Countries, the Organisation of the Petroleum Exporting Countries (**OPEC**), the World Health Organisation, the International Organisation for Industrial Development, the World Trade Organisation and the Asia-Pacific Economic Co-operation.

The UAE has an ongoing dispute with Iran and continuing discussions with Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by Iran. The UAE believes that the islands should be returned to Sharjah which claims 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 Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended.

ECONOMY OF DUBAI

Introduction

Dubai has a diversified economy which has shown strong growth in nominal gross domestic product (**GDP**) in the four year period to 2008. Since the UAE was established, when approximately 50 per cent. of Dubai's GDP was oil-related according to the DSP 2015, the Emirate's reliance on oil has decreased significantly, with the oil sector accounting for approximately 5 per cent. of nominal GDP in 2005 and approximately 2 per cent. of nominal GDP in 2008.

Reflecting the Emirate's strategic geographic location, rising levels of international trade and the Dubai government's long-standing strategy of positioning the Emirate as a trading centre, the wholesale and retail trade and repairing sector is the principal contributor to nominal GDP, accounting for approximately 39 per cent. of Dubai's nominal GDP in 2008.

Other significant economic sectors for the Emirate are real estate and business services; manufacturing; construction; transport, storage and communications; and financial services. Each of these sectors has benefitted from the Dubai government's policies aimed at improving the business and investment environment and positioning Dubai as a tourist destination, from specific high profile developments initiated by the Dubai government and from the establishment of a range of specialised free zones designed to attract new companies and investment. In addition, other supply side factors supporting the Emirate's economic growth have included the availability of labour and land for real estate development, significant levels of liquidity and increasing consumer wealth in the GCC and elsewhere, in part reflecting relatively high oil and gas prices, an appropriate legal and regulatory framework and good infrastructure.

As discussed above under "*Overview of the Emirate of Dubai – Strategy of Dubai*", the Dubai government continues to focus on economic diversification and in this respect is targeting the travel and tourism; financial services; professional services; transport and logistics; trade and storage and construction sectors in particular as areas for future growth.

Since the middle of 2008 and reflecting the global financial crisis and sharp falls in international oil and gas prices, there have been significant declines in real estate sales prices and rental rates in the UAE as a whole and a slowdown in construction activity on certain announced projects in the UAE. These factors are not reflected in the nominal GDP figures for Dubai for 2008 but are likely to impact the Emirate's GDP in 2009 and potentially in subsequent years.

Prior to 2006, Dubai's GDP was calculated on the basis of statistical sampling. A new and more accurate methodology was implemented during 2006 with the result that GDP statistics for 2005 are not directly comparable with GDP statistics for subsequent years.

Gross Domestic Product

Dubai's nominal GDP grew by 27.4 per cent. in 2007 and by a further 18.1 per cent. in 2008, reaching AED 301,676 million in 2008. Dubai's nominal GDP per capita in 2008 was approximately US\$ 50,000, based on an assumed population of 1,645,973 million and an exchange rate of US\$ 1.00 = AED 3.6725.

The nominal GDP of Dubai in 2007 equalled 36.2 per cent. of the nominal GDP of the UAE in the same year. In 2005 and 2006, the equivalent proportions were 27.3 per cent. and 35.8 per cent., respectively. No official estimate of the UAE's nominal GDP for 2008 is yet available.

Neither the UAE nor the Emirate publish real GDP figures reflecting the fact that reliable historic inflation figures are not available, see "*Risk Factors – Risk factors relating to the Government and United Arab Emirates – Statistical Information*".

Within the Emirate, no single economic sector contributed more than 40 per cent. to total nominal GDP in 2008, with the largest sector being the wholesale and retail trade and repairing sector which contributed 38.6 per cent. of the Emirate's nominal GDP. Other significant contributors to GDP in 2008 include the real estate and business services sector, which contributed AED 44.4 billion or 14.7 per cent. of nominal GDP, and the

manufacturing sector, which contributed AED 42.6 billion or 14.1 per cent. of nominal GDP. Three other sectors, construction; transport, storage and communications; and financial corporations, each contributed between 5 and 10 per cent. to nominal GDP in 2008. By contrast, the government sector contributed 2.7 per cent. and the oil sector contributed 2.1 per cent. to nominal GDP in 2008.

In terms of growth, the three strongest principal sectors in recent years have been construction (with a compound annual nominal GDP growth rate of 26.8 per cent. in between 2006 and 2008), wholesale and retail trade and repairing (with a compound annual nominal GDP growth rate of 22.7 per cent. in between 2006 and 2008) and real estate and business services (with a compound annual nominal GDP growth rate of 14.4 per cent. in between 2006 and 2008).

The table below shows Dubai's nominal GDP for each of the years indicated.

	2003	2004	2005*	2006*	2007	2008
Nominal GDP (AED millions)	97,743	118,427	140,201	223,343	264,173	301,596
Nominal GDP growth rates (per cent.).....	21.4	21.2	18.4	59.3	18.3	14.2

Source: 2003 – 2005 DOF

2006 – 2008 Dubai Statistics Centre

* Prior to 2006, Dubai's GDP was calculated on the basis of statistical sampling. A new and more accurate methodology was implemented during 2006 with the result that GDP statistics for 2005 are not directly comparable with GDP statistics for subsequent years.

The following table sets out Dubai's nominal GDP by economic activity in current prices and by percentage contribution, as well as the year on year growth rate, for each year indicated:

	2005*		2006*		2007		2008					
	Amount	%	Growth		Amount	%	Growth		Amount	%	Growth	
			(%)	(%)			(%)	(%)			(%)	(%)
(in millions of AED, except percentages)												
Wholesale, Retail Trade & Repairing	31,287	22.32	16.5	77,301	34.61	N/A*	98,492	37.28	27.4	116,310	38.56	18.1
Real Estate & Business Services.....	14,231	10.15	16.6	33,944	15.20	N/A*	39,228	14.85	15.5	44,419	14.73	13.2
Manufacturing	22,129	15.78	31.9	34,855	15.61	N/A*	38,400	14.54	10.2	42,582	14.12	10.9
Construction	16,462	11.74	17.8	18,118	8.11	N/A*	24,186	9.16	33.5	29,130	9.66	20.4
Transport, Storage & Communications.....	18,202	12.98	20.2	19,937	8.93	N/A*	23,234	8.79	16.5	25,446	8.44	9.5
Financial Corporations ..	13,682	9.76	18.4	20,743	9.29	N/A*	22,571	8.54	8.8	24,879	8.25	10.2
Government Services	8,358	5.96	5.7	7,041	3.15	N/A*	8,061	3.05	14.5	8,297	2.75	2.93
Restaurants & Hotels	5,047	3.60	20.5	6,468	2.90	N/A*	7,056	2.67	9.1	7,532	2.50	6.8
Mining, Quarrying, Oil & Gas	7,569	5.40	11.5	7,139	3.20	N/A*	5,999	2.27	16.0	6,370	2.11	6.2
Social & Personal Services.....	3,248	2.32	6.0	3,297	1.48	N/A*	3,976	1.51	20.6	4,319	1.43	8.6
Electricity & Water.....	1,906	1.36	17.1	2,431	1.09	N/A*	2,144	0.81	11.8	2,557	0.85	19.3
Domestic Services of Households.....	690	0.49	12.0	1,167	0.52	N/A*	1,282	0.49	9.9	1,249	0.41	-2.6
Agriculture, Livestock & Fishing	791	0.56	-3.3	1,110	0.50	N/A*	1,167	0.44	5.1	1,234	0.41	5.7
Less: Imputed Bank Services.....	(3,402)	(2.43)	9.7	(10,207)	(4.57)	N/A*	(11,622)	(4.40)	13.9	(12,728)	(4.22)	9.5
Total Nominal GDP	140,200	100.0	18.4	223,344	100.0	N/A*	264,174	100.0	18.3	301,596	100.0	14.2

Sources: 2005 DOF

2006 – 2008 Dubai Statistics Centre

* Prior to 2006, Dubai's GDP was calculated on the basis of statistical sampling. A new and more accurate methodology was implemented during 2006 with the result that GDP statistics for 2005 are not directly comparable with GDP statistics for subsequent years.

An overview of each of the sectors contributing more than 5 per cent. to Dubai's nominal GDP in 2008 is set out below:

Wholesale and Retail Trade and Repairing Services

The wholesale and retail trade and repairing services sector accounted for AED 116.3 billion (U.S.\$ 31.7 billion) and 38.6 per cent. of Dubai's GDP in 2008, making it the largest contributing sector to the Emirate's economy. This sector demonstrated growth of 27.4 per cent. and 18.1 per cent. in 2007 and 2008, respectively.

The table below shows the contribution to Dubai's nominal GDP of the wholesale and retail trade and repairing services sector for each year between 2003 and 2008.

	2003	2004	2005	2006	2007	2008
<i>(in millions of AED)</i>						
Nominal GDP.....	19,950	26,860	31,287	77,301	98,492	116,310

Sources: 2003 – 2005 DOF
2006 – 2008 Dubai Statistics Centre

For the purposes of calculating GDP, wholesale trade is defined as an intermediate process in the distribution of merchandise, whereas retail trade is defined as the final process in the distribution of merchandise. Repairing services comprise the maintenance and repair of goods associated with wholesale and retail trade.

The principal products traded in the Emirate by wholesalers and retailers include all types of textiles, clothing and footwear; household appliances and furniture; motor vehicles (including parts and accessories); other machinery, equipment and supplies; and construction material.

The sale of high end luxury branded products is an increasingly important aspect of Dubai's wholesale and retail trade. In part this reflects significant increases in consumer wealth but also reflects increased marketing and promotion of these products.

In addition, Dubai's extensive shopping malls and major shopping events, such as the Dubai Shopping Festival (**DSF**) and the Dubai Summer Surprises (**DSS**), are key drivers for the growth of Dubai's trading sector.

Real Estate, Business Services and Construction

The real estate and business services sector accounted for AED 44.4 billion (U.S.\$ 12.09 billion) and 14.73 per cent. of GDP in 2008. This sector demonstrated growth of 15.6 per cent. and 13.2 per cent. in 2007 and 2008, respectively.

The construction sector accounted for AED 29,130 billion (U.S.\$ 7,931 billion) and 9.66 per cent. of GDP in 2008. This sector demonstrated growth of 33.49 per cent. and 20.44 per cent. in 2007 and 2008 respectively.

The table below shows the contributions to Dubai's nominal GDP of the real estate and business services and construction sectors for each year between 2003 and 2008.

	2003	2004	2005	2006	2007	2008
Real estate and business services nominal GDP	9,784	12,202	14,231	33,944	39,228	44,419
Construction nominal GDP	11,961	13,474	16,462	18,118	24,186	29,130

Sources: 2003 – 2005 DOF
2006 – 2008 Dubai Statistics Centre

No official breakdown of the real estate and construction sectors by type of property is currently available.

The significant growth in both the real estate and the construction sectors is attributable to a number of inter-linked factors, including:

- *Demographics*: Dubai's population has grown at an estimated average rate of 7 per cent. per annum between 2003 and 2008, significantly increasing the demand for housing and retail facilities;
- *Increased liquidity*: Relatively high oil and gas prices in recent years have significantly increased liquidity within the GCC region and has also contributed to significant economic growth in a number of economies as well as increasing consumer incomes, thereby increasing the demand for investment properties;
- *Growth in visitors*: Increasing visitor numbers have increased the demand for hotel and serviced apartments as well as for tourism and leisure projects and new shopping malls; and
- *Liberalisation*: Since 2006, the Dubai government has implemented new rules, regulations and laws in the Emirate to regulate the real estate market, to protect the rights and interests of consumers and to ensure the service standards of real estate agents, brokers and property developers. A number of real estate laws and regulations have been enacted which have permitted land registration in Dubai, created designated areas where properties can be owned by non-UAE nationals in Dubai, implemented a regulatory framework for real estate developers and agents and led to the formation of the Real Estate Regulatory Authority (**RERA**). Additional laws are proposed by the Dubai government including laws to cover timeshare ownership and strata title regulations.

According to RERA, there are more than 450 registered developers in Dubai and more than 2,030 registered brokers/real estate agents in Dubai. The principal developers in Dubai are all owned (wholly or partially) by the Dubai Government and/or the Ruling Family of Dubai. These include Emaar Properties PJSC, which is 32 per cent. owned by ICD; Nakheel PJSC, which is 97.5 per cent. owned by Dubai World; Dubai Properties LLC, which is 97.5 per cent. owned by the Ruler of Dubai; and Union Properties PJSC and Deyaar Development PJSC, in each of which ICD has a significant shareholding.

Since the middle of 2008, a number of real estate projects in Dubai have been cancelled or delayed, principally reflecting liquidity shortages for developers, decreasing headline real estate prices and rental rates and increasing market uncertainty and negative sentiment and these factors are likely to adversely affect nominal GDP growth rates in the real estate and construction sectors in 2009. Research published by CB Richard Ellis in the third quarter of 2009 indicates that office lease rates in Dubai are now below levels experienced at the end of 2006 and are approximately 50 per cent. of the level in the third quarter of 2008. Similarly, CB Richard Ellis reports that residential property lease rates have fallen by about 40 per cent. from their levels at the same point in 2008. In terms of residential property sales, CB Richard Ellis notes that the balance of supply and demand has been aggravated by new developments and high resales, leading to resales being priced at 2006 levels. Overall, CB Richard Ellis states that there are now signs of stabilisation and hopes of a modest recovery in 2010.

Business Services comprise a wide variety of services that are delivered principally to other businesses. These services include marketing, professional services, leasing services, technology-related services, personnel services, and research and development services.

Manufacturing

The manufacturing sector accounted for AED 42.6 billion (U.S.\$ 11.6 billion) and 14.1 per cent. of GDP in 2008. This sector demonstrated growth of 10.2 per cent. and 10.9 per cent. in 2007 and 2008, respectively.

The table below shows the contribution to Dubai's nominal GDP of the manufacturing sector for each year between 2003 and 2008.

	2003	2004	2005	2006	2007	2008
	<i>(in millions of AED)</i>					
Nominal GDP.....	13,986	16,159	22,129	34,855	38,400	42,582

Sources: 2003 – 2005 DOF

2006 – 2008 Dubai Statistics Centre

According to the Dubai Chamber of Commerce and Industry (the **Dubai Chamber**), Dubai's manufacturing sector is dominated by medium-sized firms typically employing between 10 and 99 employees. Many of these firms are congregated in purpose-built locations and/or within free zones, including those discussed under “*Foreign Direct Investment and Free Zones*”. Other specialised zones include the Dubai Biotechnology and Research Park, which targets the life sciences industry and by mid 2008 had 42 registered companies operating across the bio-technology sector, and the Dubai Techno Park, which is a Dubai government technology initiative.

In addition, to help expand the manufacturing sector in Dubai, the Dubai government established the Dubai Investments Park in 1998, a 3,180-hectare business complex located close to the Jebel Ali port that consists of mixed-use industrial, business, residential and recreational developments. This park is managed by Dubai Investments PJSC, a public company in which the Dubai government has a shareholding.

Major industrial companies operating in Dubai include Dubai Aerospace, which is engaged in aerospace research and development; manufacturing; maintenance, repair and overhaul; aircraft leasing; and other aerospace services, and Dubai Aluminium Company Limited, which is a major producer of high quality primary aluminium, see “*Public Finance – Major ICD Investments*”.

Transport, Storage and Communications

The transport, storage and communication sector accounted for AED 25.5 billion (U.S.\$ 6.9 billion) and 8.4 per cent. of GDP in 2008. This sector demonstrated growth of 16.5 per cent. and 9.5 per cent. in 2007 and 2008, respectively.

The table below shows the contribution to Dubai's nominal GDP of the transport, storage and communications sector for each year between 2003 and 2008.

	2003	2004	2005	2006	2007	2008
	<i>(in millions of AED)</i>					
Nominal GDP.....	13,817	15,149	18,202	19,937	23,234	25,446

Sources: 2003 – 2005 DOF

2006 – 2008 Dubai Statistics Centre

See “*Infrastructure*” for a description of Dubai's air, land and sea transport and the UAE's telecommunications infrastructure.

Financial Corporations

The financial corporations sector accounted for AED 24.9 billion (U.S.\$ 6.8 billion) and 8.25 per cent. of GDP in 2008. This sector demonstrated growth of 8.8 per cent. and 10.2 per cent. in 2007 and 2008, respectively.

The table below shows the contribution to Dubai's nominal GDP of the financial corporations sector for each year between 2003 and 2008.

	2003	2004	2005	2006	2007	2008
<i>(in millions of AED)</i>						
Nominal GDP.....	9,321	11,554	13,682	20,743	22,571	24,879

Sources: 2003 – 2005 DOF
2006 – 2008 Dubai Statistics Centre

Dubai is an important financial centre in the Arabian Gulf region. According to the UAE Central Bank, of the 638 national bank branches in the UAE at 31 December 2008, 242 (or 38 per cent.) were located in Dubai with 151 located in Abu Dhabi and fewer than 100 branches in each other emirate. Of the 109 foreign bank branches in the UAE at 31 December 2008, 47 (or 43 per cent.) were located in Dubai.

Dubai also accounted for more than 50 per cent. of the distribution of licensed moneychangers' head offices and branches as at 31 December 2008 with 274 out of the total 533.

In addition, the Dubai International Financial Centre has attracted a number of financial services providers to Dubai, including investment banks, insurers and private equity firms, see "*Free Zones – Dubai International Financial Centre*".

Inflation

UAE

The UAE inflation rate increased from 5.0 per cent. in 2004 to 12.3 per cent. in 2008. The increases in UAE inflation over the period reflect housing shortages and strong domestic demand. The currency peg also contributed to inflation over the period through US dollar depreciation and the importation of expansionary monetary policy from the United States. Although no official estimate of UAE inflation for 2008 has been published by the UAE Central Bank, the sharp appreciation of the US dollar and declining food and commodity prices in the second half of 2008 should help to ease inflation in that year. In addition, pressure on rents and real estate prices in the UAE has also reduced since the middle of 2008.

The table below sets out the consumer price index (**CPI**) and the percentage change, year on year, of consumer prices in the UAE for each of the years indicated.

	2004	2005	2006	2007
CPI Index.....	114.6	121.7	133.0	147.8
CPI Inflation	5.0	6.2	9.3	11.1

Sources: UAE Central Bank

Dubai

The Dubai inflation rate was 10.8 per cent. in 2008. This inflation rate reflects a combination of increases in rent for commercial and residential property and the weakness of the U.S. dollar against the currencies of the UAE's main trading partners, which increased the cost of imports.

Subsequent inflation has been caused by domestic demand growth generated by high oil prices, rising government spending, low interest rates and population growth. As a result, real estate prices and rents increased significantly and employers have been compelled to increase staff wages as a consequence. Further, public sector salary increases (see "*Public Finance – Wages and Salaries*") in 2007 and 2008 resulted in higher disposable income which also had an impact on inflation rate.

The calculation of a separate CPI for Dubai started in 2007. The new Dubai CPI includes 12 expenditure groups. The three groups with the largest weighting in the Dubai CPI are (i) housing, water, electricity, gas

and fuel; (ii) food and non-alcoholic beverages; and (iii) transportation, which showed inflation levels of 5.6 per cent., 21.1 per cent. and 9.0 per cent. respectively in 2008.

The housing, water, electricity, gas and fuel group constitutes 43.70 per cent. of the Dubai CPI. Housing rent constitutes 80 per cent. of this group and 38.33 per cent. of the total Dubai CPI. In recent years, the Dubai government has regulated rent levels by capping annual rent increases at 15 per cent., 7 per cent. and 5 per cent. for 2006, 2007 and 2008, respectively.

The food and non-alcoholic beverages group has an 11.08 per cent. weighting in the Dubai CPI. This group consists of basic foods items such as meat, breads and cereals, milk products, fish and seafood along with non alcoholic beverages such as tea, coffee, juices and mineral water.

Transportation constitutes 9.08 per cent. of the Dubai CPI. Fuel and oil constitutes 49 per cent. of this group and 4.47 per cent. of the total Dubai CPI. Fuel prices are partially regulated by the federal government. Oil marketing companies sell gasoline/petrol at a fixed price while diesel and domestic liquid petroleum gas prices are unregulated. The other significant contributors in this group are repair and maintenance of modes of transportation.

The table below sets out the rate of inflation and the CPI in Dubai for 2008.

Expenditure Groups	Weight	CPI	Inflation
		<i>2007=100</i>	(%)
General Index Number	100	110.77	10.8
Food and non-alcoholic beverages	11.08	121.06	21.1
Alcoholic beverages and tobacco	0.24	105.65	5.7
Clothing and footwear	5.52	119.54	19.5
Housing, water, electricity, gas, and fuel	43.70	105.60	5.6
Furniture and furnishings, household items and repairing	3.34	113.76	13.8
Healthcare	1.08	106.66	6.7
Transportation	9.08	108.95	9.0
Communications	6.00	101.71	1.7
Leisure and culture	4.24	102.85	2.9
Education	4.09	118.49	18.5
Restaurants and hotels	5.48	125.49	25.5
Miscellaneous goods and services	6.15	119.17	19.2

Source: Dubai Statistics Centre

Employment and Wages

Based on the 2005 UAE census, the labour force in Dubai was approximately 1,155,972 of which 982,296 were employed and a further 156,354 were either students or engaged in housework.

One of the key challenges for the Emirate is the creation of jobs for nationals, supported by initiatives to educate and motivate young emiratis to join the workforce and, in particular, the private sector. The Dubai government is supporting the private sector by initiating educational and training programmes as well as schemes to identify deficiencies among public sector workers with a view to providing appropriate retraining. Specifically, in the education arena, the Dubai government is outsourcing the management of schools to private operators and initiating partnerships with internationally respected universities with a view to increasing the quality of education offered. The DSP 2015 focuses on social development as a core strategic area for the Emirate, see “*Overview of the Emirate of Dubai – Strategy of Dubai*”.

The table below shows employment in public and private sectors in Dubai in 2005:

Economic Sectors	2005
Federal government	16,871
Local government.....	65,349
Public sector.....	12,099
Private sector	809,908
Others	65,950
Foreign	12,119
Total	982,296

Source: Dubai Statistics Centre

Unemployment in Dubai is low with the 2005 census indicating that 1.73 per cent. of the labour force was unemployed.

Unemployment benefits are payable to nationals only and the responsibility for the payment lies with the federal government.

Infrastructure

Roads and Highways

Dubai has an extensive network of roads connecting the emirate with Abu Dhabi on the south, with Hatta, Fujairah and Oman in the east and Sharjah, Umm Al Quwain and Ras Al Khaimah in the north. The construction and maintenance of roads and highways is the responsibility of a separate agency known as the Roads and Transport Authority (the RTA).

The RTA has developed a comprehensive roadmap to integrate roads, highways, rail and marine transport within the Emirate. The RTA's strategic plan identifies a number of strategic goals to be achieved between 2009 and 2013, including the provision of a multi modal integrated transport system making the transport system more user friendly; improving the level of service to users; promoting sustainable modes of transport; and striving for safety and environmental sustainability.

Since 2005, the RTA has overseen the construction and commencement of commercial operations of the Dubai Metro (see "*Dubai Metro*") and a number of other major bridge and road improvement projects.

Over the same period, the public transport network has been strengthened through the introduction of new buses, modernisation of the bus fleet, an increase in bus network coverage and services, the introduction of water bus and water taxi services and the provision of air-conditioned bus shelters across Dubai.

A significant proportion of Dubai government's development expenditure (see "*Public Finance*") in the period since 2005 has been spent on transport projects, including the Dubai Metro.

Dubai Metro

The Dubai Metro was officially launched in September 2009, starting with 10 stations on the Red Line. The remaining stations on the Red Line are expected to be opened in phases during the rest of 2009 and in the first months of 2010. A second line, the Green Line, is also expected to commence operations during 2010. Upon its completion, the aggregate length of the Red and Green lines is expected to be 70 km with 47 planned stations. The Dubai Metro is expected to form the backbone of Dubai's public transport network. All main metro stations are intended to have adjacent bus stations as part of the integrated transport system which is expected to include buses and taxis as well as water transport links at stations near the Dubai Creek. More than 700 feeder buses are expected to be deployed to serve these metro stations. A common fare structure will apply to the Dubai Metro and buses. The RTA has introduced an integrated card system, the Smart Card, that will enable passengers to travel on trains, buses and water transport, as well as use of the associated parking areas.

Ports

Dubai has two major ports, Jebel Ali Port and Port Rashid.

Jebel Ali Port is one of the world's ten largest container ports according to DP World. The Jebel Ali Free Zone (**JAFZ**) is situated next to the Jebel Ali Port. Jebel Ali Port employs state-of-the-art equipment, including technology designed to speed the flow of goods through the port, and industry-leading quad-lift cranes, which can lift four twenty foot equivalent units (**TEU**) at one time.

Dubai's two ports processed 11.6 million TEUs in 2008 and the Jebel Ali Port is currently undergoing expansion to increase the aggregate capacity to 14 million TEUs per year.

The table below illustrates the shipping container volume handled at Jebel Ali Port and Port Rashid in Dubai:

Dubai Shipping Containers:

Container TEUs	2004	2005	2006	2007	2008
Inbound	1,825,507	2,120,684	2,434,744	2,111,527	2,417,836
Outbound	1,381,745	1,521,653	1,781,188	2,092,109	2,431,588
Trans-shipments.....	3,221,631	3,976,883	4,707,532	6,262,158	6,772,513
Total.....	6,428,883	7,619,220	8,923,464	10,465,794	11,621,937

Source: Dubai Ports Authority

Airports

Dubai has two airports, the fully operational Dubai International Airport and the Al Maktoum International Airport which is still under construction.

Dubai International Airport was established in 1959 and is operated by the Dubai government-owned Dubai Aviation City Corporation. Dubai International Airport covers over 25 square km and was ranked 20th in terms of total passenger numbers in 2008 and 11th in terms of total freight handled in 2008 by Airports Council International, an airports association which has 597 members operating over 1,679 airports in 177 countries and territories. Dubai International Airport is used by over 125 airlines, connecting to over 210 destinations in the world. The Dubai International Airport currently includes three terminals, two concourses, two runways and a number of support facilities. It has current annual passenger capacity of 50 million.

The Al Maktoum International Airport is being constructed at Jebel Ali, with phase 1 expected to be completed and operational by June 2010. Phase 1 will include a single runway and terminal with 52 aircraft parking bays and a total annual passenger capacity of 7 million.

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 (the **TRA**), was formed to oversee the process and, in 2006, it granted a licence to Emirates Integrated Telecommunications Company (**EITC**), a new telecom provider, operating under the brand name Du. EITC is currently owned 40 per cent. by the federal government, 20 per cent. by Mubadala Development Company PJSC, 20 per cent. by Emirates Telecommunications and Technology Limited and 20 per cent. by the public.

According to the TRA, as at the end of 2008 there were approximately 1.5 million fixed lines in operation in the UAE, with 9.4 million mobile subscribers (approximately 198 per cent. penetration) and 1,169,000 internet subscribers (comprising 640,000 and 529,000 dial-up and broadband subscribers, respectively, and

equal, in total to approximately 60.0 per cent. penetration based on an estimated 2.5 users per internet subscription). No separate statistics are available for Dubai.

Energy

Dubai Electricity and Water Authority (**DEWA**) was formed in 1992 following the merger of Dubai Electricity Company and Dubai Water Department. Since its inception, DEWA has been the monopoly supplier of electricity and water in Dubai. DEWA generates, transmits and distributes electricity and is connected to the Emirates National Grid. Although DEWA has separate corporate status it is wholly owned by, and the tariffs which it sets for electricity and water are regulated by, the Dubai government.

Dubai's economic expansion and population growth in recent years has caused the demand for electricity and water to increase rapidly. As a result, the peak load of electricity has increased from 3,288 mega watts (**MW**) in 2004 to 5,287 MW in 2008 and the peak load for water has increased from approximately 177 million imperial gallons daily (**MIGD**) in 2004 to 264 MIGD in 2008. Over the same period, DEWA has increased its installed electricity generation capacity from 3,833 MW in 2004 to 6,676 MW in 2008 and has increased its installed water desalination capacity from 187 MIGD in 2004 to 275 MIGD in 2008.

The table below describes the growth in demand and capacity for water in Dubai:

Water desalination installed capacity and demand:

	2007	2008
	(in MIGD)	
Installed desalination capacity	278	275
Peak desalination water demand	239	264

Source: DEWA

The table below describes the growth in demand and capacity for electricity in Dubai.

Electricity generation installed capacity and peak demand:

	2007	2008
	(in MW)	
Installed capacity	5,448	6,676
Peak demand.....	4,736	5,287

Source: DEWA

Tourism

Dubai has sought to position itself as an important business and leisure tourism hub within the region and has developed a significant tourism infrastructure to facilitate this strategy. According to the Dubai Department of Tourism and Commerce Marketing (the **DTCM**) there were 350 hotels and guest houses in Dubai at the end of 2008 with revenues of AED 15.25 billion for the year. Dubai's hotel establishments accommodated 6,996,449 guests in 2008, an increase from 6,951,798 visitors in 2007 and approximately 5.4 million guests in 2004. The number of hotel rooms and hotel apartments in Dubai at the end of 2008 stood at 49,598, a 15.9 per cent. increase over the previous year.

According to the DTCM, Dubai's principal tourist attractions include the Burj Dubai (one of the world's highest buildings), Burj Al Arab (one of the world's most luxurious hotels), Ski Dubai (an indoor ski slope), the Palm and World islands (some of the world's largest man-made islands) and the Dubai Mall (one of the world's largest shopping malls).

The Dubai government estimates that tourism and hotels contributed approximately 19 per cent. to Dubai's nominal GDP in 2008 and that their indirect contribution was approximately 32 per cent. in the same year.

The DTCM operates a network of 18 overseas representative offices of which three were opened in China in 2008 with the aim of tapping the strong tourism growth potential in that country.

The DTCM has also taken a number of other initiatives to boost hotel occupancies and promote Dubai as a tourist destination across the world. Reflecting these initiatives, the Dubai hotel industry accommodated approximately 3.85 million guests in the first half of 2009, an increase of 5 per cent. compared with the same period in 2008.

Foreign Direct Investment and Free Zones

There are many incentives for foreign corporate entities to set up in one of the free zones in Dubai. Foreign corporate entities can freely operate in the free zones and free zone entities can be 100 per cent. foreign owned, unlike entities registered elsewhere in the UAE which require various degrees of local participation. Free zone entities are exempt from paying corporate tax for 15 years, renewable for an additional 15 years, and individuals are exempt from paying income tax. There are no currency restrictions levied on the capital or the profits of free zones entities and 100 per cent. of their capital and/or profit can be repatriated. The ability to import into the free zones and to export abroad without any import duties, taxes or currency restrictions being levied on the free zone entity is a strong incentive for foreign corporate entities wishing to carry on such activities from and into the Middle East region to set up in one of the free zones.

The incentives to establishment in a free zone include an easily available and relatively inexpensive workforce, no restrictions on the issuance of work permits and residence visas, availability of plots of land, prebuilt warehouses and offices on an annual lease basis, affordable workers' accommodation and minimal legal and administrative procedures to commence operations.

Dubai has a number of free zones, of which the most important are the Jebel Ali Free Zone, the Dubai Technology and Media Free Zone, the Dubai International Financial Centre and the Dubai Airport Free Zone.

In addition, a number of sector-specific free zones for services and industry have been established, including Dubai Healthcare City, Dubai Textile City, Dubai Outsource Zone and Dubai Gold and Diamond Park.

The following is a brief overview of the four main free zones in Dubai:

Jebel Ali Free Zone (JAFZ)

JAFZ is the largest free zone in the UAE and a strategic entity for the Emirate's economy. JAFZ was established in 1985 and is regulated by the Jebel Ali Free Zone Authority (**JAFZA**) and is operated by Jebel Ali Free Zone FZE. JAFZA and Jebel Ali Free Zone FZE are each 100 per cent. owned by the Dubai government through Dubai World.

JAFZ is a major trade and industrial area in Dubai, which is spread across 135 square km between the Jebel Ali Port and the new Al Maktoum international Airport (under construction) in Jebel Ali. JAFZ has more than 6,000 companies registered from over 100 countries, including a number of Fortune 500 companies and large multinationals.

(Source: JAFZA)

Dubai Technology and Media Free Zone (TECOM)

TECOM was established in 2000 and focuses on technology, e-commerce and media. TECOM's main objective is to encourage the growth of a knowledge-based economy in Dubai by developing the information, technology and communication sector, the media sector and the educational sector. It has established three separate free zone clusters: Dubai Internet City (dedicated to the information, communication and technology sector), Dubai Media City (dedicated to the media industry) and Dubai Knowledge Village (dedicated to educational and training institutions).

Dubai Internet City

The Dubai Internet City is a tax-free zone designed to appeal to information technology (**IT**) companies and IT professionals from around the world. Dubai Internet City is the first complete IT and telecommunications hub built within a free trade zone. Its clients include multinational companies such as Microsoft, Siemens, Oracle and IBM. Dubai Internet City provides these companies with a strategic base from which to carry out their operations in the Middle East and other emerging markets such as the Indian sub-continent, Africa and Central Asia.

Dubai Media City

Dubai Media City is a community built specifically for the media industry. Its clients include leading companies in the international media business such as the Associated Press, Bertelsmann, CNN, CNBC, International Advertising Association, McGraw-Hill Platts, Sony and Reuters as well as regional media companies such as the Middle East Broadcasting Corporation, Saudi Research and Publishing, and Taj TV.

Dubai Knowledge Village

Dubai Knowledge Village has attracted a range of educational and training institutions including prominent universities from the United Kingdom (such as Manchester Business School and Middlesex University) and Australia (such as the University of Wollongong and the SAE Institute). Dubai Knowledge Village offers advanced programmes in science, technology, business, management and media.

(Source: TECOM)

Dubai International Financial Centre (DIFC)

In 2002, the Dubai government issued a decree to establish DIFC and established an independent regulatory and supervisory authority for DIFC, the Dubai Financial Services Authority (**DFSA**). DIFC is an onshore financial centre, offering a convenient platform for leading financial institutions and service providers. DIFC has been established as part of the vision to position Dubai as an international hub for financial services, and as the regional gateway for capital and investment.

The DFSA regulates all financial and ancillary services conducted in or from the DIFC; as well as licensing, authorising and registering businesses to conduct those services. The DFSA's regulatory framework was developed by a team of experienced regulators and legal experts drawn from internationally recognised regulatory bodies and major financial institutions around the world, and is based on the practices and laws of the world's leading financial jurisdictions. The DFSA is an Associate Member of the International Organisation of Securities Commissions (IOSCO).

The vision of the DIFC is to act as a gateway for capital and investment into the Middle East and in doing so to act as a catalyst for regional economic growth, development and diversification. This region between Europe and the Far East encompasses 42 countries, a population of 2.2 billion people and a combined GDP in excess of U.S.\$ 2 trillion.

At the end of 2008, 316 authorised firms and 463 non-regulated businesses were operating in the DIFC.

(Source: DIFC)

Dubai Airport Free Zone (DAFZ)

DAFZ was established in 1996 and is wholly owned by the Dubai government through ICD.

DAFZ is located within the boundaries of Dubai International Airport and provides an immediate bonded access for in-transit cargo movement. Businesses operating in DAFZ can use the logistics facilities available at the airport and transport goods through various cargo airlines operating from the airport. Companies located in DAFZ include Boeing, DHL, FedEx, US Robotics, Red Bull, Roche, Porsche, Panasonic Avionics, Rolls Royce, Airbus, Pharma Rent, Bauer Equipment USA Inc., Finterra and Cartridge World.

In 2000, DAFZ had 20,000 square metres (m^2) of leasable space allocated between offices and light industrial units. By the end of 2008, DAFZ had 132,000 m^2 of office space, 70,000 m^2 of light industrial units and warehouses and 182,000 m^2 of land plots in its leasing inventory. DAFZ currently has over 1,400 tenants.

(Source: DAFZA)

BALANCE OF PAYMENTS AND FOREIGN TRADE

As Dubai 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 Dubai's trade rather than that of the UAE.

Balance of Payments

Current Account

Since there are no separate figures for the current and capital accounts for Dubai, the table below shows the balance of payments for the UAE for each of the years indicated.

UAE Balance of Payments:

	2005	2006	2007	2008
(in millions of AED)				
Current account balance	89,800	132,375	72,132	81,817
Trade balance	157,033	211,302	170,852	231,092
Total exports of the hydrocarbon sector	202,156	257,442	271,128	374,915
Non-hydrocarbon exports	82,342	104,518	125,768	157,814
Re-exports ⁽¹⁾	146,118	172,706	259,124	345,779
Total exports and re-exports (FOB)	430,616	534,666	656,020	878,508
Total imports (FOB)	(273,583)	(323,364)	(485,169)	(647,417)
Services (net).....	(51,525)	(66,226)	(95,359)	(124,244)
Investment income (net)	5,900	8,800	30,750	13,970
Transfers (net)	(21,608)	(30,101)	(34,111)	(39,000)
Capital and financial account.....	(98,638)	(59,987)	105,424	(203,061)
Capital account ⁽²⁾				
Financial account	(98,638)	(58,987)	105,424	(203,061)
Net errors and omissions.....	(18,339)	(49,503)	5,683	(51,241)
Overall balance	9,501	23,855	183,238	(172,485)

Source: UAE Central Bank

Notes:

(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 40 per cent. of total exports in each of 2005, 2006, 2007 and 2008, 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. Its imports, on the other hand, tend to be more stable although they have exhibited a rising trend in recent years reflecting economic expansion in the region (which has also boosted re-exports) and increased demand for goods to support infrastructural development in the UAE. The UAE's trade balance as a percentage of nominal GDP was 19.6 per cent. in 2005, 27.1 per cent. in 2006 and 32.4 per cent. in 2007.

Based on preliminary estimates by the UAE Ministry of Economy, nominal GDP for the UAE for 2008 was AED 934,262 million. On the basis of this figure, the UAE's trade balance as a percentage of nominal GDP for 2008 was 24.7 per cent.

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.

Although there is a deficit on the net services balance and a high level of current transfers, these have not outweighed the trade surplus in recent years, resulting in a positive current account balance in each of 2005, 2006, 2007 and 2008 equal to 18.5 per cent., 23.3 per cent, 18.6 per cent. and 8.8 per cent., respectively, of the UAE's nominal GDP in each of these years.

The reduction in crude oil prices since mid 2008 is expected to result in a significant fall in exports in 2009 relative to 2008. As a result, the Dubai government anticipates that the trade balance in 2009 is likely to be lower than in 2008 and, in addition, that the current account balance in 2009 is likely to be additionally impacted as a result of declining services receipts and lower investment income reflecting the deterioration in global economic conditions since 2008.

Capital Account

No data is released on external debt although there have been a range of estimations in past years by bodies including the IMF, certain rating agencies and the Economist Intelligence Unit as to the amount of the UAE's external debt. These estimates vary significantly and are acknowledged by the various sources to be unreliable. See "*Indebtedness*" for a description of direct indebtedness incurred by the Dubai 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 US 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 Etisalat making significant acquisitions in order to boost their regional and international presence.

According to an IMF Article IV report, overall inflows reached a high of U.S.\$ 10.9 billion in 2005 compared with U.S.\$ 10.0 billion in 2004. No breakdown of these inflows is available, although, it is believed that the majority related to the real estate sector and the large number of private sector led infrastructure projects then being undertaken in the UAE.

The net balance of the financial account was AED (203.1) billion in 2008 against AED 105.4 billion in 2007. This was mainly due to the increase in private sector inflows which rose by 148.1 per cent. from AED 87.6 billion in 2006 to AED 217.3 billion in 2007 (principally due to an increase in other investments in banks which reflects currency inflows connected with speculation that the UAE dirham – US dollar peg would be abandoned at the end of 2007 despite the increase in the public sector's outflows from AED 146.6 billion in 2006 to AED 175.8 billion in 2007. In 2008, the private sector inflows experienced in 2007 were reversed with investments in banks falling from AED 178.3 billion in 2007 to an outflow of AED 44.9 billion in 2008 and investment in private sector non banks falling from AED 35.1 billion in 2007 to an outflow of AED 50.4 billion in 2008.

As a result of movements in the financial account, and after taking into account errors and omissions, the UAE's balance of payments showed a surplus of AED 9.5 billion in 2005, AED 23.9 billion in 2006, AED 183.2 billion in 2007 and a deficit of AED 172.5 billion in 2008, equal to 2.0 per cent., 4.2 per cent., and 25.1 per cent., respectively, of the UAE's GDP in 2005, 2006 and 2007. Based on the UAE Ministry of Economy estimate of nominal GDP for 2008, the balance of payments deficit in 2008 was 18.5 per cent. of GDP.

As at 31 March 2009, the UAE's official foreign asset holdings amounted to AED 88,467 million and were equal to approximately one and a half months of imports (source: UAE Central Bank). See "*Monetary and Financial System – Foreign Reserves*".

Foreign Trade

The section below discusses Dubai's foreign trade using information compiled by the Dubai customs authorities. This information does not include trade with neighbouring emirates in the UAE. All trade statistics in this section have been prepared on a nominal basis.

The direct foreign trade for Dubai increased to AED 612.7 billion in 2008 which reflects growth of 44.0 per cent. over the previous year. The table below sets out Dubai's total direct foreign trade (non-oil imports, exports and re-exports) for the periods indicated:

	2005	2006	2007	2008
(in millions of AED)				
Total trade	280,458	316,438	425,441	612,744
Imports (CIF)	190,407	219,871	297,733	441,477
Exports (FOB)	11,228	18,258	27,071	42,641
Re-exports (FOB)	78,823	78,309	100,637	128,626

Source: Dubai Statistics Centre

Imports were the key drivers for foreign trade in 2008. The share of imports in total trade increased from 70.0 per cent. in 2007 to 72.0 per cent. in 2008. The share of exports and re-exports in total trade for 2008 was 7.0 per cent., and 21.0 per cent. respectively. The value of Dubai's imports grew by 15.5 per cent. in 2006, by 35.4 per cent. in 2007 and by 48.2 per cent. in 2008, reaching AED 441.5 billion in 2008 compared to AED 190.4 billion in 2005. The value of Dubai's exports grew by 62.6 per cent. in 2006, by 48.3 per cent. in 2007 and by 57.5 per cent. in 2008, reaching AED 42.6 billion in 2008 compared to AED 11.2 billion in 2005. The value of Dubai's re-exports fell slightly in 2006 before growing by 28.5 per cent. in 2007 and by 27.8 per cent. in 2008, reaching AED 128.6 billion in 2008 compared to AED 78.8 billion in 2005.

Dubai's principal merchandise imports in 2008 were semi-precious stones, precious stones and imitation jewellery (accounting for approximately 25 per cent. of total imports) and machinery, electrical and electronic equipment (accounting for approximately 20 per cent. of total imports). Imports of base metals and products were the fastest growing classification in 2008 with a growth rate of 89 per cent. compared to the previous year. These goods were primarily imported from major trading partner countries such as China, India, the USA, Japan and Germany. These countries together accounted for approximately 45 per cent. of the total imports into Dubai in 2008.

India and Iran continue to be the largest export and re-export destinations for goods from Dubai. India's share in Dubai's total exports and re-exports increased by 29 per cent. in 2008 and by 17 per cent. in 2007.

The distribution of trade by region shows that the share of the five highest regions amounted to 88.5 per cent. of the total foreign trade with Dubai in 2008. According to information published by Dubai Statistics Centre, the South and West Asia region accounted for AED 159.6 billion of trade with Dubai in 2008 followed by Western Europe and the East and South Asia region with AED 142.8 billion and AED 138.1 billion, respectively. These three regions together accounted for approximately 72 per cent. of Dubai's total foreign trade in 2008.

The table below sets out the distribution of Dubai's foreign trade for 2008:

Region	Imports	Exports	Re-exports	Total Trade
	<i>(in billions of AED)</i>			
South and West Asia	79.5	21.1	59.0	159.6
Western Europe	122.0	5.5	15.3	142.8
East & South East Asia	136.0	2.1	0.0	138.1
North America	38.5	0.0	0.0	38.5
Africa (non-Arab)	17.8	0.0	8.9	26.7
Arab (non-GCC)	0.0	5.7	18.6	24.3
GCC	0.0	3.1	9.0	12.1
Other	47.7	5.2	17.8	70.7
Total.....	441.5	42.7	128.6	612.8

Source: Dubai Statistics Centre

MONETARY AND FINANCIAL SYSTEM

As Dubai 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 Dubai where information is available.

Monetary and Exchange Rate Policy

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

Towards the end of 2007, there was significant press speculation that certain countries within the GCC (including the UAE) might de-peg or re-peg their national currencies from the US dollar in favour of a peg against a basket of currencies. To date, only Kuwait has taken this step. The UAE authorities have expressed publicly their commitment to the US dollar peg.

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. See "*Recent Developments*" below.

Liquidity and Money Supply

The table below sets out certain liquidity indicators for the UAE as at 31 December in each of 2005, 2006, 2007 and 2008 and as at 31 March 2009:

	2005	2006	2007	2008	2009⁽¹⁾
	<i>(in millions of AED)</i>				
Currency issued (M0)	21,033	26,832	31,671	45,327	44,666
Money supply (M1)	104,449	120,019	181,664	208,138	211,314
Private domestic liquidity (M2).....	324,064	399,293	565,702	674,310	688,501
Overall domestic liquidity (M3)	415,383	503,985	696,229	899,093	929,582
Broad money (M2) to nominal UAE					
GDP (per cent.)	66.7	63.9	77.5	72.2 ⁽²⁾	— ⁽³⁾
Private sector credit	290,302	385,789	491,528	729,825	728,531
Private sector credit to nominal UAE					
GDP (per cent.)	59.8	61.8	67.4	78.1 ⁽²⁾	— ⁽³⁾
Domestic credit	353,139	474,161	626,694	924,383	930,249
Domestic credit to nominal UAE					
GDP (per cent.)	72.7	75.9	85.9	98.9 ⁽²⁾	— ⁽³⁾

Source: UAE Central Bank

Notes:

(1) As at 31 March 2009.

(2) Based on a Ministry of Economy estimate of AED 934,262 million for the UAE's nominal GDP for 2008.

(3) No estimate of the UAE's nominal GDP for the first quarter of 2009 is available.

Reflecting high oil prices through the first half of 2008, the UAE experienced significant capital inflows with broad money (comprising cash and money on deposit in banks in the domestic currency) expressed as a percentage of the UAE's nominal GDP growing from 62.7 per cent. in 2005 to 95.4 per cent. in 2007 before falling slightly to 72.2 per cent. in 2008.

The growth in liquidity has also been reflected in increased availability of credit with the levels of both private sector credit and domestic credit, expressed as a percentage of GDP, growing significantly between 2005 and 2008.

Foreign Reserves

The following table sets out the foreign assets holdings of the UAE Central Bank as at 31 December in each of 2005, 2006, 2007 and 2008 and as at 31 March 2009:

	2005	2006	2007	2008	2009⁽¹⁾
<i>(in millions of AED)</i>					
Foreign assets and gold holdings.....	77,657	102,345	285,693	113,039	88,467

Source: UAE Central Bank

Note:

(1) As at 31 March 2009.

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 investment bodies controlled by individual 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.

The significant increase in foreign reserves at the end of 2007 principally reflected US dollar purchases by the UAE Central Bank in response to market speculation that the UAE might abandon its policy of pegging the national currency to the US dollar. As this speculation abated in 2008, the UAE Central Bank was able to sell US dollars thus reducing its foreign currency reserves at the end of 2008 by comparison with the level at the start of the year.

Banking and Financial Services

The financial corporations sector in Dubai contributed AED 24,879 million (or 8.25 per cent. of Dubai's nominal GDP) in 2008.

Within the UAE as a whole, the financial sector was estimated to have contributed approximately 6.7 per cent. of nominal GDP in 2007. With 52 licensed commercial banks (comprised of 24 local banks with 631 branches and 28 licensed foreign banks with 82 branches) at 31 March 2009, serving a population estimated to be in the region of 4.5 million at the end of 2008, the UAE could be viewed as an over-banked market, even by regional standards.

UAE banks continue to be profitable, although they have been affected by the liquidity issues that have been experienced by banks globally since the second half of 2008. The IMF noted in its July 2006 UAE country report that credit risk is the most important risk factor in the UAE banking sector and that the increased concentration of bank loans to a few large business groups that dominate the economy (net of provisions) calls for close monitoring. According to the UAE Central Bank, the aggregate loans and advances extended to residents and non-residents of the UAE at 31 March 2009 was AED 930.2 billion, compared to AED 924.4 billion at 31 December 2008 and AED 626.7 billion at 31 December 2007. Of these amounts, specific and general provisions were AED 28.1 billion, AED 25.3 billion and AED 20.8 billion, respectively equating to provision rates of 3.0 per cent., 2.7 per cent. and 3.3 per cent., respectively.

The table below provides a statistical analysis of the UAE banking sector as at 31 December in each of 2005, 2006, 2007 and 2008 and as at 31 March 2009.

Statistical Analysis of UAE Banking Sector:

	2005	2006	2007	2008	2009 ⁽¹⁾
Total number of banks	46	46	49	52	52
Total number of branches	453	512	587	696	713
Total number of employees	23,600	26,963	32,142	39,589	38,751
Total credit facilities ⁽³⁾ (AED millions) ..	353,139	502,963	626,694	924,383	930,249
Total provisions ⁽⁴⁾ (AED millions)	32,262	34,462	20,788	25,269	28,071
Total assets (AED millions).....	638,012	859,574	1,202,285	1,447,894	1,458,758
Total deposits (AED millions).....	411,114	518,806	716,022	910,169	947,327

Source: UAE Central Bank

Notes:

(1) As at 31 March 2009.

(2) The number of branches at 31 December 2004 is not available.

(3) Net of provisions and interest in suspense.

(4) Including interest in suspense.

Principal Banks in Dubai

The table below provides summary information for each of the five principal banks established in Dubai:

Bank Name	Number of Branches ⁽¹⁾	Year Established	Government ownership (per cent.)	2008 Assets (AED Millions)
Emirates NBD	129	2007 ⁽²⁾	55.64	282,414
Mashreqbank	52	1967	–	93,243
Dubai Islamic Bank	57	1975	29.80	85,031
Commercial Bank of Dubai ..	27	1969	20.00	35,757
Noor Islamic Bank	13	2008	25.00	22,000

Source: UAE Central Bank and published financial statements and Emirates NBD Base Prospectus 2009.

Notes:

(1) As at 31 December 2008.

(2) Year of merger of Emirates Bank International and National Bank of Dubai

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 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.

In its April 2009 country report, the IMF noted that, in order to manage the risks to the banking system, more frequent on site inspections to ensure compliance with prudential regulations should be held and off site surveillance of risk management practices should be enhanced. The IMF staff considered that a more comprehensive set of high frequency liquidity management indicators and contingency funding plans should be submitted by banks to the UAE Central Bank's supervisory unit and that there was an additional need to conduct regular and comprehensive stress testing to the system.

The UAE Central Bank does not act as a lender of last resort, a role which tends to fall on 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 (**FATF**) and the IMF who reviewed, discussed and tested existing UAE laws and regulations. This led the FATF to decide, 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.

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 2004 and 2008 allowed the UAE banks to expand significantly their activities with total loans and deposits of the banking sector increasing by 163.4 per cent. and 130.4 per cent., respectively, between 31 December 2005 and 31 March 2009. It is believed that a significant part of this growth has financed growth in the real estate sector and investment in the equity markets and this could represent a future risk to the banking system. The IMF staff appraisal, in its April 2009 UAE country report, noted that the fast pace of growth of consumer and real estate loans along with the uncertain outlook for asset prices had raised the risk of a future increase in non-performing loans (**NPLs**). Recent capital outflows and growing concerns about counterparty risk have in recent months affected the functioning of the inter bank market. In 2008, equity prices declined generally in the UAE with the Dubai Financial Market (the **DFM**)'s index falling from 5,999.99 at 31 December 2007 to 1,640.23 at 31 December 2008 and the Abu Dhabi Stock Exchange (the **ADX**)'s Abu Dhabi index falling from 4,551.80 at 31 December 2007 to 2,390.01 at 31 December 2008 although both indexes recovered in 2009 to 2,191.03 at 30 September 2009 in the case of DFM's index and 3,124.22 at 30 September 2009 in the case of the ADX's Abu Dhabi index. In addition, towards the end of 2008 and into the third quarter of 2009, rents and property values in the UAE have fallen significantly. These factors may adversely impact the UAE banking sector during 2009 and in later years.

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 world, including in the UAE, to serve customers who wish to observe Shari'ah 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'ah principles are

complied with. The principal Dubai-based Islamic banks are Dubai Islamic Bank, Emirates Islamic Bank, Dubai Bank and Noor Islamic Bank.

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 24 at 31 March 2009, are required to be public shareholding companies with a minimum share capital of AED 40 million.

Licensed foreign banks, of which there were 28 at 31 March 2009, 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), investment banks (institutions which may not accept deposits with maturities of less than two years but which may borrow from its head office or other banks and the financial markets) and financial and monetary intermediaries (money and stock brokers).

Recent Developments

Capital

The 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.), 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 new temporary minimum ratios are anticipated to be reviewed at the beginning of 2011.

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 capital. Distributions cannot be made from this reserve, except in specific defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The UAE banks were required to implement the Basel II Accord using the standardised approach for credit risk by December 2007 and all UAE banks are expected to be internal risk-based compliant for credit risk by 1 January 2011.

During 2009, the Dubai government (acting through the ICD) subscribed for AED 4 billion of mandatory convertible securities issued by Emirates NBD PJSC.

Liquidity

Most of the UAE banks are funded through on demand or time based customer deposits made by private individuals or private sector companies. Together, these deposits constituted approximately 68 per cent. of total deposits of the UAE banking sector at 31 March 2009. Government and public sector deposits contributed approximately 22 per cent. of total deposits at 31 March 2009. Non-resident and other sources contributed approximately 10 per cent. as at the same date.

There is currently no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the authorities. In October 2008, in response to the global financial crisis, the UAE federal government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Thereafter, in May 2009, the UAE's Federal National Council approved a draft law guaranteeing federal deposits although the law remains unapproved.

In addition, the UAE Central Bank 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, the UAE federal government also provided AED 50 billion in deposits to UAE banks (as part of a larger AED 70 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE have announced that they will convert the federal government's deposits made with them into Tier II capital.

Certain mortgage companies based in the UAE have experienced significant liquidity issues in recent months and plans are being formulated to support these institutions.

The UAE Central Bank is also currently in discussions with UAE banks in relation to the minimum level of provisions to be made in terms of the banks' exposure to both the Saad and AlGosaibi Groups of Saudi Arabia. These initiatives aim at increasing the transparency in respect of the risk levels of UAE banks as a consequence of their exposure to those business groups.

Large exposures

In relation to private sector entities, the UAE Central Bank has set a single holding limit of 7 per cent. of bank capital. In relation to government-related commercial entities, the UAE Central Bank has set a single holding limit of 25 per cent. of bank capital. The UAE Central Bank has not specified a single holding limit for banks in relation to government departments.

Federal Debt Management

In June 2009, the Federal National Council passed the Public Debt Law under which the total value of UAE's public debt should not be more than 45 per cent. of the GDP or AED 300 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 Dubai. Insurance companies are regulated by the Insurance Division of the Federal Ministry of Economy. In its July 2006 UAE country report, the IMF made a number of recommendations including increasing the staff of the Insurance Division of the Ministry of Economy to facilitate off-site analyses and on-site inspections, reviewing and updating the insurance law and regulations in the UAE and reviewing the constraints inhibiting industry rationalisation.

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 DFM and the ADX. SCA is a federal government organisation but has financial, legal and administrative independence.

In common with other regional exchanges, the DFM and the ADX experienced a sustained decline in market capitalisation between mid-2005 and mid-2006 and again from mid-2008.

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 a entity based in the Dubai International Financial Centre, is separately regulated.

Dubai Financial Market

The DFM, which is now, along with NASDAQ Dubai, owned by Bourse Dubai, was established by the Dubai government in 2000 as an independent entity and operates as a market for the listing and trading of shares, bonds and investment units issued by companies, investment funds and other local or foreign financial institutions that conform to its listing requirements. The table below shows the number of traded shares, the value of traded shares and the number of executed transactions for the periods indicated:

Dubai Financial Market:

	2005	2006	2007	2008
Number of traded shares (<i>millions</i>).....	25,542	39,644	105,257	76,508
Value of traded shares (<i>AED millions</i>)	405,086	347,980	379,410	305,202
Number of executed transactions	1,734	2,423	2,252	2,131

Source: Dubai Financial Market

NASDAQ Dubai

NASDAQ Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. The majority shareholder of NASDAQ Dubai is Bourse Dubai which holds two-thirds of the shares. NASDAQ OMX Group owns the remaining third. NASDAQ Dubai is located in the DIFC and is regulated by the DFSA.

NASDAQ Dubai's standards are comparable to those of leading international exchanges in New York, London and Hong Kong. NASDAQ Dubai allows regional and international issuers access to regional and international investors through primary or dual listings. Investors can access NASDAQ Dubai through a unique mix of regional and international brokers.

NASDAQ Dubai currently lists equities, equity derivatives, Dubai gold securities, structured products, sukuk (Islamic bonds) and conventional bonds. It is one of the world's largest exchanges for sukuk.

During 2008, nine new sukuk were listed on NASDAQ Dubai, worth U.S.\$ 6.33 billion, bringing the total number of sukuk listed on NASDAQ Dubai to 19, with a combined value of U.S.\$ 16.45 billion.

Equity listings on NASDAQ Dubai include DP World, which had the Middle East's largest IPO in 2007 at U.S.\$ 4.96 billion, as well as Damas, Depa, Gold Fields and Kingdom Hotel Investments.

PUBLIC FINANCE

Government Finance

The Dubai government is organised into 20 major departments, each with specific responsibilities. The Dubai government's budget, which is prepared on a cash basis, consolidates the individual budgets of each department. It does not consolidate the budget data for the GReS except for income in respect of dividends received from ICD (see "*Principal Investments*").

The Dubai government's budget principally incorporates revenues, recurrent expenditure, development expenditure, Dubai's contribution to the federal government and domestic and foreign aid grants. The Dubai government's budget also includes financing items such as loan disbursements and repayments and equity participation payments and realisations.

The Dubai government budget preparation process is co-ordinated by the DOF and typically commences in the second half of each calendar year when the individual departments are requested to submit their budgets. These budgets are reviewed, agreed and then consolidated by the DOF. Subsequently, the DOF submits the consolidated budget to the SFC which in turn reviews and agrees the budget with DOF before it is finally approved in mid December of each year. The Dubai government's budget for 2010 is still in the process of being prepared.

All revenues collected by the various departments are credited to a single revenue account held by the DOF. The expenditures of each department are monitored by the DOF and reported on a periodic basis to the Director General of the DOF and the SFC. The management of all expenses is fully computerised. Any proposed spending beyond an allocated budget requires justification and approval. The DOF prepares annual financial statements which are audited by the Emirates' Financial Audit Department. These financial statements are not published.

In 2009, the Dubai government has begun to implement a new pricing mechanism for government services to improve the effectiveness and efficiency of public financial management. The aim of the new mechanism is to measure more accurately the actual cost of providing government services with a view to charging on a basis that is more likely to cover the costs involved. It is likely that this new methodology could result in either increases or decreases of existing fees for certain services, although the Dubai government currently anticipates that the new methodology is likely to result in an overall increase in revenue in 2010.

Budget 2009

The Dubai government significantly increased its capital projects expenditure in 2007 and further increased such expenditure in 2008. Reflecting the large number of significant ongoing projects, particularly in the transport sphere, development expenditure remains a significant item in the 2009 budget.

The Dubai government anticipates that the revenues in 2009 will be AED 33.5 billion, slightly higher than in 2008, whilst it anticipates expenditure at broadly the same level as in 2008, resulting in an overall budgeted deficit of AED 4.2 billion in 2009 compared with an estimated deficit of AED 5.4 billion in 2008.

The table below provides a summary of the Dubai government's actual revenues and expenditures for each of 2005, 2006, 2007 and 2008 and budgeted revenues for 2009.

Dubai government Operations:

	2005	2006	2007	2008⁽¹⁾	2009⁽²⁾
	<i>(in millions of AED)</i>				
Non-tax revenue	13,583	15,201	18,767	25,015	26,034
Oil and gas	5,902	6,259	6,770	8,495	4,789
Enterprise profits.....	1,937	2,807	1,470	1,819	3,000
Other	5,744	6,135	10,527	14,700	18,245
Tax revenue	3,317	4,630	6,838	7,603	7,500
Customs	2,897	3,537	5,996	6,414	6,500
Income tax	420	1,093	842	1,190	1,000
Total revenue	16,900	19,831	25,605	32,618	33,534
Current	8,272	14,024	16,384	22,466	21,651
Wages and salaries	3,933	5,137	5,906	8,168	10,190
Goods and services	2,178	1,926	3,983	5,073	6,384
Subsidies and transfer	1,469	6,411	5,168	7,582	5,077
Other	692	550	1,327	1,643	0
Development	2,716	2,100	8,917	14,331	12,000
Loan and equity (net)	238	—	—	—	2,894
Grants	1,200	1,200	1,200	1,200	1,200
Total expenditure	12,426	17,324	26,501	37,997	37,745
Overall balance	4,474	2,507	(896)	(5,378)	(4,211)

Source: DOF

Notes:

(1) 2008 figures are preliminary estimates and are subject to change upon finalisation of government accounts.

(2) Budget for 2009.

Revenue

Dubai's revenues are categorised as tax revenues and non-tax revenues. Tax revenues comprise customs duties, which have comprised more than 75 per cent. of total tax revenues in each of 2005 through 2008 and are budgeted to comprise approximately 87 per cent. of total tax revenues in 2009. In addition to customs duties, the federal government levies a 20 per cent. income tax on profits earned by foreign banks operating in the UAE and the income tax line item in the table above represents Dubai's share of this tax. Dubai itself does not levy any income tax on individuals or businesses.

The Dubai government has no plans currently to implement income or corporation taxes, although there has been speculation in relation to a federal government imposed value added tax regime for some time.

The Dubai government's non-tax revenue, which has comprised around 75 per cent. of total revenues in each of 2005 through 2008 and is budgeted to comprise approximately 78 per cent. of total revenues in 2009, principally comprises a range of fees as well as revenues from oil and gas operations and income from investments made by the Dubai government.

The fee revenues, which are referred to as "Other" in the table above, include land transfer and mortgage registration fees, immigration and visa related fees, tourism related fees (including hotel taxes), aviation related fees and other transport related fees, including road tolls. These fees have increased steadily as a proportion of non-tax revenues, from around 40 per cent. in 2005 and 2006 to 56.1 per cent. in 2007 and 58.7 per cent. in 2008. These fees are budgeted to account for around 70 per cent. of non-tax revenues in 2009.

Other sources of non-tax revenues include concession fees payable in respect of an oil and gas concession granted by the Dubai government in the period up to the expiration of the concession in 2006. Thereafter, oil

and gas revenues represent the Dubai government's profits from oil and gas production. The increase in these revenues up to 2008 principally reflects the rise in international oil price over the same period and the reduced budget for oil and gas revenues in 2009 reflects the low prevailing international prices at the time the 2009 budget was prepared. In addition, enterprise profits represent dividends paid by companies in which the Dubai government had invested through the DOF before the shareholdings were transferred to ICD in 2006 and thereafter represent dividends paid by ICD to the Dubai government.

The table below shows a breakdown of the Dubai government revenues by department for each of 2005, 2006, 2007 and 2008 and the budgeted breakdown for 2009:

	2005	2006	2007	2008⁽¹⁾	2009⁽²⁾
	<i>(in millions of AED)</i>				
Ports and Customs	2,897	3,311	5,996	6,414	6,500
Department of Finance	2,543	4,240	3,295	3,344	5,700
Roads and Transport Authority	–	507	2,126	2,887	5,684
Dubai Municipality	3,080	3,343	3,943	4,966	5,389
Department of Petroleum Affairs	5,902	6,259	6,770	8,495	4,789
Department of Civil Aviation	956	820	1,289	1,428	1,949
Lands Department	343	405	991	2,306	1,800
Dubai Police	316	169	358	850	521
Department of Economic Development	237	260	297	320	357
Department of Tourism & Commerce					
Marketing.....	79	97	108	131	136
Other Departments	547	420	432	1,477	708
Total.....	16,900	19,831	25,605	32,618	33,534

Source: DOF

Notes:

(1) 2008 figures are preliminary estimates and are subject to change upon finalisation of government accounts.

(2) Budget for 2009.

Ports and Customs revenues in the above table reflect customs duties charged. DOF revenues principally comprise the income tax on bank profits and dividends received from ICD, as well as certain other fees. All other departments, apart from the Department of Petroleum Affairs, generate revenue from fees charged in respect of the activities for which they are responsible.

Expenditure

The Dubai government's expenditures principally comprise current and development expenditure. In relation to current expenditure, the Dubai government's policy is that this should not be funded by non-current revenue. Accordingly, the Dubai government generally uses its oil and gas revenues as well as borrowings only to fund development expenditure.

The Dubai government's current expenditure principally comprises salaries and wages paid and the other costs of providing the services offered by each department. In addition, current expenditure includes subsidies and transfers paid by the Dubai government to, among others, sports clubs, cultural organisations, social and research entities, shopping festival allocations, charitable and religious initiatives.

In each of 2007 and 2008, current expenditure accounted for approximately 60 per cent. of the total Dubai government expenditure and current expenditure is budgeted to account for approximately 57 per cent. of total expenditure in 2009. Within current expenditure, wages and salaries have increased in recent years reflecting substantial pay rises to ensure parity with government employees in other emirates. Goods and services expenditure has also increased in recent years reflecting an expansion of services provided by various departments as they expand to serve a growing population. In addition, subsidies and transfers have increased since 2006 reflecting the fact that the Dubai government has funded its oil and gas operations directly since 2006 and this funding is recorded as a transfer in the budgets.

The Dubai government's development expenditure accounted for approximately 30 per cent. and approximately 38 per cent. of development expenditure in 2007 and 2008, respectively, and is budgeted to account for approximately 32 per cent. of development expenditure in 2009. The principal focus of development expenditure in recent years has been on strengthening the public transport infrastructure in the Emirate as evidenced by the significant funding allocated to the RTA and shown in the table below.

The table below shows a breakdown of the total expenditure of the Dubai government departments for each of 2005, 2006, 2007 and 2008 and the budgeted total expenditure for 2009:

	2005	2006	2007	2008⁽¹⁾	2009⁽²⁾
<i>(in millions of AED)</i>					
Department of Finance	3,631	3,944	6,818	6,646	4,891
Department of Health & Medical Services	1,487	1,687	2,086	2,471	2,601
Dubai Police	2,361	2,227	2,758	3,142	4,359
Department of Civil Aviation	509	584	760	1,158	1,585
Dubai Municipality	3,237	2,798	2,293	3,488	4,365
Road Transport Authority	–	4,431	9,551	15,395	12,365
State Security	–	170	460	521	1,237
Other Departments.....	1,201	1,483	1,775	5,175	6,343
Total.....	12,426	17,324	26,501	37,997	37,745

Source: Dubai Department of Finance

Notes:

(1) 2008 figures are preliminary estimates and are subject to change upon finalisation of government accounts.

(2) Budget for 2009.

Budget Surplus or Deficit

In each of 2004, 2005 and 2006, surpluses were recorded equal to 1.2 per cent., 3.2 per cent. and 1.1 per cent., respectively, of Dubai's nominal GDP in those years. In both 2007 and 2008, deficits of -0.3 per cent. and -1.8 per cent. were recorded, principally reflecting increased development expenditure in those years.

Principal Investments

The Dubai government owns all of the shares in two separate holding companies, ICD and Dubai World. ICD is the investment arm of the Dubai government. It was formed in May 2006 and, on its formation, a portfolio of investments previously held by the DOF was transferred to it. ICD's role is to supervise the investment portfolio, adding value through the implementation of best-practice corporate governance and the recruitment of qualified staff to manage the operations and the implementation of an effective global investment strategy. In addition, ICD contributes a portion of its profits towards the Government's annual budget.

Dubai World is a holding company operating through four segments: transport and logistics; drydocks and maritime; urban development; and investment and financial services. Dubai World holds shares in a range of companies including DP World, one of the largest marine terminal operators in the world, Economic Zones World, a free zone operator which owns both JAFZ and Techno Park in Dubai, and Nakheel, a major Dubai-based property developer.

The tables below show ICD's major holdings, both listed and unlisted, with their respective values.

ICD Portfolio of Listed Companies:

Name	Market capitalisation (AED millions) ⁽¹⁾	ICD / government ownership (per cent.) ⁽¹⁾	ICD / government ownership value (AED millions) ⁽¹⁾
Emirates NBD PJSC.....	15,409	55.6	8,574
Emaar Properties PJSC.....	13,778	29.4	4,048
Dubai Islamic Bank	5,719	29.8	1,704
Commercial Bank of Dubai	5,887	20.0	1,177
National Bank of Fujairah	8,173	9.8	799
Union National Bank	4,163	10.0	416
Dubai Investments PJSC.....	3,365	11.5	388
Others	1,369	—	46
Total	57,863	—	17,153

Source: ICD

Note:

- (1) These values reflect market capitalisation based on DFM/ADX quoted prices as at 31 December 2008. The total figure is not a consolidation of ICD group in accordance with any accounting standards and is simply an aggregation of the individual figures which precede the total.

ICD Portfolio of Unlisted Companies:

Name	Net Equity (AED millions) ⁽¹⁾	ICD / government ownership (per cent.) ⁽¹⁾	ICD / government ownership value (AED millions) ⁽¹⁾
Emirates Group (includes DNATA)	18,497	100.0	18,497
Dubai Aluminum Company Limited	15,323	100.0	15,323
Dubai World Trade Centre	7,346	100.0	7,346
Emirates National Oil Company	6,479	100.0	6,479
Bourse Dubai	6,610	60.00	3,966
Noor Islamic Bank	2,593	25.0	648
Dubai Cable Company Limited	878	50.0	439
Others ⁽²⁾	—	—	(8,630)
Total	57,726	—	44,067

Source: ICD

Notes:

- (1) These values are based on the net equity value as shown in the audited financial statements of each entity as at 31 December 2008. The total figure is not a consolidation of ICD group in accordance with any accounting standards and is simply an aggregation of the figures which precede the total

- (2) Others include market-to-market losses of ICD group arising in relation to derivatives.

The above tables do not represent all of the companies in which the Dubai government holds shares. The Dubai government has no direct shareholding in non-UAE enterprises. All the shareholdings listed in the above tables are fully paid up and unencumbered.

Major ICD Investments

Emirates NBD PJSC

Emirates NBD PJSC (**Emirates NBD**) is the result of a merger in October 2007 between Emirates Bank International and National Bank of Dubai. Emirates NBD is the largest bank in the Middle East and North Africa region with AED 282 billion in total assets as at 31 December 2008. It is also the leading retail banking franchise in the UAE with 120 branches and over 650 automatic teller machines spread across the UAE.

Emaar Properties PJSC

Emaar Properties PJSC (**Emaar**) is one of the world's largest real estate companies and is rapidly evolving to become a global provider of premier properties. Emaar is listed on the DFM and is part of the Dow Jones Arabia Titans Index.

With six business segments and more than 60 active companies, Emaar has a collective presence in over 36 markets spanning the Middle East, North Africa, Pan-Asia, Europe and North America regions. Emaar has established operations in the UAE, Saudi Arabia, Syria, Jordan, Lebanon, Egypt, Morocco, Algeria, Libya, India, Pakistan, Turkey, Indonesia, USA, Canada and United Kingdom.

Dubai Aluminium Company Limited

Dubai Aluminium Company Limited (**DUBAL**) produces aluminium and operates the largest single-site smelting facility in the world. More than 92 per cent. of DUBAL's total production is exported to global markets. More than 280 customers are served in 44 countries, with key markets including the Far East, Europe, the ASEAN region, the Middle East, the Mediterranean region and North America.

Emirates Group

Emirates Airlines (**Emirates**) is the flagship company in the Emirates Group portfolio. Emirates has grown from two aircraft in 1985 to 110 in 2008, and has evolved into a travel and tourism operation on a global scale under the umbrella of the Emirates Group. The Emirates Group portfolio includes DNATA, a supplier of air travel services, Emirates SkyCargo, Emirates Hotels and Resorts, Skynwards and Emirates Aviation College. In total there are more than 40 brands within the Emirates Group, which employs 35,000 people.

Dubai Cable Company Limited

Dubai Cable Company Limited (**DUCAB**) is jointly owned by the governments of Dubai and Abu Dhabi and has one of the most modern manufacturing units in the region. It occupies an area of 590,000 sq. m. of land in Jebel Ali, Dubai and nearly 330,000 square m of land in Mussafah, Abu Dhabi.

DUCAB manufactures over 110,000 tonnes per annum of low and medium voltage power cables, components and accessories for a range of industrial applications throughout the world.

Dubai Financial Support Fund

In response to the significant deterioration in the global and local financial markets during 2008 and into 2009, the Dubai government has established a fund, known as the Dubai Financial Support Fund (**the Support Fund**) as an autonomous entity. The Support Fund has been established to provide support to strategic entities which require financial assistance but are able to demonstrate sustainable business plans, the on-going support of their existing financial creditors and realistic prospects of fulfilling their repayment obligations. Assistance provided by the Support Fund is provided on arm's-length terms.

The Support Fund's specific objectives are:

- to support sectors and strategic entities critical for Dubai's economy;
- to maximise the impact of its capital;

- to deliver an appropriate risk-weighted return on capital employed; and
- to establish an optimal reporting regime that supports its other objectives.

The Support Fund was established in July 2009 and is wholly owned by the DOF. The Support Fund is governed by a Board of Directors appointed by the Ruler under guidance of the SFC. The Board of Directors is headed by the Director General of the DOF and the operational management and day to day activities of the Support Fund are the responsibility of its Chief Executive Officer.

Applicants for support are required to submit detailed historic, current and forecast financial and operational information; comprehensive business plans with management narrative explaining how operational or financial issues are to be or have been addressed; and a detailed and substantiated explanation of how debt, including any provided by the Support Fund, will be serviced and repaid. Independent investment professionals appointed by the Support Fund will critically review the information provided and conduct face to face management meetings to test the viability of the business plans presented, negotiate the nature and terms and the extent of support sought, and agree revisions where necessary. On the basis of this due diligence, the independent investment professionals will make recommendations to the management of the Support Fund on the extent, nature and terms and conditions of any support that might be provided. Such recommendations might cover, among other matters, on-going creditor support, adequate security, payment of interest or dividends and appropriate covenants.

The terms of any support provided are likely to include financial and operational covenants, reporting obligations, management observation rights and step-in rights. At disbursement, procedures will be established to monitor performance and report progress periodically to the Board, but also to ensure proactive tracking of business plan risks so that any deviation from an agreed plan is identified in a timely way.

The Support Fund has been capitalised through the proceeds of the Dubai government's U.S.\$ 10 billion securities issued to the UAE Central Bank. These securities are in the form of 34 treasury bills each maturing in March 2014 and paying a coupon of 4 per cent. per annum or the 5 year U.S. Treasury rate plus 0.10 per cent. per annum (whichever is higher). The securities are the first tranche of a U.S.\$ 20 billion 5-year unsecured borrowing programme launched by the Dubai government during March 2009. The Dubai government is currently in advanced discussions in relation to the issue of a second tranche of securities under this programme. Although the securities have been issued by, and are obligations of, the Dubai government, the Support Fund, as recipient of the proceeds of the securities, is expected to service the securities from its own resources.

Prior to the establishment of the Support Fund in July 2009, the Dubai government had already agreed to provide financial support to certain strategic government-related entities (**GREs**) in the Emirate for critical contractual payment obligations and to protect liquidity in the context of the Emirate's wider economy and supply chain as well as to avoid any material negative impact relating to GREs and the local economy.

Funds disbursed to the GREs were provided on the basis of arm's-length loan agreements executed between the DOF and each GRE. The intention is that the Support Fund will acquire these loans and the relevant loan agreements anticipate that amendments may be required by the Support Fund although, to the extent possible, the loans were made by the DOF in accordance with the investment criteria expected to be applied by the Support Fund.

INDEBTEDNESS

The public finances of the Dubai government are cash based which results in temporary mismatches between revenue and expenses. The Dubai government uses overdraft facilities from UAE banks to fund such shortfall and invests any temporary surplus in short term deposits with UAE banks.

Other than such overdraft facilities, the aggregate direct debt of the Dubai government was AED 71.27 billion as at 30 September 2009. This debt includes funds borrowed by the Dubai government to finance (i) the expansion of Dubai International Airport (ii) the first phase of the construction of Al Maktoum International Airport, (iii) other infrastructure projects in the Emirate and (iv) borrowings by ICD. The breakdown of this debt is outlined below:

Obligor	Amount	Maturity
	(AED billions)	
Dubai Department of Finance	6.50	2013
Dubai Department of Finance ⁽¹⁾	36.73	2014
Dubai Department of Civil Aviation	3.67	2009
Dubai Department of Finance	2.33	2011
Investment Corporation of Dubai.....	22.04	2011/2013
Total	71.27	

Source: Dubai Department of Finance

Note:

(1) The Dubai government has direct debt obligations relating to U.S.\$ 10 billion securities issued by it and fully subscribed by the UAE Central Bank in March 2009. See “- Dubai Financial Support Fund”.

In addition to its direct debt, the Dubai government has also provided guarantees to the extent of AED 9.0 billion in relation to certain financial obligations of DEWA – see “*Economy of Dubai – Energy*”. As at 30 September 2009, AED 8.1 billion is outstanding in relation these financial facilities and DEWA’s aggregate outstanding borrowings are AED 20.45 billion, including the financial obligations guaranteed by the Dubai government.

All figures contained in this section are unaudited figures prepared by the DOF. These figures are potentially subject to change once the consolidated government accounts for 2008 are audited.

Other than the guarantees relating to DEWA’s financial obligations as disclosed above, the Dubai government has not guaranteed the obligations of any third parties.

In addition to the direct indebtedness mentioned above, the Dubai government has significant investments in certain GREs, which are principally held through ICD and Dubai World. ICD and Dubai World are managed independently of the DOF as commercial entities. Certain of the GREs have incurred indebtedness including in the international markets (such indebtedness is together referred to as **GRE indebtedness**).

The Dubai government does not publish any official estimates of the amount of GRE indebtedness which is outstanding. The Dubai government has no legal obligation in respect of such GRE indebtedness and does not prepare consolidated accounts of the financial assets and/or liabilities of the GREs.

If any GRE which the Dubai government considers to be strategic becomes unable or potentially unable to fulfil its financial obligations, the relevant GRE may apply to the Support Fund for assistance (see “*Public Finance – Dubai Financial Support Fund*”), which certain GREs have already done to date. The Dubai government is under no obligation to extend support to any such GRE either directly or through the Support Fund.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions).

Purchase Agreement

The Master Purchase Agreement will be entered into on 28 October 2009 between Dubai DOF Sukuk Limited (in its capacity as Purchaser) and the Government (in its capacity as Seller) and will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. A Supplemental Purchase Agreement between the same parties will be entered into on the Issue Date of each Series and will also be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. Pursuant to the Purchase Agreement, the Seller will sell to the Purchaser, and the Purchaser will buy from the Seller, rights, interests, title and benefits to certain assets described in each Supplemental Purchase Agreement, free and clear of any encumbrance or other rights of third parties. The assets that form the subject of each Supplemental Purchase Agreement will also be identified in the applicable Final Terms.

Lease Agreement

The Master Lease Agreement will be entered into on 28 October 2009 between Government of Dubai (in its capacity as Lessee), Dubai DOF Sukuk Limited (in its capacity as Lessor) and the Delegate and will be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE. A Supplemental Lease Agreement between the same parties will be entered into on the Issue Date of each Series and will also be governed by the laws of Dubai and, to the extent applicable in Dubai, the federal laws of the UAE.

Under the terms of the Lease Agreement, the Lessor will lease to the Lessee, and the Lessee will lease from the Lessor, the certain assets identified in each Supplemental Lease Agreement (the **Lease Assets**) during renewable Rental Periods commencing on the relevant Lease Commencement Date (each as defined in the relevant Supplemental Lease Agreement) and extending to the relevant Maturity Date.

The Lessee will agree to use the relevant Lease Assets at its own risk. Accordingly, the Lessee shall from the date of the relevant Supplemental Lease Agreement bear 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. 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 or other losses, howsoever arising, in connection with the Lessee's use or operation of the relevant Lease Assets.

Under the Lease Agreement, the Lessee will agree to be responsible, at its own cost and expense, 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, and the Lessee has acknowledged 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 the insurance of the Lease Assets.

All payments by the Lessee to the Lessor under each Lease Agreement shall be paid in full without any deduction or withholding for or on account of any tax unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Lessee will agree, in the relevant Supplemental Lease Agreement, to pay all additional amounts as will result in the receipt by the Lessor of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Lessee under each Lease Agreement will be direct, unconditional, (subject to clause 5.2 of the Master Lease Agreement (as described below)) unsecured and general

obligations of the Lessee and (subject as aforesaid) will rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Lessee.

The rental amounts (less any servicing agency expenses incurred by the Lessor in relation to the relevant Lease Assets for the relevant period) payable under each Lease Agreement will equal the Periodic Distribution Amounts payable on the Periodic Distribution Dates for the relevant Series and will be payable on the same dates as the Periodic Distribution Amounts for the Series are payable or any earlier date on which the lease of the relevant Lease Assets is terminated in accordance with the terms of the Lease Agreement.

The Lessee will covenant in clause 5.2 of the Master Lease Agreement that, so long as any Trust Certificate remains outstanding (as defined in the Agency Agreement), the Lessee 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 Agency Agreement) of the Certificateholders or by the Delegate.

For this purpose:

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 trust certificates, whether or not in return for consideration of any kind, where the trust certificates concerned 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.

The Lessee will agree in the Lease Agreement that each of the following events or circumstances shall constitute a Government Event:

- (i) **Non-Payment:** default is made by the Government in the payment of any rental amount under the Lease Agreement or any exercise price under the Purchase Undertaking or the Sale Undertaking, as the case may be, and the default continues for a period of at least 30 days (in the case of any rental amount) or 14 days (in the case of any exercise price); or
- (ii) **Breach of Other Obligations:** the Government does not perform or comply with any one or more of its other obligations under the Lease Agreement, the Purchase Undertaking or the Trust Deed and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days next following the service by the Delegate on the Government of written notice requiring the same to be remedied; or
- (iii) **Cross-Default:** (A) any other present or future Indebtedness or Sukuk Obligation of the Government for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default (however described), or (B) any such Indebtedness or Sukuk Obligation is not paid when due or, as the case may be, within any applicable grace period provided that the aggregate amount of the relevant Indebtedness or Sukuk Obligation in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds U.S.\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (iv) **Moratorium:** the Government shall enter into an arrangement with its creditors generally for the rescheduling or postponement of its debts or a moratorium on the payment of any amount due in

respect of all or any part of the Indebtedness or any Sukuk Obligation of the Government shall be declared; or

- (v) **Unlawfulness or invalidity:** the validity of the Government's obligations under any of the Transaction Documents is contested by the Government or the Government 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 Dubai (i) it becomes unlawful for the Government to perform or comply with any of its obligations under or in respect of the Transaction Documents or (ii) any of such obligations becomes unenforceable or invalid,

provided, however, that in the case of the happening of any of the events described above (other than paragraphs (i) and (iii)), the Delegate shall have certified in writing to the Government that such event is, in its opinion, materially prejudicial to the interests of the holders of the Trust Certificates.

For this purpose:

Indebtedness means all obligations, and guarantees or indemnities in respect of obligations, for moneys borrowed or raised (whether or not evidenced by bonds, debentures, notes or other similar instruments); and

Sukuk Obligation means any undertaking or other obligation, and any guarantee or indemnity in respect of 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.

Each Lease Agreement will provide that it shall automatically terminate, but without prejudice to any right or remedy the Lessor may have under any Transaction Document or by law, if a Total Loss Event occurs and, in such a case, the Lessor will be entitled to all insurance proceeds payable as a result of the Total Loss Event.

Trust Deed

The Master Trust Deed will be entered into on 28 October 2009 between the Government, the Issuer, the Trustee and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Series and will also be governed by English law.

Upon issue of the Global Trust Certificate initially representing 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. Such Global Trust Certificate will represent an ownership interest in the relevant Trust Assets.

The Trust Assets in respect of each Series comprise (unless otherwise specified in the relevant Supplemental Trust Deed), *inter alia*, Dubai DOF Sukuk Limited's rights, title, interest and benefit in, to and under the relevant Lease Assets, its rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given to Dubai DOF Sukuk Limited by the Government pursuant to any of the Transaction Documents and excluding any rights which have been waived by the Trustee in any of the Transaction Documents) and any amounts standing to the credit of the relevant Transaction Account.

Each Trust Deed will specify that, on or after the relevant Maturity Date or, as the case may be, Dissolution Date of a Series, the rights of recourse in respect of the relevant Trust Certificates shall be limited to the amounts from time to time available and comprising the Trust Assets of that Series, subject to the priority of payments set out in the Trust Deed, the relevant Trust Certificates and the Conditions. The Certificateholders have no claim or recourse against Dubai DOF Sukuk Limited in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Pursuant to the Trust Deed, the Trustee will, in relation to each Series, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the relative Certificateholders as tenants in common *pro rata* according to the face amount of Trust Certificates held by each Certificateholder; and

- (b) act as trustee in respect of the relevant Trust Assets, distribute the income from the relevant Trust Assets and perform its duties in accordance with the provisions of the Trust Deed.

In the Master Trust Deed, the Trustee by way of security for the performance of all covenants, obligations and duties of the Trustee will irrevocably and unconditionally appoint the Delegate to be its attorney and in its name and on its behalf to execute, deliver and perfect all documents and to exercise all the present and future duties, powers, authorities and discretions (including but not limited to the authority to request instructions from any Certificateholders and the power to make any determinations to be made under each Trust Deed) vested in the Trustee by each Trust Deed that the Delegate may consider to be necessary or desirable in order to perform the present and future duties, powers, authorities and discretions vested in the Trustee by the relevant provisions of each Trust Deed. The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and will not affect the Trustee's continuing role and obligations as trustee.

The Delegate will undertake in the Master Trust Deed that, following it becoming aware of the occurrence of a Dissolution Event in respect of any Series and subject to Condition 13, it shall (a) promptly notify the relevant Certificateholders of the occurrence of such Dissolution Event, and (b) subject to being 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, take all such steps as are necessary to enforce the obligations of the Government under the relevant Trust Deed, the Purchase Undertaking and any other Transaction Document to which the Government is a party.

The Master Trust Deed specifies, *inter alia*, that in relation to each Series:

- (i) following the distribution of the net proceeds of the Trust Assets in respect of the relevant Series to the Certificateholders in accordance with the Conditions and the relevant Trust Deed, neither the Trustee nor the Delegate shall be liable for any further sums and, accordingly, the relevant Certificateholders may not take any action against the Trustee, the Delegate or any other person to recover any such sum in respect of the relevant Trust Certificates or the relevant Trust Assets;
- (ii) no Certificateholder shall be entitled to proceed directly against the Issuer and/or the Government under any Transaction Document unless (i) the Delegate having become bound so to proceed, fails to do so within 30 days of becoming so bound and such failure is continuing and (ii) the relevant Certificateholder (or such Certificateholder together with the other Certificateholders of the relevant Series who propose to proceed directly against the Issuer or the Government, as the case may be) holds at least 20 per cent. of the then aggregate outstanding face amount of the Trust Certificates of 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 relevant Trust Assets, and the sole right of the Delegate and the Certificateholders against the Issuer and the Government shall be to enforce their respective obligations under the Transaction Documents;
- (iii) 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 Government under any Transaction Document 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 outstanding face amount of the Trust Certificates of the relevant Series and in either case then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing; and
- (iv) after enforcing or realising the relevant Trust Assets and distributing the net proceeds of the relevant Trust Assets in accordance with the terms of the relevant Trust Deed, the obligations of the Trustee and the Delegate in respect of the Series shall be satisfied and no Certificateholder may take any further steps against the Trustee and the Delegate to recover any further sums in respect of the relevant Series and the right to receive any such sums unpaid shall be extinguished. In particular, no holder of the Trust Certificates of the relevant Series shall be entitled in respect thereof to petition or to take any other steps for the winding-up of Dubai DOF Sukuk Limited.

Purchase Undertaking

The Master Purchase Undertaking will be executed as a deed on 28 October 2009 by the Obligor in favour of Dubai DOF Sukuk Limited as trustee for the Certificateholders and the Delegate and will be governed by English law. A Supplemental Purchase Undertaking executed by the Obligor will be entered into on the Issue Date of each Series and will also be governed by English law.

The Obligor will, in relation to each Series, irrevocably undertake in favour of Dubai DOF Sukuk Limited and the Delegate to purchase all of Dubai DOF Sukuk Limited's rights, interests, title benefits and entitlements in and to the Lease Assets on the relevant Maturity Date or any earlier Dissolution Date for the relevant Series at the relevant exercise price (being the aggregate face amount of the Trust Certificates of the relevant Series then outstanding plus all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Trust Certificates plus any Servicing Agency Expenses in respect of which an appropriate rental payment has not been made in accordance with the relevant Lease Agreement). If the Delegate exercises its option prior to the Scheduled Dissolution Date, an exercise notice will be required to be delivered by the Delegate under the relevant Supplemental Purchase Undertaking.

The Obligor will undertake in each Supplemental Purchase Undertaking that it shall irrevocably and unconditionally fully accept all or any ownership interest Dubai DOF Sukuk Limited may have in the Lease Assets and, accordingly, shall not dispute or challenge all or any ownership interest Dubai DOF Sukuk Limited may have in any way and that if it breaches this undertaking or if it or any administrator, liquidator or receiver of it disputes or challenges the rights, benefits and entitlements of Dubai DOF Sukuk Limited in and to the Lease Assets, the Obligor shall fully indemnify Dubai DOF Sukuk Limited in an amount equal to the exercise price payable.

The Obligor will undertake in the Purchase Undertaking that if, in relation to any Series, it fails to pay all or part of any exercise price when due (the **Outstanding Exercise Price**), it will automatically continue to lease the Relevant Lease Assets from Dubai DOF Sukuk Limited 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 until payment of the exercise price in full is made by it. For this purpose, **Relevant Lease Assets** means the Lease Assets of the relevant Series (or a part thereof having a value as near as possible to, but not less than, the amount in default).

The Obligor will agree in the Purchase Undertaking that all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of tax unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by the Issuer of such net amounts as would have been received by it if no deduction or withholding had been made. The payment obligations of the Obligor under the Purchase Undertaking are and will be direct, unconditional, unsecured and general obligations of the Obligor and shall rank at least *pari passu* with all other unsecured, unsubordinated and general obligations of the Obligor.

Sale Undertaking

The Sale Undertaking will be executed as a deed on 28 October 2009 by Dubai DOF Sukuk Limited as trustee for the Certificateholders in favour of the Government and will be governed by English law. A Supplemental Sale Undertaking executed by the Dubai DOF Sukuk Limited will be entered into on the Issue Date of each Series and will also be governed by English law.

Pursuant to the relevant Supplemental Sale Undertaking and subject to Dubai DOF Sukuk Limited being entitled to redeem the Trust Certificates of the relevant Series in accordance with Condition 10.2, the Government may, by exercising its right under the Sale Undertaking and serving notice on Dubai DOF Sukuk Limited no later than 45 days prior to the relevant Dissolution Date, oblige Dubai DOF Sukuk Limited to sell all of its rights, benefits and entitlements in and to the Lease Assets of the relevant Series on the relevant Dissolution Date at the Exercise Price (being the aggregate face amount of the Trust Certificates of the relevant Series then outstanding plus all accrued but unpaid Periodic Distribution Amounts (if any)

relating to the Trust Certificates plus any Servicing Agency Expenses in respect of which an appropriate rental payment has not been made in accordance with the Lease Agreement).

Servicing Agency Agreement

The Master Servicing Agency Agreement will be entered into on 28 October 2009 by the Government, as Servicing Agent, and Dubai DOF Sukuk Limited, as Lessor, and will be governed by English law. A Supplemental Servicing Agency Agreement between the same parties will be entered into on the Issue Date of each Series and will also be governed by English law.

Pursuant to the relevant Supplemental Servicing Agency Agreement, the Servicing Agent will be responsible on behalf of the Lessor for carrying out all Major Maintenance and Structural Repair (as defined in the Master Lease Agreement), the payment of proprietorship taxes levied or imposed on the Lease Assets and for effecting all appropriate insurances in respect of the Lease Assets.

Notwithstanding the appointment of the Servicing Agent, 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.

Substitution Undertaking

The Master Substitution Undertaking will be executed as a deed on 28 October 2009 by Dubai DOF Sukuk Limited and will be governed by English law. A Supplemental Substitution Undertaking executed by Dubai DOF Sukuk Limited will be entered into on the Issue Date of each Series and will also be governed by English law.

Pursuant to the Substitution Undertaking, Dubai DOF Sukuk Limited has granted to the Government the right to require Dubai DOF Sukuk Limited to sell the Substituted Assets to it in exchange for New Assets of a value which is equal to or greater than the value of the Substituted Assets. The substitution of Lease Assets will become effective on the Substitution Date (as specified in the Substitution Notice to be delivered by the Government in accordance with the Substitution Undertaking) by Dubai DOF Sukuk Limited and the Government entering into a substitution sale agreement and the relevant Lease Agreement being re-executed in the manner provided in the Substitution Notice. Each substitution sale agreement will (i) effect the transfer of ownership rights in the Replaced Assets from Dubai DOF Sukuk Limited to the Government and (ii) effect the transfer of ownership rights in the New Assets from the Government to Dubai DOF Sukuk Limited and the Substitution Notice will provide that the New Assets and any Relevant Lease Assets not replaced will be leased to the Lessee under the new Lease Agreement.

Costs Undertaking

The Costs Undertaking will be executed as a deed on 28 October 2009 by the Government acting in its personal capacity and on a voluntary basis in favour of, among others, the Delegate and the Agents and will be governed by English law.

Pursuant to the Costs Undertaking, the Government will pay certain fees and reimburse certain expenses of, and indemnify against certain liabilities incurred by, among others, the Delegate and the Agents.

TAXATION

The following is a general description of certain tax considerations relating to Trust Certificates issued under the Programme. It does not purport to be a complete analysis of all tax considerations relating to the Trust Certificates. Prospective purchasers of any Trust Certificates should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of the relevant Trust Certificates and receiving payments under those Trust Certificates. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

United Arab Emirates

There is currently in force in Dubai legislation establishing a general corporate taxation regime (the Dubai Income Tax Decree 1969 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Dubai taxation in respect of payments on debt securities (including Periodic Distribution Amounts or Dissolution Amounts in relation to the Trust Certificates). In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject as described under Condition 9.

The Constitution of the UAE specifically reserves to the Federal Government of the UAE having the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE has entered into “Double Taxation Arrangements” with certain other countries, but these are not extensive in number.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in Trust Certificates to be issued under the Programme. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws payments on Trust Certificates to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Trust Certificates nor will gains derived from the disposal of Trust Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax.

The Issuer has applied for and expects to obtain an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Law (1999 Revision) 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 includes the Trust Certificates) of the Issuer or by way of the withholding in whole or part of any relevant payment. However, an instrument transferring title to any Trust Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Trust Certificates. 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.\$575 (this may be increased from time to time by the Cayman Islands Government). The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), EU Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income, which may include Periodic Distribution Amounts) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium will change to a provision of information system from 1 January 2010. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the **Programme Agreement**) dated on or around 28 October 2009, agreed with the Issuer and the Government a basis upon which they or any of them may from time to time agree to purchase Trust Certificates. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Trust Certificates*". In the Programme Agreement, each of the Issuer and the Government has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue, offer and sale of Trust Certificates under the Programme.

Selling Restrictions

United States

The Trust Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold and that it will not offer or sell, any Trust Certificates constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to any Trust Certificates. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Trust Certificates, an offer or sale of Trust Certificates within the United States by any dealer that is not participating in the offering of the Trust Certificates may violate the registration requirements of the Securities Act.

European Economic Area

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 agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Trust Certificates 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 Trust Certificates to the public in that Relevant Member State:

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) at any time to fewer than 100 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
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Trust Certificates referred to 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 Trust Certificates to the public** in relation to any Trust 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 Trust Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Trust Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus

Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Trust Certificate in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Government; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Trust Certificates in, from or otherwise involving the United Kingdom.

Bahrain

Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered and will not offer any Trust Certificates to the Public (as defined in Articles 142-146 of the Commercial Companies Law (decree Law No. 21/2001) of Bahrain) in Bahrain.

Cayman Islands

Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that no offer or invitation to subscribe for any Trust Certificates has been or will be made to the public of the Cayman Islands.

Dubai International Financial Centre

Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered and will not offer the Trust Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (i) deemed to be an “Exempt Offer” in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the **DFSA**); and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the Conduct of Business Module of the DFSA Rulebook.

Japan

The Trust Certificates have not been and will not be registered under the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended; the **FIEL**). Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold and will not offer or sell any Trust Certificates, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

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; and
- (b) accordingly, the Trust Certificates have not been and will not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any one of the categories of persons specified under (i) Schedule 6 (or Section 229(1)(b)) or Schedule 7 (or Section 230(1)(b)) and (ii) Schedule 8 (or Section 257(3)) of the Capital Markets and Services Act 2007 of Malaysia, 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 Trust 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 Trust Certificates as aforesaid without the necessary approvals being in place.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires Trust Certificates pursuant to any offering should note that the offer of Trust Certificates is an exempt limited offer under Article 11 of the “Offer 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**). Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that any offer of Trust Certificates to a Saudi Investors will comply with KSA Regulations.

Each offer of Trust Certificates shall not therefore constitute a “public offer” of pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Trust Certificates pursuant to a limited offer may not offer or sell those Trust Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and (a) the Trust Certificates are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Trust Certificates in any one transaction is equal to or exceeds SR 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

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 Trust 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 United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the information contained in this Base Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates.

General

Each Dealer has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers any Trust 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 Trust 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 Government, the Trustee, the Delegate and any other Dealer shall have any responsibility therefor.

None of the Issuer, the Government, the Trustee, the Delegate and any of the Dealers represents that Trust 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 any such sale. Persons into whose possession this Base Prospectus or any Trust 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 Trust Certificates.

With regard to each Series, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer, the Government and the relevant Dealer and set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Trust Certificates have been duly authorised by a resolution of the Board of Directors of the Issuer dated 14 October 2009. The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of Trust Certificates to be issued under the Programme and the execution and performance of the Transaction Documents. The entry into the Transaction Documents has been duly authorised by the Supreme Fiscal Committee of the Government on 20 October 2009.

Listing

Application has been made to the UK Listing Authority for Trust Certificates issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Trust Certificates to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Trust Certificates is expected to be granted on or before 2 November 2009. It is expected that each Series of Trust Certificates which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately, as and when issued, subject only to the issue of the Global Trust Certificate initially representing the Trust Certificates of the relevant Series.

Application has also been made for Trust Certificates issued under the Programme for the period of 12 months from the date of this Base Prospectus to be approved by ESCA, to be admitted to the DFM Official List and to be listed on the DFM.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies (and English translations where the documents in question are not in English) of the following documents will, when published, be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the offices of the Issuer and the Paying Agent in London:

- (a) the Transaction Documents including each Supplemental Trust Deed, Supplemental Purchase Agreement, Supplemental Lease Agreement, Supplemental Servicing Agency Agreement, Supplemental Purchase Undertaking, Supplemental Sale Undertaking and Supplemental Substitution Undertaking in relation to each Series (save that any such documents relating to a Series 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 prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Trust Certificate and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of the relevant Trust Certificates and identity);
- (b) the Memorandum and Articles of Association of the Issuer;
- (c) the budget of the Government for the current fiscal year (as set out on page 95);
- (d) this Base Prospectus;
- (e) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Trust 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 prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Trust Certificate and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of the relevant Trust Certificates and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and

- (f) in the case of each Tranche which is listed on the London Stock Exchange subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

The Base Prospectus will be published on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews. The Base Prospectus and the applicable Final Terms for each Series that is listed on the DFM Official List and admitted to trading on the DFM will be published on the DFM website

Clearing Systems

The Trust 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 will be specified in the applicable Final Terms.

If the Trust Certificates are to clear through an additional or alternative clearing system the appropriate information 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, L-1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer, in each case, since the date of its incorporation.

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 Government since 31 December 2008.

Litigation

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

The Government is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Government is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Government.

Auditors

The first financial period of the Issuer will end on 31 December 2009. The Issuer has no subsidiaries. The Issuer is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors. The Government does not publish audited financial accounts.

Sharia Advisory Board

The transaction structure relating to Trust Certificates to be issued under Programme (as described in this Base Prospectus) has been approved by the Sharia Advisory Boards of each of Dubai Islamic Bank PJSC and Standard Chartered Bank. Prospective Certificateholders should not rely on the approval referred to above in deciding whether to make an investment in Trust Certificates and should consult their own Sharia advisers as to whether the proposed transaction described in the approval referred to above is in compliance with Sharia principles.

Dealers transacting with the 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 Government (and its affiliates) in the ordinary course of business.

ISSUER AND TRUSTEE

Dubai DOF Sukuk Limited

Maples Finance Limited
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KY1-1102
Cayman Islands

LESSEE AND OBLIGOR

Government of Dubai

Department of Finance
PO Box 516
Dubai
United Arab Emirates

DEALERS

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United Arab Emirates

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United Arab Emirates

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Abu Dhabi
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United Arab Emirates

Standard Chartered Bank
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Singapore 049909

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United Kingdom

DELEGATE

Deutsche Trustee Company Limited
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1 Great Winchester Street
London EC2N 2DB
United Kingdom

PRINCIPAL PAYING AGENT AND CALCULATION AGENT

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Winchester House
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London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT

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LEGAL ADVISERS

To the Issuer as to Cayman Islands law

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To the Government

As to English law

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As to UAE law

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To the Dealers and the Delegate

As to English law

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